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Chairman, Crown Agency Council
Minister of Finance

Crown Agency Council

Activities Report

For the period November 1, 2005 to March 31, 2006

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Introduction

Formed in September of 2003, the Government of Nunavut's 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:

- a) *To advise Cabinet and the Financial Management Board (FMB) through their respective Chairs regarding matters of governance for Crown Agencies;*
- b) *To provide recommendations to Ministers responsible and to Cabinet and 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 Crown 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 on both from the departments of Finance, Executive and Intergovernmental Affairs, Justice and Human Resources.

In Nunavut, crown 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	Schedules B & C Territorial Corporations
District Education Authorities	Schedule B:
Commission scolaires francophone	Nunavut Arctic College
The Human Rights Tribunal	Nunavut Housing Corporation
The Labour Standards Board	Nunavut Development Corporation
The Legal Services Board	Nunavut Business Credit Corporation
The Liquor Licensing Board	Qulliq Energy Corporation
The Liquor Commission	Schedule C:
The Qullit Nunavut Status of Women Council	The Workers Compensation Board of the NWT and Nunavut

The first activities report of the CAC was produced in the fall of 2005 and covered the period from inception to October 31, 2005. This, second, report covers the intervening five month period from November 2005 to March 2006.

Report on Current Activities

CAC Resources

Future planning continued over the last quarter of 2005/06. CAC expects that this planning will produce tangible results during 2006/07 and into the future as it moves to strengthen CAC and to make it a real force to assist Public Agencies in the Territory.

As the Territory continues to strengthen financial management overall, changes have also been made in the Department of Finance to strengthen administrative support for CAC. A Corporate Policy Group has been created within the Department of Finance, responsible for the development of corporate policy, Ministerial support and CAC. The Director, Corporate Policy is also the Secretary to CAC, adding the depth of the policy shop to directly assist in the development and implementation of CAC priorities and expanding its delivery capacity. The Director will be in place during the first quarter of 2006/07. As well, a Senior Fiscal Advisor, Public Agencies, position has been added to the organization chart to further support the CAC. This position is slated to be permanently staffed during the second quarter of 2006/07.

Priorities from the 2005 Report

Legislation

Reviews of existing legislation allowed CAC to proceed with the following legislative amendments:

1. *Bill 5 - An Act to Amend the Conflict of Interest Act.* This amendment clarifies that the Conflict of Interest Act applies to all Public Agencies, as defined in Section 1(1) of the FAA. This is an important amendment as the Act sets out the basic rules for members of boards with respect to any conflicts of interest. Previously, the Act specifically defined "board" as specific entities. This amendment expanded the definition to ensure that all Public Agencies are included.
2. *Bill 6 - An Act to Amend the Financial Administration Act.* This amendment introduced two changes to the Act to assist in strengthening financial processes within Public Agencies. The first change affects sections 92 to 95 of the Act and transfers budget approval from the Minister responsible for a Public Agency to the Financial Management Board. This amendment will allow further depth of consultation with Public Agencies on budget development and amendments.

The second amendment is to section 107 (f), allowing Regulations to be made (or amended) that apply to Public Agencies with respect to contracting procedures. This amendment ensures that regulations can be put in place to ensure that contracts let by Public Agencies are awarded according to a fair and transparent process (e.g. tenders or requests for proposal).

I am pleased to report that both Bills were given due consideration during the Third Session of the Legislative Assembly. Bills 5 and 6 were both passed into law on March 14, 2006.

Two other legislative proposals have yet to be addressed:

- Reporting by Public Agencies
- Reporting Impropriety and Whistleblower Protection

Examination of these pieces of legislation will be factored into the work plan for 2006/07.

Territorial Corporation Responses to Letters of Expectation

Territorial Corporations (with the exception of the Workers' Compensation Board, which, as a joint NWT/GN Board, is exempted) received their inaugural letters of expectation in May 2005. The letters were also tabled in the Legislative Assembly at that time.

An element of the letters is the requirement for the Territorial Corporation not only to formally respond, but also to table the response in the Legislative Assembly during the first session of the Legislature subsequent to the Territorial Corporation receiving its letter.

