

Government of Nunavut Responses to  
Recommendations by the Standing Committee  
on Government Operations and Accountability  
Dated September 2006

**Recommendation #1 of the Government Operations and Accountability Committee Report stated:**

That the Government of Nunavut, in its response to this report, provide an update on the implementation of recommendations noted as outstanding in the above status report.

**Government Response:**

Standing Committee Recommendation	Government of Nunavut Response	Status as of Sept 30, 2006
<p><b>Recommendation #1</b></p> <p>That the Government of Nunavut publicly disclose to Legislative Assembly, on a quarterly basis, comprehensive information on its lending and borrowing activities under section 27 of the <i>Nunavut Act</i>, and that such information include the government's available borrowing capacity.</p> <p>The Standing Committee also recommends that the Government's 2003-2004 Public Accounts include this information.</p>	<p><i>Due to timing issues, the Government of Nunavut was not able to include this information in the 2003-2004 Public Accounts.</i></p> <p><i>The Government of Nunavut commits to include this information in the 2004-2005 Public Accounts.</i></p> <p><i>The Government does not agree with disclosing this information quarterly as there is very little change in the position. We commit to table an update yearly in the Public Accounts until such time as there are significant changes quarterly.</i></p>	<p>The GN has included this information in the 2004-2005 and 2005-2006 Public Accounts.</p>
<p><b>Recommendation #3</b></p> <p>That the Government of Nunavut table in the Legislative Assembly all letters of expectation, letters of instruction and Ministerial directives made to the Boards of Directors and/or management of Crown corporations at the earliest opportunity following the issuance of such instruments. In order to clarify the role and performance benchmarks expected of the Government of Nunavut's Crown corporations, formal letters of expectation</p>	<p><i>The Crown Agency Council has developed a process for drafting, approving and remitting letters of expectation, letters of instruction and Ministerial directives.</i></p> <p><i>These letters will be issued by the responsible Minister for each Crown corporation, for each upcoming fiscal year by March 31 of the current year. Once issued, a copy of the letters will be tabled in the</i></p>	<p>Letters of Expectation to the Qulliq Energy Corporation, Nunavut Arctic College, Nunavut Housing Corporation, Nunavut Development Corporation and the Nunavut Business Credit Corporation were tabled in the Legislative Assembly on May 2, 2005.</p> <p>The official responses from the Territorial Corporations, with the exception of the</p>

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<p>should be issued and tabled no later than March 31, 2005. Any such future letters should also be tabled.</p>	<p><i>Legislature, at the first session subsequent to March 31.</i></p> <p><i>The Letters of Expectation for the current year will be issued and tabled during the second session of the second Legislative Assembly.</i></p>	<p>Nunavut Business Credit Corporation, were tabled during the second session of the second Legislative Assembly.</p> <p>Letters of Expectation for 2006-2007 have been issued to five Territorial Corporations (WCB is exempt) during October, 2006 and will be tabled during the third session of the second Legislative Assembly.</p>
<p><b>Recommendation #4</b></p> <p>That the Government's Public Accounts, Main Estimates and Capital Estimates present comprehensive information with respect to prior years' actual expenditures, including the final costs of completed capital projects.</p>	<p><i>This recommendation has been implemented.</i></p> <p><i>The 2005-2006 Main Estimates and Capital Estimates now present prior year actual expenditures.</i></p> <p><i>Due to the timing of the Estimates, the prior year actual expenditures used are from the 2004-2005 interim financial statements. The public accounts already included prior year actual audited expenditures.</i></p> <p><i>There is no published document currently that includes the final costs of completed capital projects. This information could be made available in a separate document.</i></p>	<p>Ministerial correspondence to the Standing Committee in January 2006 indicated that "The Department of Finance will prepare on an annual basis a listing of those multi-year projects that have been completed and also indicate the budgeted and actual costs, as well as the variance. This document will be provided to the Standing Committee prior to the review of the annual capital estimates in the fall of each fiscal year."</p> <p>A listing of multi-year projects completed in 2005-2006 will be provided to Standing Committee in the fall of 2006.</p>
<p><b>Recommendation #5</b></p> <p>That the Government of Nunavut's policy and/or guidelines with respect to the awarding of performance bonuses be revised to explicitly prohibit the awarding of bonuses</p>	<p><i>In the awarding of performance bonuses, consideration is given to financial results.</i></p> <p><i>Deputy Heads and Senior Managers are held accountable</i></p>	<p>In its opening statement to the Standing Committee of April 25, 2006, the Government of Nunavut indicated that the Senior Personnel Secretariat of the</p>

