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Hon. Keith Peterson  
Chairman, Crown Agency Council  
Minister of Finance

# Crown Agency Council

## Activities Report

For the period April 1, 2008 to March 31, 2009

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## Introduction

It was a great honor for me to take the Chair of the Crown Agency Council upon my assignment to the Ministry of Finance. The work of the Council is critical in the development of our government's service delivery capacity. Oversight for Nunavut's Public Agencies is no small task and it is clear, as Nunavut grows into its own that Nunavummiut expect, along with better and more dependable services, a responsive and more accountable government. This year, the Crown Agency Council has dedicated itself to bettering the level of communication between the Government of Nunavut and the Public Agencies, and moving forward in the implementation of greater measures of accountability. 2008-2009 was a very busy year and I am pleased to be able to present this year's Activity Report.

## Report on Activities

### *Territorial Corporations' Letters of Expectation*

A major task of the Crown Agency Council is to oversee the production and distribution of annual Letters of Expectation to the Territorial Corporations (with the exception of the Workers Safety and Compensation Commission, which, as a joint NWT/GN Board, is exempt) which outline general and specific objectives for each Territorial Corporation. The Territorial Corporations received their 2008-2009 letters of expectation in January 2008, with the exception of the Nunavut Business Credit Corporation and the Nunavut Development Corporation, which got theirs in September 2008.

A subsequent element of the letters is the requirement for the Territorial Corporations not only to formally respond, but also to table the response in the Legislative Assembly during the first session of the Legislature after receipt of the letters. All of the Territorial Corporations have responded to their 2008-2009 Letter of Expectation and their responses tabled.

### *Conversion to the use of Memorandum of Understanding (MOU)*

CAC operations began work on the memorandum of understanding adopted from the British Columbia model by modifying it to fit Nunavut's needs in 2008-2009. CAC approved the conversion to memorandum of understanding in 2007-2008 as the next step in strengthening the relationship between the Government of Nunavut and the five Territorial Corporations currently operating in Nunavut.

The objective of this conversion exercise to an MOU is to clearly establish the relationship between the GN and its Territorial Corporations. By setting out in specific terms the roles and responsibilities of the Minister Responsible and the Chairs of the Territorial Corporations' governing boards, a more productive dialogue can be had between the parties in terms of the Government's expectations for each Territorial Corporation's performance. The Government's obligations to the Territorial Corporations and the Territorial Corporations' expectations of the Government are likewise quantified.

By focusing on the basics and formalizing the fundamental areas of accountability and responsibility, the MOU model allows for improved focus on year to year policy direction and annual performance issues.

The focus for 2008-2009 was on building consensus between CAC and the Territorial Corporations on how to increase public accountability while remaining true to the principles of independence and impartiality. The new Memorandum of Understanding document will be able to accommodate any updates by Cabinet to stated mandates and address how to incorporate new business planning elements such as performance measures and the need for robust, productive risk management regimes. Looking into 2009-2010, CAC operations will coordinate the negotiation and joint signing of respective MOUs with each Territorial Corporation.

### ***Agency Support***

Supporting Public Agencies is one of the key mandates of the CAC, and I am glad to say it is fulfilling that mandate on an ongoing basis through a number of different ways which includes but goes far beyond policy, administrative and accounting support.

The main objective in providing such support is to encourage open lines of communication with the Public Agencies. By doing so CAC can ensure the flow of information stays active and pertinent, and thereby be in a position to mitigate potentially damaging situations and also take advantage of positive situations by sharing them as best practices amongst the Public Agencies. The major points of communication revolve around ensuring Public Agency statutory requirements, such as Annual Report filing and more technical tasks such as year-end planning are fulfilled.

From time to time, CAC is called upon to provide more specific assistance to individual Public Agencies, especially to those Public Agencies with fewer resources or faced with extraordinary circumstances. For 2008-2009, CAC was called upon to provide a wide range of support to the Nunavut Business Credit Corporation.