Letters of response were received and accepted from Nunavut Arctic College, Nunavut Development Corporation, Nunavut Housing Corporation and the Qulliq Energy Corporation within the required timeframe. *(These letters were subsequently tabled by Minister Simailak as CAC Chair on behalf of the Territorial Corporations on June 14, 2006).*

Public Agencies Handbook and Governance Model

At times there has been uncertainty among the Government and Public Agency officials as to how certain legislation, policies and procedures apply to the Public Agencies. In order to provide clear direction and assistance on this issue, one of the steps that the CAC is taking is to prepare a handbook specific to Public Agencies.

This handbook will be a compilation of all the applicable legislation and GN policies and procedures which must be adhered to by the Public Agencies. The release of the first edition of the CAC Handbook for territorial corporations and boards has been delayed as further research and revisions are required because of recent policy changes (e.g., Priority Hiring Policy) and legislation amendments (e.g., Public Service Act). CAC remains hopeful that the handbook can be released prior to the end of March 2007.

As a further step in improving accountability, the CAC has researched and will recommend a governance model for use by the Public Agencies. Once the model has been finalized consultations will begin with the Public Agencies to ensure that it meets their needs and expectations. As with the handbook, CAC is hopeful that a governance model can be finalized and approved by March 2007.

Forum and Discussions

CAC, through the GN Department of Finance, has worked in association with the Qulliq Energy Corporation to produce the Northern Crown Forum, a conference on governance which will be held on April 24 -26, 2006 in Iqaluit. The purpose of the forum is to build on the knowledge of territorial corporations, boards and agencies about current governance practices. A conference report will be circulated in the fall of 2006.

In order to discuss the advisory role of the CAC and to communicate the significance of recent amendments to the FAA and the Conflict of Interest Act, meetings have been planned for early May, 2006 with several of the territorial corporations and agencies.

Future Activities

2006/07 will be an important year for CAC. With a strong planning and preparatory year behind it, CAC will finalize several initiatives, as well as initiate several others.

Initiatives from 2005/06

- Continue work to finalize the Handbook for Public Agencies;
- Continue work to finalize a governance model for Public Agencies;
- Investigate additional legislative proposals that have been identified and pursue them if appropriate:
 - Reporting by Public Agencies;
 - Reporting Impropriety and Whistleblower Protection.

Ongoing Initiatives

- Issue updated letters of expectation to the Territorial Corporations, review responses and table both in the Legislative Assembly when appropriate;
- Monitor the reporting and tabling requirements of all Public Agencies and assist as necessary to ensure that FAA tabling requirements are both understood by the Public Agencies and are being met;
- Investigate other opportunities to amend legislation as it relates to Public Agencies;
- Continue liaison with Public Agencies through site visits and increased communication to ensure that CAC remains responsive to their needs.

New Initiatives for 2006/07 and onward

- Working with Expenditure Management Division of the Department of Finance and the Public Agencies, develop and implement a process to have operating and capital budgets approved by the Financial Management Board;
- Amend or clarify existing GN policies that apply to Public Agencies to ensure that it is clear that they do in fact apply. Subsequently, ensure all Public Agencies are aware of the policies.
- Develop or amend contracting regulations (currently FAA regulation #9904) to ensure that Public Agencies are included;

- As part of strengthening financial management, perform a review of the financial capacity of Public Agencies, using the model and tools developed for the *GN Review of Financial Structures* which was completed in 2006;
- With the GN, participate in a review of the financial systems of Public Agencies (or at least Territorial Corporations) as part of an overarching review of GN financial systems (for clarity, this is also one of the nine action items stemming from the *GN Review of Financial Structures*. The Comptrollership Branch of the GN has the lead, however, CAC is actively participating in the project);
- In response to various requests, investigate and if appropriate:
 - Re-assess the viability and desirability of changing of Nunavut Arctic College's fiscal year end from June 30 to March 31;
 - Expedite the tabling of the Nunavut Business Credit Corporation's Bid Bond Security Policy;
 - Expedite the tabling of leasing information for Public Agencies;
 - Prepare and distribute (or perhaps table) a report on the 2006 Northern Crown Forum;
 - Complete a report on performance bonuses paid to employees of Public Agencies;
 - Provide the Terms of Reference for the Crown Agency Council to the Standing Committee on Government Operations and Accountability.

Conclusion

It is with a renewed sense of purpose, refreshed staff organizational structure and a rejuvenated outlook that CAC looks forward to 2006/07 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.

Respectively submitted by,



Hon. David Simailak
Chairman