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<p>to executive-level officials whose departments violate the <i>Financial Administration Act</i> with respect to over-expenditures.</p> <p>This policy should apply to Crown corporation executive management who do not meet the terms and conditions of the letters of expectation that are issued by the Government.</p>	<p><i>for monitoring expenditures within approved departmental allocations.</i></p> <p><i>Financial results are a significant part of the evaluation but there are many other important considerations.</i></p> <p><i>Other relevant factors or circumstances may lead to over-expenditures and may be, partly or wholly, beyond management control.</i></p> <p><i>There have been completely unforeseen events with adverse financial effects; examples include matters of public safety and well-being. Revisions to the current policy and the guidelines with respect to the awarding of performance bonuses need to continue to take into account all the factors that impact the final financial results of a department, agency or Crown Corporation.</i></p>	<p>Department of Executive and Intergovernmental Affairs "has been directed to enhance the Deputy Ministers' mandate letters to provide additional focus on their accountability for results in the management of financial resources."</p> <p>Deputy Ministers' mandate letters for 2006-2007 include additional emphasis on the importance of sound financial management.</p>
<p><b>Recommendation #6</b></p> <p>That the Government introduce legislation no later than March 31, 2005, to move the financial year-end of Nunavut Arctic College(NAC) to March 31.</p>	<p><i>The Government has reviewed the option of changing the year end to March 31.</i></p> <p><i>The Government and NAC do not believe that this change would be beneficial.</i></p>	<p>The Government and NAC continue to be of the view that this change would not be beneficial.</p>
<p><b>Recommendation #7</b></p> <p>That corporate business plans for Crown corporations and other non departmental entities be tabled in the Legislative Assembly at the same time as the Government's annual Main Estimates and departmental business plans.</p> <p>Statutory requirements for the</p>	<p><i>The requirement to have the business plans of the Crown corporations tabled in the Legislative Assembly, at the same time as the Government's Main Estimates and departmental business plans is being included in the Letters of Expectation being issued.</i></p>	<p>The Government is assessing the feasibility of including the corporate business plans of Public Agencies in the 2007-2008 Main Estimates.</p> <p>The Crown Agency Council is working closely with all Territorial Corporations to</p>

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<p>tabling of annual reports of Crown corporations and other bodies must be respected.</p>	<p><i>These letters will be issued and tabled in the Legislature during the second session of the second Legislative Assembly. In addition, these letters will also include the statutory requirement for the tabling of the Annual Reports on a timely basis.</i></p>	<p>ensure that 2005-2006 annual reports will be tabled on a timely basis.</p>
<p><b>Recommendation #8</b></p> <p>That the Government of Nunavut fully review the policy rationale for creating the Qulliq Fuel Corporation, and that, as an immediate interim measure, the transfer of responsibilities currently under the PPD be cancelled at least until such time as the Auditor General presents a clean audit opinion with respect to the Qulliq Energy Corporation and the Nunavut Power Corporation. A comprehensive audit of the Petroleum Products Revolving Fund should be undertaken.</p>	<p><i>Cabinet has directed QEC to re-evaluate the IKUMA II Report to address the Standing Committee's concerns regarding the rationale of establishing the Qulliq Fuel Corporation.</i></p> <p><i>This report will outline the intent of the transfer in terms of benefits and disadvantages from a broad policy and financial perspective. As such, in February 2005, Cabinet deferred the request to transfer PPD to QFC to April 1, 2006.</i></p>	<p>The GN's 2005-2006 main estimates included \$500,000 in requested funding for transferring the responsibilities of the Petroleum Products Division of the Department of Community and Government Services to the Qulliq Energy Corporation. The Legislative Assembly deleted this amount from the proposed main estimates on March 8, 2005.</p> <p>The transition has been deferred indefinitely.</p>
<p><b>Recommendation #11</b></p> <p>That a recovery business plan for the Nunavut Power Corporation be developed and tabled in the Legislative Assembly during the timeframe in which the Government of Nunavut's 2005-2006 Main Estimates and departmental business plans are presented for scrutiny.</p>	<p><i>The CAC has issued a formal request for information to QEC. This included a request to QEC for a three-year Business Plan for 2006-2007, 2007-2008, and 2008-2009.</i></p> <p><i>The development of this business plan is ongoing and will be submitted to the Department of Finance.</i></p> <p><i>The plan will in turn be tabled in the Legislative Assembly during the period in which the GN's Main Estimates and departmental business plans are also subject to scrutiny.</i></p>	<p>The financial position of QEC has improved and as such, a recovery business plan is no longer required.</p> <p>As noted in Recommendation #7, when the Government includes the business plans of Public Agencies in its Main Estimates, this would include QEC.</p>