#### ***The Nunavut Business Credit Corporation (NBCC):***

Since the submission of the Auditor General's report on the activities of NBCC, CAC Operations has worked diligently to assist NBCC in its efforts towards a clean, unqualified audit opinion from the Auditor General. The Auditor General submitted her report to the Nunavut Legislative Assembly in November 2007, issuing a denial of opinion on NBCC's financial statements in the process. As a result of this report, NBCC was faced with the added pressure of complying with the Ministerial Directive issued in January of 2008 by the Minister of Finance under section 78 of the *Financial Administration Act*.

From an administrative perspective, for CAC operations this meant ensuring NBCC had the financial management and general leadership capacity on hand to comply with the directive which required NBCC to submit:

1. Monthly management and financial reports to the Department of Finance to ensure that loan, financial and administrative matters are in hand.
2. Quarterly Board approved management and financial reports to the Department of Finance to ensure that loan, financial and administrative matters are in hand.
3. Quarterly reviews of the finances of NBCC, including an examination of the loan portfolio, by the Internal Audit Services Branch of the Department of Finance.

Beyond this directive, the focus for NBCC has been to sustain its efforts in meeting its obligations under *The Action Plan in Response to the Report of the Auditor General of Canada on the Activities of the Nunavut Business Credit Corporation* developed in cooperation with the Office of the Auditor General (OAG), the Departments of Economic Development and Transportation and Finance, as well as NBCC staff and CAC Operations.

Towards this end, CAC Operations provided substantial administrative and accounting support to the interim Board of Directors appointed to NBCC in the wake of the Auditor General's Report. The bulk of this additional support was dedicated to ensuring the organization could resume business as quickly as possible. In the process, CAC Operations assisted the transition process from the interim Board's primarily public service membership to a return of the Territorial Corporation's governance by private sector individuals.

The production of NBCC's 2007-2008 annual report was a major endeavour which consumed the majority of the Territorial Corporation's and CAC Operations attention for most of 2008-009. This was the first year for which major remedial work could be identified and implemented with regard to reaching an unqualified audit opinion from the OAG. CAC Operations also stepped in the Fall of 2008 to provide executive leadership when the CEO hired in January of 2008, resigned in September of that year.

### ***Government Ownership National Network (GONN)***

In October 2008, CAC Operations attended the second forum of the Government Ownership National Network (GONN) in Victoria, BC. An informal collaboration of Canadian jurisdictions that work with Crown Agencies and are involved in the appointment of their board members, GONN's purpose is to improve governmental oversight of Public Agencies by forming a mutually beneficial, non-political association of governmental shareholding and/or monitoring organisations.

Issues of common interest addressed at the GONN forum included the conversion of Government Owned Enterprises to International Financial Reporting Standards, Best Practices in Board Composition, Selection and Evaluation and Board Remuneration, all of which are areas of immediate concern for Nunavut.

The major objective of the loose association embodied by GONN is to enable government organisations concerned with the practical aspects of government ownership of enterprises to improve their performance by learning from each other's experience and

knowledge in an open and candid manner. Membership in GONN has given more depth to CAC and CAC Operations as it now has a network of like minded entities to turn to for sharing best practices for quick solutions to governance issues.

## Activities for 2009 - 2010

### *Ongoing Initiatives*

- Provide leadership, advice and assistance in determining the requirement of Public Agencies to convert to International Financial Reporting Standards for 2011.
- Once determined, actively work with Public Agencies to create and implement a action plan to convert their financial statements to one of the accepted forms (IFRS or PSAB) for 2011, with comparative statements for 2010.
- Continue to participate in the updating of the Financial Administration Manual (FAM) directives and regulations to ensure they become a useful tool for the proper governance of Public Agencies.
- Improve control and reporting of timely Board approved variance reports to the Department of Finance, in a manner similar to the GN's variance reporting practices;
- Improve accountability by incorporating performance measures in future corporate plans of Territorial Corporations;
- Ensure proper risk management regimes exist in all Territorial Corporations;
- Meet quarterly with Territorial Corporations to discuss financial results to date and general items of mutual interest;
- Continue liaising with Public Agencies through site visits and increased communication to ensure that the CAC remains responsive to their needs; and
- Continue support to Public Agencies from an administrative, accounting and policy perspective.

