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Revised Date: November 2017	Effective Date: Immediate	Responsible Agency: Office of the Comptroller General	Directive No: 3
Chapter: Using This Manual			
Directive Title: CHAPTER INDEX			

- 3-1 About the Manual
- 3-2 Glossary
- 3-3 Central Agency Responsibilities



FINANCIAL ADMINISTRATION MANUAL



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Office of The Comptroller General	Directive No: 3-1
Chapter: Using the Manual			
Directive Title: ABOUT THE MANUAL			

1. POLICY

The Government of Nunavut, through the Financial Management Board (FMB), and under the authority of the *Financial Administration Act (FAA)*, issues financial policy Directives that are applicable to all Departments in order to achieve a consistent approach to financial policies throughout the Government.

The *Nunavut Act* states that the Government accounts shall be prepared in accordance with the accounting principals recommended by the Canadian Institute of Chartered Accountants. Should a conflict exist between the financial policy Directives and the recommendations of the Canadian Institute of Chartered Accountants, the Institute's recommendations shall prevail.

The Financial Management Board's policy Directives are accumulated in a manual known as the Financial Administration Manual and are available to all Departments and the public on the Department of Finance's website at:

[HTTP://WWW.GOV.NU.CA/FINANCE/FAM/](http://www.gov.nu.ca/finance/fam/)

The authorities that govern the financial activities of the Government are: the *Nunavut Act*; the *FAA* and its regulations; the enabling legislation of the various public agencies and the Financial Administration Manual (FAM).

2. DIRECTIVE

All Departments of the Government shall conduct their financial affairs in accordance with the financial policies contained in the Financial Administration Manual. In applying these policies, Departments shall maintain neutrality as recommended by the Canadian Institute of Chartered Accountants for Public Sector entities. This recommendation means that in applying standards, the primary concern should be the relevance and reliability of the information that results rather than the effect that the policy will have on the Department or the Government.

It is the intent of the FMB to issue a separate series of Directives that apply exclusively to public agencies. Until these separate Directives are issued, this



Financial Administration Manual shall apply to public agencies whose primary funding is appropriated by the Legislative Assembly. A public agency may depart from the Directives in this manual if:

- a) it has legislative authority or a statutory duty to do so;
- b) it has been directed to do so by the Minister of Finance in accordance with S.78 of the *FAA*;
- c) it has legislative authority to raise and retain its own revenue so that its primary funding is not appropriated by the Legislative Assembly.

The *Nunavut Act* requires the Government to follow generally accepted accounting principals and any accounting policies developed by a public agency must comply with those principals.

3. PROVISIONS

3.1. Structure of the manual

The manual is divided into ten chapters as follows:

Chapter 3 - Using the Manual – a Glossary of terms and an overview of the Government structure relating to financial matters.

Chapter 000 - Management of the Financial Function – describes the roles of the various authorities involved in the financial affairs of the Government.

Chapter 1000 - Financial Systems – describes the financial coding and accounting systems used.

Chapter 300 - Budgetary Control – deals with the preparation and use of budgets as a control mechanism.

Chapter 500 - Cash Management – contains investments, banking and cash flow policies.

Chapter 600 - Government Accounting Policy – includes general policies relating to consolidated financial statements, accounting for tangible capital assets, leases, internal audit, internal controls and protecting personal financial information.

Chapter 700 - Accounting for Expenditures – policies relating to recording of expenditure transactions, inventory and asset disposals as well as commitment controls.

Chapter 800 - Control of Expenditures – contains policies dealing with the various aspects of controlling expenditures, including signing authority, delegation of authority, account verification, grants and contributions, government contracts, accountable advances, honoraria, duty travel and insurance claims.

Chapter 900 - Control of Revenue – contains policies dealing with the various aspects of controlling revenue, including licenses, fees and taxes, granting credit and collection of amounts owing, loans and advances, loss of cash or other assets, interest and write offs and forgiveness of debt.

Chapter 9800 - Special Programs – policies relating to emergency expenditures, and special grant programs.

3.2. Applicability of the Manual

- 3.2.1. The manual applies to all public officials and Departments over which the FMB has authority. It provides a common standard reference system of Government financial policy, permitting everyone to operate under the same rules. Furthermore, the manual serves as a communication tool and will be a useful training resource for all employees.
- 3.2.2. The Directives are based on generally accepted accounting principals and, as such, entities that do not fall within the mandate of the FMB are encouraged to apply the principals that are contained in the Directives so as to obtain a consistent approach to financial policies throughout the Government.
- 3.2.3. It is recognized that no rule or Directive can be phrased to suit all circumstances or combination of circumstances that may arise, nor is it desirable to do so. There is no substitute for the exercise of professional judgment in the determination of what constitutes fair presentation or good practice in a particular case. In exercising professional judgment, the principal qualitative characteristics of the information that makes it useful to users must be considered and evaluated. These are understandability, relevance, reliability and comparability. The information resulting from financial transactions must be in a form that is understandable to users, is relevant to the decisions that they must make, is an accurate reflection of the underlying transaction and event and is presented on a consistent basis so that comparisons can be made. The transactions must reflect the substance and intent of the event rather than their legal form.
- 3.2.4. The manual is intended to apply to matters that are material. An item of information, or an aggregate of items, is considered to be material if it is possible that its omission or misstatement would influence or change a decision. Materiality is a matter of professional judgment in the particular circumstances.

In determining the materiality or significance of an item, the specific requirements contained in the statutes and regulations must be considered. A legislated reporting requirement cannot be ignored because the amount is considered immaterial. The general approach

in these matters should start from the question “what does the legislature intend should be the result of this transaction?” The intent and spirit of the legislation must be considered rather than a strict legal interpretation.

