



Government of the Northwest Territories Response to Committee Report 7-20(1): Report on the Review of the 2022-2023 Public Accounts

Background

The 20th Legislative Assembly Standing Committee on Public Accounts tabled Committee Report 7-20(1) Report on the Review of the 2022-2023 Public Accounts on June 11, 2024. The Standing Committee on Public Accounts has requested that the Government of Northwest Territories respond to the recommendations in that Committee Report.

The responses to the recommendations made by Committee are noted below:

Recommendation 1

The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories reconsider all fourteen previous recommendations and provide an updated response on any progress made towards implementation.

Report on the Review of the 2018-19 and 2019-20 Public Accounts

Recommendation	Initial GNWT Response	Updated GNWT Response
1 Classify the Stanton Legacy Project as a public-private partnership (P3)	The GNWT is not able to accept this recommendation as Finance has determined the most appropriate accounting treatment based on the Public Service Accounting Standards.	The Department of Finance reaffirms that it is not able to accept this recommendation as the Department has determined the most appropriate accounting treatment based on the Public Service Accounting Standards.
2 Enhance reporting on contingent liabilities, including identifying individual claims above a certain threshold	The GNWT has partially implemented this recommendation. Beginning in 2021-22, the Public Accounts disclosed seven categories of claims according to their "nature". However, there is no dollar figure assigned to each category.	The Department of Finance has partially implemented this recommendation. Beginning in 2021-22, the Public Accounts disclosed seven categories of claims according to their "nature" to provide the reader with more information however, no dollar figures will be assigned to each category. There are no further changes being contemplated by the

		Department of Finance at this time and believes adequate information has been provided for this note disclosure.
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Report on the Review of the 2020-2021 Public Accounts

Recommendation	Initial GNWT Response	<i>Updated GNWT Response</i>
1 Quantify and disclose each cost driver of the operating deficit at the Northwest Territories Health and Social Services Authority (NTHSSA)	The Health and Social Services (HSS) System Sustainability Steering Committee has recently been discussing the approach to this work and options for providing a more comprehensive picture of the financial details faster.	The Department of Health and Social Services is committed to this objective and will continue working with the health authorities to ensure more detail in this area is disclosed in future public accounts.
3 Enhance reporting on the Environmental Liabilities Dashboard	The GNWT believes it has included an appropriate level of detail and does not identify a need to modify the existing dashboard.	The Department of Finance, working along other departments, implemented an online map view of environmental liabilities. The Department of Finance provided a comparison of the GNWT online tool to the Federal system and explained the differences. At this time, the Department of Finance believes it has included an appropriate level of detail and does not identify a need to modify the existing dashboard. The completion of the dashboard was a great achievement for the GNWT.
4 Enhance reporting on resource revenues	ITI will continue to report the mining, oil, and gas royalties as aggregate due to the confidentiality of this information as detailed in the Mining Regulations of the <i>NWT Lands Act</i> .	No update.
5 Add reporting on tangible capital assets with zero book value	The information requested by Committee is not required to be disclosed in accordance with the public sector accounting	No update.

	standards. Due to the additional resources the disclosure for those entities would require, the GNWT will not be including this figure within the Public Accounts.	
6 Move up the deadline for the Public Accounts	The current schedule to complete the Public Accounts is optimal given level of resources and number of entities that form part of the Government Reporting Entity.	The Department of Finance works each year to move up the timeline however that is not always possible with the implementation of new and complex accounting standards and when there are emergencies that have resulted in the evacuation of communities.
7 Publish in-year fiscal reports each quarter	There is currently no interim reporting at a financial position level. However, departments do prepare quarterly variance reports on their revenue and expenditures. These reports are reviewed by the Financial Management Board. In addition, the Minister of Finance delivers a fiscal update statement at the October session for public information.	There is currently no interim reporting at a financial position level. However, departments do prepare quarterly variance reports on their revenue and expenditures. These reports are reviewed by the Financial Management Board. In addition, the Minister of Finance delivers a fiscal update statement prior to tabling the annual Capital Estimates during the fall session of the Assembly.
8 Digitize the Public Accounts	In 2022, the Department of Finance launched a web form of Section I of the Public Accounts including an embedded excel document. The Department will continue to publish a web-based format of Section I and will continue to review the feasibility of expanding the digital version to Section II.	The Department of Finance will continue to update the excel file that allows for historical information to be pulled easily rather than having to pull this information from each public account documents individually. Section II of the public accounts provides a breakdown of actuals to budget by each department and by activity. This

<p>Add program-level spending information to the Public Accounts</p>	<p>Not addressed</p>	<p>information is used to populate the main estimates document for the “actual” column. No further breakdown is being contemplated at this time in Section II.</p>
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Report on the Review of the 2022-2023 Public Accounts