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<p><b>Recommendation #12</b></p> <p>That the responsible Minister table in the Legislative Assembly, in the interest of transparency, at the earliest opportunity, the above-referenced Nunavut Business Credit Corporation loans policy; lending regulations; loan monitoring policy and bid bond security policy.</p>	<p><i>The Letter of Expectation to be issued to the Nunavut Business Credit Corporation, and tabled during the current session of the Legislative Assembly, will include a specific requirement for the corporation to table its loans policy; lending regulations; loan monitoring policy and bid bond security policy. This information is to be tabled in the third session of the second Legislative Assembly.</i></p>	<p>Most of the requested items were tabled in the Legislative Assembly on November 28, 2005.</p> <p>Nunavut Business Credit Corporation is no longer using bid bond security. A more cost-effective security instrument has been implemented. Should the need for bid bond security arise in the future, an appropriate policy will be developed and tabled.</p>
<p><b>Recommendation #13</b></p> <p>That the Crown Agency Council formally review and report to the Cabinet and the Legislative Assembly its findings with respect to the Corporation's transparency practices concerning the disclosure of the identity of individuals and companies that receive public monies from the Corporation, so as to minimize the risk of public perception of favouritism and interference with respect to loan award decisions.</p> <p>In the interim, the Standing Committee recommends that the Minister responsible for the Corporation resume the practice of annually tabling aggregate information, by community, on the Corporation's loan portfolio.</p>	<p><i>The above-mentioned Letter of Expectation to the Nunavut Business Credit Corporation will include a request for information regarding the Corporation's transparency practices,</i></p> <p><i>The corporation's response will be tabled in the third session of the second Legislative Assembly.</i></p> <p><i>It has been decided that a formal review is not warranted at this time.</i></p> <p><i>Once the information is received and analyzed, the next steps can be decided. In addition, the corporation is being directed, through the Letter of Expectation, to annually table the aggregate loan portfolio information, on a community basis.</i></p>	<p>In its 2005-2006 Annual Report, the Nunavut Business Credit Corporation has incorporated several of these suggestions.</p> <p>For 2006-2007, the letter of expectation to the Nunavut Business Credit Corporation identifies a need to finalize the transparency of its reporting practices, including disclosing the identity of individuals and companies that receive public monies from the Nunavut Business Credit Corporation.</p>
<p><b>Recommendation #16</b></p> <p>That the Government of Nunavut</p>	<p><i>The policy will be tabled in the</i></p>	<p>The three hospital projects</p>

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table in the Legislative Assembly a formal statement of policy with respect to the use of P3s.	<i>third session of the second Legislative Assembly.</i>	were undertaken as quasi-P3 partnerships, with the birthright corporations as the intended developers. No other P3 partnerships are being considered by the government at this time.
<p><b>Recommendation #20</b></p> <p>That the Government of Nunavut periodically undertakes zero-base budgeting exercises in the development of the annual Main Estimates.</p>	<p><i>The Government of Nunavut agrees that zero-based budgeting can be a useful tool.</i></p> <p><i>The Government's budgeting focus in the near term is the implementation of accrual-based budgeting. This is in response to a concern raised by the Office of the Auditor General with respect to the comparison of the Main Estimates and the Public Accounts.</i></p> <p><i>The GN will re-examine this recommendation once accrual budgeting has been implemented. Both systems can not be put into effect at the same time.</i></p>	The 2007-2008 Main Estimates will include various aspects of accrual-based budgeting.
<p><b>Recommendation #21</b></p> <p>That the Legislative Assembly's Standing Committee on Rules, Procedures and Privileges undertake a review of the appointments process and bring forward recommendations at the earliest opportunity.</p>	<i>The Crown Agency Council is researching this issue.</i>	The Crown Agency Council is investigating the introduction of a governance model template that may be used by Public Agencies and other entities with a Board of Directors. One aspect of that governance model would include a standard set of appointment standards and competencies for members of Boards.

**Recommendation #2 of the Government Operations and Accountability Committee Report stated:**

That the Government of Nunavut table a final report on the implementation of the P2K system, including its costs.

**Government Response:**

The government is still in the process of completely implementing the P2K system. Once implementation is complete, a final report will be tabled.

**Recommendation #3 of the Government Operations and Accountability Committee Report stated:**

That the Government of Nunavut table a copy of its new Investment Policy

**Government Response:**

The government will table a copy of its new Investment Policy during the third session of the second Legislative Assembly.

**Recommendation #4 of the Government Operations and Accountability Committee Report stated:**

That the Government of Nunavut table detailed variance reports when the Mid-Year Fiscal Update is delivered in the fall of each year.

**Government Response:**

As noted in the updated response to Recommendation #20 of the Status Report, Government will be implementing accrual-based budgeting in the 2007-2008 Main Estimates.