3.3. Maintenance and Changes to the Manual

- 3.3.1. This manual is maintained by the Office of the Comptroller General in the Department of Finance. Changes are reviewed by the Department of Finance and senior staff in other Departments before they are presented to the Financial Management Board for approval. Executive Financial Officers in Departments are notified by email when a change to a Directive, or a new Directive, is approved. In addition, a notice is posted on the notice board contained on the Government’s internal webpage. [HTTP://INTRANET/PHASE1/](http://intranet/phase1/). (government use only) When changes are approved that will result in the requirement for public officials or Departments to adopt substantive new or different procedures, information seminars are held by Comptroller General staff. Departments that are significantly impacted are notified on an urgent basis.
- 3.3.2. This manual is designed to be a dynamic document and Departments and public officials are encouraged to offer suggestions to the Comptroller General’s office when they encounter situations where the manual does not provide guidance or where the guidance provided is not relevant to the particular situation.
- 3.3.3. The Executive Finance Officer of each Department is responsible for assuring that the appropriate staff in their department are familiar with the Directives that relate to the functions being performed and that they are properly advised of all changes to the Directives.

3.4. Format Of Directives

- 3.4.1. The title block at the top of the first page of each Directive has a chapter title, Directive title, Directive number, most recent issue date, effective date and group responsible for the subject matter. When a Directive expands on a previous one, its Directive number includes and adds to the number of the previous Directive (e.g. Directive 801-1 expands on Directive 801). There are gaps in the numbering which are intentional. These have been reserved for possible future additions.
- 3.4.2. Each Directive has three main sections:
 - 3.4.2.1. **Policy** - This section explains in simple language the Government policy relating to the subject of the Directive.

- 3.4.2.2. **Directive** – This section provides the Directive of the FMB to public officials and Departments.
- 3.4.2.3. **Provisions** – These provide guidance in applying the Directive to particular situations or further expands on the Directive.
- 3.4.2.4. **Other sections** – Where appropriate, a Directive may contain appendices or definitions. Definitions are provided when there are technical terms that are specific to the subject of the Directive. The definition of general terms is contained in the Glossary under Chapter 3 - Using the Manual. (Directive 3-2). Where words have more than one definition, the definition included in the specific Directive applies to that Directive; otherwise, the definition in the Glossary applies. Definitions contained in a specific Directive may be duplicated in the Glossary. Terms that are not defined shall be given their common dictionary meaning or the definition that is generally accepted within the accounting profession.
- 3.4.2.5. The Directive consist of all of the sections, including any appendices, unless otherwise specified.

3.5. Interpretation Of Manual Terminology

- 3.5.1. The following definitions apply throughout this manual

May: expresses permission and the right to choose

Should: expresses a normal course of action that may be altered with good reason.

Will: expresses certainty, not mandatory action.

Must/Shall: expresses mandatory action or circumstances.

- 3.5.2. When the title of a particular position is used (Comptroller General) it means that the incumbent to that position, or someone delegated the authority by the incumbent, must grant the approval or take the required action. When the office of the position (Office of the Comptroller General) is used it means that the task to be preformed is the responsibility of that office. The task does not involve granting specific approval.



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Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Comptroller General	Directive No: 3-2
Chapter: Using this Manual			
Directive Title: GLOSSARY			

Financial Administration Manual Glossary

The glossary contains definitions of accounting and finance terms that may be of use in understanding the contents of the manual. Some terms may also be defined in individual directives, regulations or the *Financial Administration Act*. Should there be a difference between the two definitions, the version contained within the Directive, regulation or Act shall prevail. Terms not defined in the Glossary, regulations or the *Financial Administration Act* shall take their ordinary dictionary meaning or the meaning commonly accepted within the accounting profession.

Directory references are provided for guidance only and are not intended to be exclusive. The terms defined may appear in Directives other than those indicated. The reference is intended to indicate the principal Directive(s) where the term or concept is used. The reference number indicates the Directive Number unless otherwise indicated. "Reg." refers to the regulation issued under the *Financial Administration Act*.

TERM	DEFINITION	REFERENCE
A		
ACCOUNT	A formal record of an asset, liability, revenue or expense in which the effects of the operations or transactions are indicated in terms of money or some other unit of measurement.	803
ACCOUNTABLE ADVANCE	A disbursement (transfer) of funds that are advanced on the condition that the recipient will expend the funds for an approved purpose only, account to the Government for expended funds and return to the Government by a specified date any portion of the funds that is not expended or accounted for.	817
ACCOUNTABLE ASSET	Tangible capital assets that are attractive targets for pilferage and/or are readily convertible into cash.	913
ACCOUNTABLE FORM	A form required by the Department of Finance to be controlled and regulated for the purpose of controlling the transactions generated by the form. There are two types of accountable forms:	910



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	<p>High-level accountable forms – forms that have value or may produce a benefit outside of the Government (Local purchase orders, licenses, blank cheques, etc.)</p> <p>Low-level accountable forms – forms that produce a benefit from within the government (leave forms, travel claim forms, etc.)</p>	
ACCOUNTABILITY	The obligation to exercise delegated authority in order to achieve results and corresponding responsibility to provide justification through normal reporting channels for the results achieved.	802
ACCOUNTING	The process of classifying and recording transactions of an individual or organization in terms of money or some other unit of measurement, in the books of account and of summarizing, reporting and interpreting the results thereof.	102
ACCOUNTING OFFICER	A person who has been authorized by the minister of a department and the Comptroller General, or their delegate, to perform the duties specified in <i>S.44 (1) (b) of the Financial Administration Act</i> .	803
ACCOUNTING PERIOD	The period of time for which financial statements are prepared regularly, e.g. week, month, quarter, year. Not necessarily the fiscal year.	103
ACCOUNTING POLICY	A statement embracing the general goals and acceptable procedures of accounting for the operations of the Government.	602
ACCOUNTS RECEIVABLE	An amount claimed against a debtor, usually arising from the sale of goods or services. In Government it also includes amounts owing from other levels of government for grants and transfers.	908
ACCRUAL ACCOUNTING	The method of recording transactions by which revenues and expenses are reflected in the determination of results for the period in which they are considered to have been earned and incurred, respectively, whether or not such transactions have been settled finally by the receipt or payment of cash or its equivalent.	103
ACT	A bill that has been considered by the Legislative Assembly, passed and assented to (may be called Law, Statute or Ordinance). An Act does not come into force until it has been assented to by the Commissioner or at some later date as provided for in the Act.	301
ACTIVITY	A subdivision of an item, usually a Branch, within a Department.	301
ADVANCE	<ol style="list-style-type: none"> 1. A payment that is to be accounted for by the recipient at some later date. 2. A payment made on account of, but before completion of, a contract or before receipt of goods or services. 3. A loan. 	817