## Summary of Purpose

Formed in September of 2003, the Government of Nunavut's (GN) Crown Agency Council (CAC) provides Public Agencies in Nunavut with the advice, information and support necessary to promote good governance, continuous improvement and accountability for results. Its mandate is:

- To advise Cabinet and the Financial Management Board (FMB) through their respective Chairs regarding matters of governance for Public Agencies;*
- To provide recommendations to the Ministers responsible, Cabinet and the FMB, regarding matters including statutory requirements, budget impacts, financial management, human resource policies and legislative initiatives; and*

- c) *To support and enhance the governance capacity of Board Members of Crown Agencies in Nunavut to carry out GN mandates and policies, and to make access to expert advice and support available and affordable for Public Agencies.*

The Council is comprised of the Minister of Finance (Chair), the Premier, as Chair of the Executive Council (Vice-Chair), and the Ministers of Justice and Human Resources. Assisting the Council is a Deputy Ministers committee as well as a Senior Officials working group, with representation from the departments of Finance, Executive and Intergovernmental Affairs, Justice and Human Resources.

In Nunavut, public agencies have been created using two distinct models, as defined in the *Financial Administration Act (FAA)*. *Statutory Bodies* are listed in Schedule A of the FAA, while *Territorial Corporations*, a specialized subset of Public Agencies, are listed in Schedules B and C:

#### **Schedule A**

##### **Statutory Bodies**

District Education Authorities  
 La Commission scolaires francophone  
 The Human Rights Tribunal  
 The Labour Standards Board  
 The Legal Services Board  
 The Liquor Licensing Board  
 The Liquor Commission  
 The Qullit Nunavut Status of Women Council

#### **Schedules B & C**

##### **Territorial Corporations**

##### **Schedule B:**

Nunavut Arctic College  
 Nunavut Housing Corporation  
 Nunavut Development Corporation  
 Nunavut Business Credit Corporation  
 Qulliq Energy Corporation

##### **Schedule C:**

The Workers Safety and Compensation Commission of the NWT and Nunavut

### ***Integration of Financial Information***

As a result of modifications to the *Financial Administration Act* designed to increase the accountability of Nunavut's Public Agencies, budget approval has been transferred from the Minister responsible for a Public Agency to the Financial Management Board. Consequently the Business Plans of the five Territorial Corporations are included within the GN document. The Government of Nunavut Main Estimates publication now also includes those of the Public Agencies.

By tabling the financial forecasts of all Public Agencies we are achieving an unprecedented level of transparency to Nunavummiut, who can now easily view the business plans of the GN and all its Public Agencies.

## ***Financial Administration Manual and Other GN Policies***

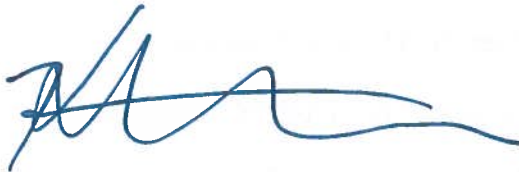
On June 23, 2005, the Executive Council decided to clarify the Government's intent to have all Public Agencies follow several policies of the Government, including the Financial Administration Manual (FAM) and its directives and regulations.

The revision of FAM is a priority of the Department of Finance, and CAC is well represented in the ongoing process of reviewing these directives, thus ensuring that the Public Agencies can follow them without being in conflict with their own legislation.

## **Conclusion**

I am proud of the positive role that CAC took with the Public Agencies in 2008-2009, and I am very optimistic for 2009-2010 and beyond. By working together with our Public Agencies, their Boards of Directors and staff, and by providing that critical bridge to the Government of Nunavut, we will continue to work towards the betterment of all Nunavummiut.

Respectfully submitted by,

A handwritten signature in blue ink, appearing to be 'K. Peterson', written over a horizontal line.

Hon. Keith Peterson, MLA  
Chairman