The government is also developing an implementation plan to use accrual accounting. When accrual accounting has been implemented, government will give further consideration to providing detailed variance reports when the Mid-Year Fiscal Update is provided.



**Standing Committee Recommendation #5 of the Government Operations and Accountability Committee Report stated:**

That the Government of Nunavut review the proportion of its total staff complement that is assigned to financial support positions.

**Response:**

The government is reviewing its total staff complement that is assigned to financial support positions. In developing a human resources strategy in this area, consideration will be given to whether the total number of positions can be modified.

**Recommendation #6 of the Government Operations and Accountability Committee Report stated:**

That the Government of Nunavut undertake a preliminary evaluation, following the end of the 2006-2007 fiscal year, of the new Staff Housing Policy's impact on recruitment and retention, and that the results of the evaluation be tabled in the Legislative Assembly.

**Government Response:**

The government is sensitive to the recruitment and retention of its staff. A preliminary evaluation will be undertaken after the 2006-2007 fiscal year of the new Staff Housing Policy.

**Recommendation #7 of the Government Operations and Accountability Committee Report stated:**

That the Government of Nunavut proceed with a review of the structure and location of its accounting operations, and that such a review involves the concomitant identification of replacement positions for impacted communities.

**Government Response:**

The government as part of its strengthening financial management initiative will review the structure and location of its accounting operations.

**Recommendation #8 of the Government Operations and Accountability Committee Report stated:**

That the Government of Nunavut undertake a feasibility study with respect to establishing a program, based on the Akitsiraq Law School model, to train Nunavummiut to become professional accountants.

**Government Response:**

The government has allocated funds to develop a human resources strategy that will attract Nunavummiut to a career at all levels in the accounting and finance professions.

**Recommendation #9 of the Government Operations and Accountability Committee Report stated:**

That the Government of Nunavut table, during the fall 2006 sitting of the Legislative Assembly, a detailed status report on its progress in implementing the recommendations made in the 2005 Report of the Auditor General to the Legislative Assembly.

**Government Response:**

Government will table a Status Report during the third sitting of the second Legislative Assembly.

**Recommendation #10 of the Government Operations and Accountability Committee Report stated:**

That the Government of Nunavut table a report on the April 2006 Northern Crown Forum by the fall 2006 sitting of the Legislative Assembly.

**Government Response:**

A joint news release by the Government of Nunavut and the Qulliq Energy Corporation on April 26, 2006 provided a detailed overview of the conference. As the Northern Crown Forum was informational and educational in nature, there were no outputs or outcomes from the forum that would merit a formal report. Standing Committee members are welcome to request additional information from CAC relating to Public Agency operations in Nunavut.

**Recommendation #11 of the Government Operations and Accountability Committee Report stated:**

That the Government of Nunavut's 2006-2007 financial statements include data on the Fuel Tax Rebate Program, and that the government use this information to undertake an evaluation of the program's success in achieving its goals.

**Government Response:**

The government will table an annual report on the Fuel Tax Rebate Program.

**Recommendation #12 of the Government Operations and Accountability Committee Report stated:**

That the Government of Nunavut's 2006-2007 financial statements include detailed information on losses of public money and property incurred through theft, fraud, loss and damage.

**Government Response:**

The government will examine the annual Public Accounts of Canada to determine whether this information could be included in Nunavut's 2006-2007 financial statements.

**Recommendation #13 of the Government Operations and Accountability Committee Report stated:**

That the Standing Committee on Rules, Procedures and Privileges review the issue of translation requirements for statutorily-required documents with a view to ensuring that MLAs receive documents at the earliest opportunity, while requiring that complete and accurate translations are ultimately made available through the tabling process.

**Government Response:**

As this recommendation is directed to a Standing Committee of the Legislative Assembly, it would be appropriate for that Standing Committee to provide a response.

Government has issued Standing Offer Agreements for the purpose of facilitating easy access to technical resources in the translation into Inuktitut of statutorily-required documents.

**Recommendation #14 of the Government Operations and Accountability Committee Report stated:**

That the Government of Nunavut annually table aggregate information by department and Crown agency on the amounts paid in performance bonuses to its employees during the previous fiscal year.

**Government Response:**

Government has in the past provided this information when requested by Members and will continue to do so.

**Recommendation #15 of the Government Operations and Accountability Committee Report stated:**

That the Government of Nunavut report annually to the Legislative Assembly on the exercise of section 5(1) of the *Government Contract Regulations*. This information could appropriately be included in the GN's contracting activities report, which is tabled annually.

**Government Response:**

Contracts issued under section 5(1) of the *Government Contract Regulations* are subject to Cabinet privilege and confidentiality provisions.

The Government's annual contracting activities report does disclose vendors that have been issued contracts under section 5(1) of the *Government Contract Regulations*.