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AGENCY	Crown Corporations and organizations listed in Schedule A, B and C of the <i>Financial Administration Act</i> .	917-1
AGING	The process of classifying amounts in an account, such as accounts receivable, according to the length of time they have been outstanding or for which they have been due.	908
ALLOWANCES	<ol style="list-style-type: none"> 1. A stipulated amount paid to an employee or agent under an arrangement in respect of expenses, regardless of the expenses actually incurred (housing allowance, per-diem allowance). 2. A reduction from a recorded value of assets to reduce them to estimated realizable value. (allowance for doubtful accounts, inventory allowance) 	820-1 917
AMORTIZATION	The writing off, in a rational and systematic manner over an appropriate number of accounting periods, of the balance of an account. Most commonly used in accounting for tangible capital assets where the cost of the asset is recognized in the statement of operations over the useful life of the asset.	601
APPROPRIATION	Legislative authority for the expenditure of public funds for the purpose and in the amount specified. Appropriations are authorized by an <i>Appropriation Act</i> .	301
ASSENT	Someone has given their consent to something. When an Act comes into force upon assent means it comes into force when the Commissioner gives approval to the Act.	301
ASSETS	A resource owned, or in some cases controlled, by an individual or organization as a result of transactions or events from which future economic benefits are expected to flow to that individual or organization. (See also Current Asset and Capital Assets).	601
ASSIGNMENT	A legal action whereby a person transfers their right or interest in property, or other assets, to another to be used for the recipient's own benefit, for the benefit of creditors or to be held in trust.	870 873
AUDIT	<p>An examination of evidential matter to determine the reliability of a record or assertion or to evaluate compliance with the rules or policies or with conditions of an agreement. The Government has two basic types of audits:</p> <ol style="list-style-type: none"> 1. Internal Audit – An examination conducted by employees of the Government which principally involve an evaluation of internal control and an examination of transactions. 2. External Audit – An examination of the Public Accounts performed by an external auditor independent of the Government (Auditor General of Canada). 	008 603 008



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AUTHORITY	The power granted to a position or individual to act. The power may be legislated or delegated (the Financial Management Board has authority over the Public Accounts and Estimates, the Minister delegates certain authorities to the Deputy Minister).	802
B		
BAD DEBT	An account or note receivable that is considered to be uncollectable	908
BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	A statement showing the financial position of the Government as at a specified date. The statement shows the assets, liabilities and surplus or net equity of the Government or organization.	307 803
BANK STATEMENT	A periodic statement issued by the bank setting out the charges in a customers account during the period.	860
BASIS OF ACCOUNTING	A set of accounting principals that is used for financial reporting purposes in a particular situation. The Government uses the accrual basis of accounting, which is required under Generally Accepted Accounting Principals.	103 703
BETTERMENT	An expenditure made for the purpose of enhancing the service potential of a capital asset and is treated as an addition to the cost of the capital asset.	601
BILL	A separate piece of legislation that is considered by the Legislative Assembly.	301
BOOK VALUE	The amount at which an item appears in the books of the Government.	601 801-2
BUDGET	<p>A detailed estimate of future transactions, in terms of quantities, money value or both, designed to provide a plan for and control over future operations and activities. The Government has two main budgets:</p> <ol style="list-style-type: none"> 1. Capital Budget – estimate of future Capital expenditures. It usually covers more than one fiscal period. 2. Operations and Maintenance Budget – an estimate of the operation and maintenance expenditures for the next fiscal period. <p>The Budget is presented to the Legislative Assembly by the Minister of Finance prior to the start of each fiscal year.</p>	301 302



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C		
CABINET	See Executive Council	3-3
CAPITAL ASSET	<p>Non financial assets having physical substance that:</p> <ol style="list-style-type: none"> 1. are held for use by the Government in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets; 2. have useful life extending beyond a year and are intended to be used on a continual basis; and 3. are not intended for sale in the ordinary course of operations. <p>Also known as Tangible Capital Assets.</p>	601
CAPITAL ESTIMATES	<p>The Capital Estimates are presented to the Legislative Assembly and represent the Government's proposed appropriations for the fiscal year for planned capital. The amounts represent all capital expenditures to be incurred during the fiscal year. The Capital Estimates indicate the total requirement for individual departments and the Nunavut Housing Corporation. The expenditures related to each department are further described by branch and project. (see also main estimates)</p>	301
CAPITAL LEASE	See Lease	601-1
CASH	Coin, bank notes, money orders, cheques and accepted site drafts, and (by extension) the balances in respect of demand and savings deposits at banks or other financial institutions.	913
CASUAL EMPLOYMENT	Employment of a temporary nature where a person is hired for a period of four months or less.	802-1
CERTIFICATION	The formal attestation of the regularity and validity of a document by means of the signed statement of an authorized person.	803
CHART OF ACCOUNTS	A schedule of account numbers and designations in a ledger, usually the General Ledger.	101
CHEQUE	A bill of exchange drawn on a bank and payable on demand.	502
CLAIM	A demand for payment, reimbursement, or compensation under law or contract. (travel claim)	604 817 850
CODING	A system of assigning digits to financial transactions to identify and classify them for accounting purposes and for data processing.	101