<p>Recommendation</p>	<p>Initial GNWT Response</p>	<p><i>Updated GNWT Response</i></p>
<p>1 Enhance reporting on the NTHSSA System Sustainability Plan, including measures, targets, timelines, financial outcomes, and other outcomes related to quality and operational efficiency</p>	<p>HSS commits to including improved reporting on the system’s sustainability efforts as well as additional detail on the cost drivers, and dollars associated with those cost drivers. We will work to determine the best fit for this reporting in existing documents prepared within the HSS system (e.g. whether it be the HSS Annual Report, etc.).</p>	<p>NTHSSA System Sustainability Plan to become part GNWT Restoring Balance fiscal sustainability exercise. As such, no further reporting on NTHSSA System Sustainability is expected. Reporting requirements for Restoring Balance are still to be determined by FMB.</p>
<p>2 Minister of HSS commission a review and evaluation of governance at NTHSSA since amalgamation. The review should focus on the Leadership Council’s responsibility to oversee the NTHSSA’s performance, including strategy development and risk management oversight, as well as the role of the Regional Wellness Councils.</p>	<p>NTHSSA engaged MNP to conduct HSS Sustainability Operational Review. MNP delivered their final report in November 2023, and it has been initially reviewed by the HSS System Sustainability Steering Committee. The HSS Sustainability Operational Review is now undergoing additional analysis and review by the Department. Once this process is complete the Minister of Health and Social Services will engage with the Standing Committee on Public</p>	<p>DHSS has informed FMB that the MNP report has been completed. Currently awaiting Cabinet direction prior to sharing the report more widely.</p>

	Accounts to address the results of the Review.	
3 Identify challenges and take steps to improve the distribution of budgeted funds for grants and contributions	The Department of Finance will look at significant variances in grants and contributions as part of the fiscal sustainability exercise for the 2024-2025 Main Estimates.	The Department of Finance committed to look at significant variances in grants and contributions as part of the fiscal sustainability exercise for the 2024-2025 Main Estimates.
4 Consider requiring all Crown Corporations, boards, and agencies to divulge all expenditures in the same manner as territorial departments in Section II of the Public Accounts	Finance is not implementing this recommendation at this time but agrees there may be opportunities for improvement in the future.	No update.

Recommendation 2

The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories prepare for new regulations around sustainability reporting by:

1. Assessing which areas are most pertinent to the NWT,
2. Identifying the most relevant metrics,
3. Establishing effective governance for sustainability reporting, and
4. Monitoring international and national developments in sustainability reporting.

GNWT Response

At this time, there are no regulations or standards in place regarding sustainability reporting for the GNWT. This continues to be an area that the GNWT is monitoring and will provide updates when appropriate.

Recommendation 3

The Standing Committee on Public Accounts recommends that the Minister of Finance take steps to ensure that all Education Boards are reporting fundraising revenues in a consistent manner in line with Canadian public accounting standards.

GNWT Response

The GNWT provided revised audit instructions for education boards, councils and authorities to provide clarity relating to the inclusion and audit of fundraising accounts in the financial statements.

Recommendation 4

The Standing Committee on Public Accounts recommends that the Office of the Comptroller General work with the Office of the Auditor General of Canada to identify and implement opportunities to improve the timeliness of completing the Public Accounts.

GNWT Response

The Office of the Comptroller has and will continue to meet with the Office of the Auditor General of Canada to discuss areas to consider for improvements. The Office of the Comptroller continues to implement incremental improvements to the timing of the Public Accounts. There are many factors that can affect the timing but the Office of the Comptroller General continuously monitors areas where timeliness can be improved internally, with departments and public agencies.

Recommendation 5

The Standing Committee on Public Accounts recommends that the Office of the Comptroller General work with Committee to identify areas and information that could reasonably be removed from the notes and/or the FSDA to improve timeliness of completing the Public Accounts.

GNWT Response

The FSDA section of the public accounts provides additional information to the readers of the financial statements and is an important addendum to the financial statements. At times, information has been included at the request of previous Standing Committees. The Office of the Comptroller General sent a letter to Standing Committee on July 24, 2024 requesting that the Standing Committee for Public Accounts review a draft table of contents for the FSDA and provide their feedback to be incorporated into future years reporting.

Recommendation 6

The Standing Committee on Public Accounts recommends that the Minister responsible for Northwest Territories Hydro Corporation ensure the audited financial statements of the corporation are submitted within the legislated deadlines.

GNWT Response

As a result of the implementation of a complex accounting standard in 2022-2023 along with evacuations due to natural disasters that occurred in the community that significantly interrupted their operations, the financial statements for the Northwest Territories Hydro Corporation were not completed on time.

In 2023-2024, the Northwest Territories Hydro Corporation statements have been completed on time.

Recommendation 7

The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories publish, at minimum, an interim fiscal and economic update, beginning in the fall of 2024.

GNWT Response

The Minister of Finance can provide a fiscal and economic update during the fall session of the Legislative Assembly.

Recommendation 8

The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories make public and regularly update:

1. The HSS System Sustainability Plan, including the work completed and planned on internal controls, cost containment initiatives, quality improvement activities, funding reform, and service level reform.
2. The measures, targets, timelines, financial outcomes, and other outcomes related to quality and operational efficiency for each category identified above.
3. The HSS System Sustainability Operational Review report from MNP.

GNWT Response

1., 2., and 3. The GNWT has identified the delivery of sustainable health and social services as an important part of its Mandate and priorities for the 20th Assembly as well as its Restoring Balance Strategy. Toward this objective, the GNWT created a Healthcare System Sustainability Unit focused on

evaluating the health and social services system and developing a Sustainability Plan that will guide strategic solutions that are fiscally sustainable, effective, and efficient. This work will be carefully coordinated with the Department of Health and Social Services and its health authorities and will be reported back to members on a regular basis.

Recommendation 9

The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories review all capital management plans, identify all capital assets with a net book value of zero, and adjust all relevant amortization schedules to reflect the estimated useful life of the TCA more accurately.

GNWT Response

The Department of Finance will commit to review the amortization schedules and expected useful life of TCAs for accounting purposes.