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	Assigning the proper account number, from the chart of accounts, to a financial document.	
COLLATERAL	Property charged or pledged as security for the performance of a contract or the payment of a debt.	907
COMMITMENT	An obligation to pay that will result in a charge against an appropriation, or future obligation of Government.	709
COMMITMENT ACCOUNTING	The recording of encumbrances and conditional obligations as they are incurred in order to establish an accurate record of remaining balances in budgetary appropriations and allotments still available for other purposes.	709
CONSIGNMENT	A shipment of goods made under an agreement whereby the receiver undertakes to sell or otherwise dispose of the goods as an agent on behalf of the shipper. The latter retains title to the goods until they are sold or disposed of according to the arrangement.	907
CONSOLIDATED REVENUE FUND	A fund established under the <i>Nunavut Act</i> into which all public moneys and revenues over which the Legislature has the power of appropriation is to be deposited.	502 703-1 802-1 803
CONTINGENT LIABILITY	An obligation that may arise depending on the resolution of a situation involving uncertainty as to possible gain or loss - e.g. the possibility of a claim resulting from a guarantee or indemnity.	602
CONTRA ACTION (COUNTER CLAIM)	A collection procedure where the debtor's account is offset by another Government account in which the debtor has credit. Mutual claim against each other by two parties.	908
CONTRACT	A legal agreement between the Government and an individual or organization whereby the Government agrees to pay for goods or services supplied by the individual or organization. (See also professional services contract)	808
CONTRACT AMENDMENT	An agreed addition to, deletion from, correction or modification of a contract.	808
CONTROL OBJECTS OF EXPENDITURE	Specified control levels as directed by the Financial Management Board for:	301
	a) Salaries and Wages;	
	b) Grants and Contributions; and	
	c) Other Expenses.	
CONTROL	A summary account which provides for the balancing of a	102



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ACCOUNT	subsidiary ledger containing a number of identical or related accounts (see also Subsidiary Account)	
CONTRIBUTION	A transfer of funds or resources to an individual or an organization to accomplish or assist with some specific objective or project. The transfer is usually accompanied by some reporting, audit or accountability requirement on the part of the recipient. See also <i>GRANT</i>)	801
COST	The amount of the expenditure to obtain goods or services or the amount of a loss incurred.	601
CREDIT NOTE	A document issued by the seller to a purchaser to record the reduction of a bill because of an allowance, return, correction or cancellation. Opposite of an invoice.	908
CREDITOR	One to whom a debt is owed.	907
D		
DEBT	A sum of money owing by one person (the debtor) to another (the creditor).	915
DEBTOR	A person or organization who owes money to another (the creditor)	915
DECOMMITMENT	The reduction of a previously committed amount either by the payment of the amount or other action which frees up the funds.	703
DEFAULT	A failure to fulfill the terms of a contract or agreement - e.g. failure to pay money when due.	801 911
DEFICIT	The amount by which the expenditures exceed the revenue over a given period of time, usually a fiscal year.	801 880
DELEGATED AUTHORITY	The authority to act on specific matters given by one person or group (delegator) to another (delegate). The delegator retains responsibility and the delegate cannot sub delegate unless specific permission is given by the delegator. (see instrument of delegation IOD)	802
DEPARTMENT	An organizational unit of Government created for the purpose of managing related programs. It is headed by a minister and includes the Office of the Legislative Assembly or divisions so designated under the <i>Public Service Act</i> .	3-3
DEPUTY HEAD	The <i>Public Services Act</i> defines Deputy Head as follows: (a) in relation to a department, the Deputy Minister of that department, and	3-3



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	(b) in relation to any other portion of the public service, the chief executive officer of that portion or, if there is no chief executive officer, such person as the Minister may designate as deputy head for the purposes of this Act;	
DEPUTY MINISTER	The <i>Public Services Act</i> defines Deputy Minister as follows: The non-elected head of a department and where the position is vacant or the Deputy Minister is absent or unable to act, includes the person designated by the Minister responsible for the department to act as Deputy Minister.	3-3
DIRECTIVE	An instrument that relates to the internal policy of government made by the Financial Management Board, a minister, the Executive Council or the Commissioner.	002
E		
ELECTRONIC AUTHORIZATION (ELECTRONIC SIGNER)	The fixing or the logical association of an electronic signature to a document to identify the signer and to indicate the signer's intended approval of the associated information in the data message represented by the document.	803
ELECTRONIC RECORDS	Data and information that is input, created, manipulated and/or stored on electronic media that shows evidence of actions and decisions occurring during the transaction of business and that require a computer to be accessed and manipulated.	102 803
ENACTMENT	The passing of an Act or regulation into law.	301
ENCUMBRANCES	The setting aside of funds for a specific purpose or with specific restrictions as to their use or non-use.	709
ESTIMATES	The projected expenditures and revenues for the coming fiscal year or years presented to the Legislative Assembly. (see also capital estimates and main estimates)	301
EXECUTIVE COUNCIL	The Executive Council is the senior decision-making body within the Government. It is appointed by the Legislative Assembly and consists of the Premier and the Ministers of Departments. It is through Executive Council that members are collectively accountable to the Legislative Assembly for the conduct of Government business.	3-3
EXPENDITURE	The amount of money paid or payable for an expense incurred or an asset acquired.	101 703 803
EXPENDITURE	A person who has been designated by a minister of a	803



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OFFICER	department, or their delegate, to perform the duties specified in S.44 (1) (a) of the <i>Financial Administration Act</i> .	
EXPENSES	A cost properly identifiable with the operations of a period or with revenues earned during that period or that is not identifiable with the operations or revenues of a future period or periods.	301 601 602 703

F		
FAA	<i>Financial Administration Act</i>	
FAM	Financial Administration Manual.	002
FINANCIAL ADMINISTRATION ACT	The act that provides for the financial administration of the Government.	3-3
FINANCIAL REPORTS	A presentation of financial data to provide information for financial management.	002 605 704 908
FISCAL FRAMEWORK.	The determination of financial resources available for expenditures during the fiscal year	301 709
FISCAL YEAR	A twelve month period commencing on the 1 st day of April in any year and ending on the 31 st day of March next following.	
FMB	Financial Management Board	002
FORECASTING	A prediction of future requirements	301
FUNCTIONAL RESPONSIBILITY	Being responsible to an authority where no direct reporting relationship exists. The responsibility covers the broad duties that the authority possesses.	004
FUND	a) A self-balancing accounting entity set up to show some particular activity (Revolving Fund, Consolidated Revenue Fund) b) An amount of money set apart for specific purposes. (petty cash fund)	307 817-2
FUNDS	a) The plural of Fund b) Cash and cash equivalents, (money) c) Money available to pay for expenditures (Appropriated funds, transfer funds among activities)	502 302



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G		
GENERAL LEDGER	The collection of accounts which comprise all asset, liability, surplus, revenue, and expense accounts, in the form of detailed, summary, or controlling accounts or a mixture of these.	101
GARNISHMENT	A legal means by which a creditor is authorized by a court to recover outstanding personal debts from another person by instructing the debtor's employers to withhold amounts from the debtor's salary or wages. (see also third party demands)	870
GUARANTEE	A contract under which the Government agrees to pay a debt or perform a duty if the party to the contract who is bound to pay the debt or perform the duty fails to do so.	602 Reg. 9916
GRANT	Any government transfer where the government has discretion in deciding whether or not to make the transfer, and conditions to be complied with, and the recipient and amount of the transfer. (see also <i>CONTRIBUTION</i>)	801
GROSS	The figure before being reduced by all relevant and commonly associated deductions. (Gross revenue.) (See also <i>NET</i>)	601 914

H		
HOLDBACK	A portion of the progress payments called for under the terms of a contract which is not payable until specific terms of the contract have been completed.	801 803
HONOURARIUM	A fee paid to members of boards and committees operating under the authority of the Government	810
I		
IMPREST ACCOUNT	An account for handling disbursements wherein a specified amount of cash or bank balance is entrusted to an individual (or individuals). The cash or bank balance is replenished for disbursements made from it from time to time. At any time, cash on hand or bank balance, plus the disbursement vouchers not reimbursed, should equal the amount of the fund.	804
INDENMITY	An agreement whereby a party agrees to secure another party against any anticipated loss or damage.	602 Reg. 9916
INPUT	a) The quantity of goods, services or resources entering into a	706-1



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	production process. b) Information introduced into a data processing system.	102
INTERNAL AUDIT	An audit of financial statements, other financial information or operations performed by an employee or agent of the Government.	603
INTERNAL CONTROL	The plan of organization and all the coordinated methods and measures adopted by management to safeguard assets, ensure the timeliness, accuracy and reliability of the accounting data, promote operational efficiency and maintain adherence to prescribed policies.	605
INSTRUMENT OF DELEGATION (IOD)	A document providing evidence of the delegation of authority.	802
INSURANCE PROCEEDS	Amount received or receivable under an insurance contract as the result to the loss or damage of an asset or the incurring of a liability or loss by the Government.	913
INVESTMENT	a) An expenditure to acquire an asset that is expected to yield future revenue or service. The term is not commonly used to refer to capital assets. b) An asset acquired by investment.	102 602
INVITATION TO TENDER	A written solicitation of bids in respect of a proposed contract in which the format and the nature of the bids are stipulated, made by public advertisement or private invitation.	808
INVOICE	A document prepared by the seller showing the description, quantity, price, terms, nature of delivery, and other particulars of goods or services purchased.	801 803-3
ITEM	An item is a subdivision of a Vote, usually a Department of Government.	301
J		
JOURNAL VOUCHER	A document detailing and supporting an entry in or an adjustment to the accounting records.	910
L		
LAPSE	The automatic expiration of authority either by the passage of time or the occurrence or non occurrence of some event.	302-5
LEASE	A contractual agreement between a lessor and a lessee that conveys to the lessee the right to use specific property (real or	



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	<p>personal), owned by the lessor, for a specific period of time in return for stipulated, and generally periodic, cash payments (rents).</p> <p>a) Capital Lease – a lease that from the point of view of the lessee, transfers substantiality all of the benefits and risks incidental to ownership of property to the lessee.</p> <p>b) Operating Lease – a lease in which the lessor retains substantiality all the benefits and risks incidental to ownership of property.</p>	<p>601-1</p> <p>601</p> <p>601-1</p>
LEGISLATIVE ASSEMBLY	The legislative body established by <i>The Nunavut Act</i> which consists of elected representatives from the electoral districts in Nunavut.	3-3
LIABILITY	Amounts that it is expected will require settlement in the future as a result of events and transactions that have occurred in the past (see current liabilities).	601-1 801
M		
MAIN ESTIMATES	The Main Estimates are presented to the Legislative Assembly and represent the Government's proposed appropriations for a fiscal year for planned operations and maintenance expenditures. The Main Estimates detail all expenditures projected to be incurred and all revenues projected to be earned, during the year. (see also Capital Estimates)	301
MATERIAL (SIGNIFICANT)	An item is considered significant or material if the omission or misstatement of the information resulting from that item would change a decision.	002 008 302 307 603
MINISTER	An elected representative appointed to the Executive Council by the Legislative Assembly and given the responsibility for a department by the Premier.	3-3
MORTGAGE	<p>The conveyance of the legal interest in real estate or personal property from one person (the mortgagor) to another (the mortgagee) as security for the payment of a debt or the discharge of some other obligation, the security being redeemable on the payment or discharge of such debt or obligation.</p> <p>a) Chattel Mortgage – a mortgage on personal property as contrasted with real estate.</p> <p>b) First Mortgage – a mortgage having priority over all other mortgages on a property.</p>	908
N		



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NET	After all applicable deductions have been made. (Net profit – profit after the deduction of all related costs; net price – the price subject to no further discounts; net sales – sales after deducting returned goods) (See also GROSS)	601 914
NET BOOK VALUE	The cost of an asset less any accumulated amortization or write down.	601
NNI POLICY	Means the “Nunavummi Nangminiqagtunik Ikajuuti Policy” approved by the Executive Council. The object of the policy is to provide good value and fair competition in the acquisition of goods and services; strengthen the Nunavut economy; assure Inuit participation in the procurement of goods and services and to provide for Nunavut education and training.	808-1
NON-DISCRETIONARY FUNDS	Expenditures incurred as the result of legislation, agreements or the influence of other programs over which no short-term management control can be exercised.	801
NON-PUBLIC MONEY	Non-public money means money collected on behalf of third parties that remain the property of those third parties.	913-1
O		
OPERATIONS AND MAINTENANCE	Expenditures that are: a) expenditures other than capital and grants; and b) expenditures incurred in carrying out current operations of an enterprise	703
OUTPUT	a) The quantity of goods or services produced. b) Information produced by a data processing system.	601 603
OUTSTANDING	a) Uncollected (accounts or bills receivable) b) Unpaid (liabilities) c) Uncleared (cheques) d) Undeposited (cash receipts) e) Unfilled (orders)	908 801 909
P		
PAST DUE	Delayed beyond an agreed time for payment	908
PAYABLE	A debt owing to another (accounts payable).	801 817-2



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PAYEE / PAYOR	The payor is the party that makes a payment to another (the payee)	803
PAYROLL	a) The records of names of employees and amounts payable to them as salaries or wages at a given time, with particulars as to rates of pay and deductions. b) The total amount of salaries or wages at a given time or for a given period.	004 810
PERFORMANCE INDICATOR	A benchmark in accountability based budgeting by which the achievement of programs may be evaluated.	603 801
PETTY CASH	A fund in the form of coin or currency set apart to pay for small items of expense which is replenished periodically for disbursements made.	817-2
PHYSICAL INVENTORY	An inventory determined by observation and evidenced by actual count, weight, or measure	704
PLANNING	The interpretation of policy into definite objectives and goals and a statement of the means intended to be used to achieve those objectives and goals	002 004
PROCUREMENT	The acquisition by any means, including purchase, rental, lease or conditional sale of goods, services or construction.	802 808
PROFESSIONAL SERVICES CONTRACT	A contract involving the provision of professional or management consulting services where the primary output is the provision of advice, management feasibility studies, concept preparations, operational reviews or design.	808-5
PROGRAM	The activities within a Department for which managers have first line budget responsibility.	003

PROMISSORY NOTE	An unconditional promise, written and signed by the maker promising to pay on demand (or at a fixed or determinable future time) a specified sum of money.	911-1
PROJECT	An endeavor which has a definite beginning and end (which may be greater than a fiscal year) and as such is accounted for separately. They generally are carried out within programs.	301
PUBLIC ACCOUNTS	The Territorial Accounts required to be presented to the Legislative Assembly under the provisions of the <i>Nunavut Act</i> . The audited financial statements of the Government.	004
PUBLIC MONEY	a) Money that belongs to the Government including i. Public revenue received or receivable, ii. Money borrowed by the Government, and	002 102



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	<p>iii. Money received or collected by or on behalf of the Government, or</p> <p>b) Special purpose funds</p>	
PUBLIC PRIVATE PARTNERSHIPS (P3)	<p>Cooperative ventures between the public and private sectors. Built on the expertise of each partner, that best meet clearly defined public needs through the appropriate allocation of resources, risks and rewards.</p> <p>Essentially, public-private partnerships involve the provision of public services through partnerships where each risk associated with a project is identified and then allocated to one of the partners. Each partner strives to ensure best value for money based on their own expertise in managing, minimizing and mitigating the specified risks.</p>	912
PURCHASE ORDER	A document, prepared by the purchaser, authorizing a vendor to deliver described goods or services at a specified time, place, and price.	709 803
R		
RECEIVABLE	An amount owing to the Government, whether or not due, (accounts receivable, loans receivable).	908
RECONCILIATION	The determination of the items necessary to bring the balance of two or more related accounts or statements into agreement (determining the timing differences that account for the difference between the bank balance reflected in the books of the Government and the balance reflected by the bank).	706 804 817
RECOVERABLE EXPENDITURE	<p>a) An expenditure on behalf of another government department or a third party that is expected to be recovered. It does not include expenditures for goods that are to be sold.</p> <p>b) Contributions that contain a condition that the funds are to be returned to the Government if performance or other conditions are not met.</p>	880 801
REFUND	An amount paid back, credit allowed for over collection, or a rebate.	803 817 908 914
REGION	Nunavut has been divided into three regions for administrative purposes. Kitikmeot Region with headquarters at Cambridge Bay. Kivalliq Region with headquarters at Rankin Inlet and Qikiqtaaluk Region with headquarters at Iqaluit.	004
REGULATION	An enactment made by the Commissioner under the authority of an Act. Regulations expand on the provisions of the Act and have the same legal effect.	603 605



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REMISSION	The waiving of the liability to pay or the refunding of a tax or penalty imposed or authorized to be imposed pursuant to an Act. Similar to forgiveness, a remission extinguishes the debt and the right to collect. It may be conditional or unconditional.	917
REPORTING	<ul style="list-style-type: none"> a) To present financial or other information (make a report) b) To be accountable to (the Deputy Minister reports to the Minister). c) Present oneself (reporting for duty) 	101 002
REQUEST FOR PROPOSAL (RFP)	A request to vendors to submit proposals on how, and at what price, they would provide a good or service in response to an identified problem, requirement or objective.	808
REQUISITION	A written request for specified articles, services or cash.	703
RESOURCES	Actual assets, including staffing years of Government employees and financial, physical and informational resources that are available for the delivery of Government programs and activities.	003 102
RESPONSIBILITY	The obligation of exercising the authority given to an individual or group.	802
REVENUE	The gross proceeds from taxes, licenses, duties, user fees, transfer payments and all other sources other than borrowing.	002
REVIEW	To study critically a procedure, condition, event or series of transactions.	
RESERVE	<ul style="list-style-type: none"> a) to keep or secure for oneself (Minister reserves the right to take further action). b) Funds set aside to meet expected or unexpected demands. (emergency reserve, capital reserve) 	907 709
REVOLVING FUND	A fund established by an Act and funded from an appropriation that is normally used to purchase goods for inventory and which is replenished by the sale of the items from inventory.	806
RISK ASSESSMENT	An estimate of the likelihood of adverse effects that may result from exposure to certain real or perceived risks. Risk is the chance of something happening that will have an impact on objectives.	603
RISK MANAGEMENT	The identification of exposure to hazards affecting the various aspects of the operations of an organization and the steps taken by management to minimize their potential impact.	603
S		
SALARIES	Fixed compensation periodically paid to a person for regular work or services.	



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SIGNIFICANT (MATERIAL)	An item is considered significant or material if the omission or misstatement of the information resulting from that item would change a decision.	002 008 302 307 608
SIGNING AUTHORITY	The right to sign specific documents. Signing authority may be delegated to specific persons or positions for specific purposes to carry out the financial management of their responsibilities (accountabilities) Financial signing authority is comprised of spending authority, payment authority, commitment authority and budget adjustment authority.	802
STANDING ADVANCE	An accountable advance made to a person in a fixed amount that is required to reimburse expenditures on a continuing basis and reimbursed to a fixed amount each time an accounting for expenditures is made (e.g. a petty cash fund).	817
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)	See Balance Sheet	307 803
SUBSIDIARY ACCOUNTS	A grouping of individual accounts that in total equal the balance of a control account in the General Ledger (see also Control Account).	102
T		
TANGIBLE CAPITAL ASSETS	See Capital Assets	601
TASK	A single program or process required to accomplish the objectives of an accountability from which a measurable output or service is produced.	913
THIRD PARTY DEMANDS	A legal document requiring payment to be diverted from the original payee to the third party. These are usually issued by governments under their authority to seize money owing to individuals or firms in default. (see also garnishment)	872
TRANSACTION	An agreement between a buyer and a seller for the exchange of goods or services for payment.	103
TRANSFER PAYMENTS	A government payment to an individual, an organization or another government, that is not a loan or investment and for which no goods or services are received in return.	801
TRUST FUND	A fund held by one party (trustee) for the benefit of another.	913-1



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U		
UNENCUMBERED APPROPRIATION	That portion of an allotment/appropriation that has not yet been expended or encumbered. The amount remaining available for expenditure.	301
USEFULL LIFE	The estimated of the number of years over which a tangible capital asset is expected to be used.	601
V		
VALID	Accurate, precise, reliable, authorized and relevant.	102
VALUATION ALLOWANCE	An amount set up to recognize the reduction in value of a recorded financial asset, because it is either partially or totally unrecoverable (e.g. allowance for doubtful accounts, inventory allowance)	911-1
VARIANCE	The difference between budget and actual expenditure or between planned and actual action expressed as a plus or a minus figure in management reports.	002 003 301
VERIFICATION	The procedure by which validity is established and confirmed. (See Valid)	102
VOTE	The broad categories under which the Legislature grants the authority to expend public funds (e.g. Vote 1 - Operations and maintenance; Vote 2 – Capital)	101 301
VOUCHER	A written evidence of a transaction; (e.g., purchase voucher, receipt voucher, journal voucher, etc).	817-2
W		
WRITE-DOWN	The reduction in the recorded cost of an asset when the estimated value of the future economic benefits associated with the asset is less than its net book value.	704
WRITE-OFF (OF DEBT)	Write-off is a procedure for the deletion of debts from the Public Accounts. Write-off does not include forgiveness (i.e. the debt is still owing to the Government).	917
WRITE-OFF (OF MATERIAL)	Write-off is a procedure to remove the cost of material from the Public Accounts that no longer can provide any economic benefit to the Government.	704 704-3 704-4



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Comptroller General	Directive No: 3-3
Chapter: Using the Manual			
Directive Title: CENTRAL AGENCY RESPONSIBILITIES			

1. POLICY

The control and authority over the receipt and spending of public money shall follow the governmental structure created by the *Nunavut Act* and the provisions of the *Financial Administration Act (FAA)*.

The *Nunavut Act* creates a parliamentary system of government with the Commissioner being the representative of the Government of Canada and the Legislative Assembly being the representatives of the people of Nunavut. The Executive Council is appointed by the Commissioner upon the recommendation of the Legislative Assembly.

The *FAA* creates the Financial Management Board, which is a committee of the Executive Council, and gives it the responsibility for the financial management and administration of the Government.

2. DIRECTIVE

The roles of the entities within the Government that are listed below, with regards to the financial administration of the Government, shall be as set out in this Directive and the provisions of the *FAA* and any other applicable legislation.

Legislative Assembly and its standing committees
Executive Council
Financial Management Board
Minister of Finance
Minister and Deputy Ministers
Office of the Comptroller General

3. PROVISIONS

3.1. Legislative Assembly and Its Standing Committees

The *Nunavut* Act established the Legislative Assembly which consists of members elected to represent an electoral district. Nunavut has been divided into 19 such districts.

The Legislative Assembly establishes overall Government priorities and approves final expenditure plans through the appropriation bills.

The standing committee with oversight responsibility for financial administration has specific oversight responsibilities that include:

- expenditure appropriations proposed in the budget estimates;
- capital project plans, in consultation with affected communities and individual Members of the Legislative Assembly representing those communities;
- the terms and conditions of borrowing, lending and investing funds;
- revenue sources available to the Government;
- the financial implications of existing and proposed Government programs;
- the Government Public Accounts submitted to the Legislative Assembly annually by the Commissioner and the Minister of Finance;
- the Auditor General of Canada's reports to the Legislative Assembly; and
- financial and public accounts matters that are referred to standing committees by the Legislative Assembly or that, in the opinion of a standing committee, require investigation.

3.2. Executive Council

The Executive Council is the senior decision making body of Government. The Council establishes priorities and overall policy direction for the management of program and financial functions.

The Council is made up of members appointed by the Legislative Assembly, is chaired by the Premier and is accountable to the Legislature. The Premier

appoints individual members to be Ministers of their respective Department(s).

The Executive Council is responsible for the day-to-day administration of the government. Individual Ministers are responsible for developing policy for ratification by the Executive Council. They also propose legislation in response to the needs of the public. Individual Ministers are responsible for controlling and administering the funds that have been allocated to their Department through the budget process.

3.3. Minister of Finance

The principal duties and powers of the Minister of Finance are contained in *S. 8 and S.9 of FAA*. These sections give the Minister broad duties and powers concerning the fiscal policy of the Government and the management of the Consolidated Revenue Fund. The Consolidated Revenue Fund is established by the *Nunavut Act* and contains all public money over which the Legislative Assembly has the power of appropriation. *S.28 and S.29 of the FAA* require the Minister of Finance to prepare the Estimates for each fiscal year and to present to the Legislative Assembly an appropriation bill based on the Estimates. The Minister of Finance also has the power to examine any record and require any public officer to provide information and explanations that the Minister requires to perform his duties.

3.4. Office of the Comptroller General

S.12 (1) of the FAA requires the Minister of Finance to appoint a member of the public service to be the Comptroller General. *S.12(2) of the FAA* gives the Comptroller General the responsibility to prepare the Public Accounts each year and to establish the form and contents of the Government's financial records and accounting system. The section also gives the Comptroller General the responsibility to establish and maintain a system of controls over the receipt and spending of public money and the control over public property.

A number of other specific responsibilities are vested with the Comptroller General under the *FAA*, including:

- the accruing of liabilities and provisions for losses;
- the designation of accounting officers;
- the prohibition of disbursements;
- the establishment and use of petty cash funds and imprest bank accounts; and
- accountable advances.

Flowing out of the broad responsibilities contained in the *FAA*, the Office of the Comptroller General is responsible for ensuring that the accounting records are maintained in a accurate and efficient manner and that they produce information that is useful to senior management within departments and that the Public Accounts can be produced. This is accomplished, in part, by developing standard financial procedures that are to be utilized by all departments and by ensuring that proper and effective internal controls are in place and are being utilized.

3.5. Financial Management Board (FMB)

The FMB is a committee of the Executive Council, established under S. 3 of the *FAA*. It has primary responsibility for the financial management and administration of the Government, subject to Executive Council direction. The Board is composed of the Minister of Finance and other members of the Executive Council who are designated by the Executive Council. It is chaired by the Minister of Finance.

The FMB has broad responsibilities over approving resources, overall financial planning and providing direction on financial management to departments and agencies. The *FAA* gives specific responsibility to the FMB in respect to the following:

- accounting and budgeting issues;
- the Public Accounts and the Estimates;
- controlling and recording financial commitments, assets, liabilities, expenditures and revenues;
- evaluating the efficiency, economy and effectiveness of programs;
- reviewing annual and long-term expenditure and revenue plans; and
- any other matter referred to it by the Executive Council.

The FMB provides advice and guidance to departments through the issue of Financial Administrative Manual Directives and delegates some of its powers to public officers who are in the best position to ensure that the responsibilities of the FMB are carried out.

A more complete description of the role of the FMB may be found in Directive 002 in this Financial Administration Manual.

3.6. Ministers and Deputy Ministers

Ministers are responsible for the financial affairs of the department for which they are responsible. This includes preparing business plans and estimates



for their department and ensuring that the expenditures and activities of the department comply with these plans and estimates as well as with the *FAA* and regulations. They are subject to the direction of the FMB and the Minister of Finance with respect to matters within the authority of the FMB and the Minister of Finance.

Ministers delegate the responsibility for the day-to-day operation of their departments to Deputy Ministers. Deputy Ministers are responsible for ensuring that departmental activities and expenditures meet legislative, executive, FMB and departmental requirements for financial planning, control and accountability. This includes ensuring that financial reports are reviewed to determine whether transactions have been recorded properly and activities are proceeding according to operational plans.

Deputy Ministers, in turn, delegate the responsibility for the financial management of the department to Executive Finance Officers (EFO). The EFO is the chief financial resource within the department and they advise and assist all levels within the department on a wide range of financial matters. A detailed description of the duties of EFOs can be found in Directive 004 of this Financial Administrative Manual.



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Revised Date: October 2017	Effective Date: Immediate	Responsible Agency: Office of the Comptroller General	Directive No: 000
Chapter: Management of the Financial Function			
Directive Title: CHAPTER INDEX			

- 002 Role of the Financial Management Board
- 003 Role of the Program Manager
- 004 Role of Executive Finance Officer and Directors of Regional Financial Services
- 008 Legislative Audit



Issue Date: Sept 2008	Effective Date: August 29, 2008	Responsible Agency: Expenditure Management	Directive No: 002
Chapter: Management of the Financial Function			
Directive Title: ROLE OF FINANCIAL MANAGEMENT BOARD			

1. POLICY

The *Financial Administration Act (FAA)* gives the Financial Management Board (FMB) responsibility for the financial management and administration of the Government.

The recording of financial data and the reporting of financial results will follow the provisions of the *FAA* and the standards established by the Canadian Institute of Chartered Accountants (CICA) as determined by the Public Sector Accounting Board (PSAB). For standards not established by PSAB those Generally Accepted Accounting Principles, as set out in the CICA Handbook, will be applied. In cases where there is a choice as to which standards to use or there is doubt as to which standard to apply, the standard that most accurately reflects and reports the true meaning and intent of the situation will be adopted.

2. DIRECTIVE

FMB shall provide central direction and control over the financial affairs of the Government and will act and advise the Executive Council on all matters relating to financial planning, management and evaluation for the Government.

FMB has the responsibility for overall financial planning for Government, for budgeting and for developing and implementing the rules governing the accounting process.

3. PROVISIONS

- 3.1. FMB is established by S.3 of the *FAA*. S.4 and S.5 of the *FAA* set out the duties and responsibilities of the FMB. In summary the FMB may issue directives and shall act on all matters related to the financial management and financial administration of the Government in respect of:

- accounting and budgeting policies;
 - the Public Accounts and the Estimates;
 - controlling and recording financial commitments, assets, liabilities expenditures and revenue;
 - evaluating the efficiency, economy and effectiveness of programs;
 - reviewing annual and long-term expenditure, revenue and capital plans; and
 - any other matters referred to it by Executive Council.
- 3.2. FMB may determine their own rules and procedures.
- 3.3. A public officer who receives a directive from the FMB shall ensure that it is implemented in a prompt and efficient manner.
- 3.4. FMB is subject to the direction of Executive Council.
- 3.5. FMB shall make recommendations to Executive Council on the financial aspects of those issues that require Executive Council approval and any other matter that Executive Council directs. In general these will be:
- new, or changes to existing programs or services;
 - remission of tax or penalty;
 - policies that have Government wide application; and
 - any financial matter that Executive Council is required to submit to the Legislative Assembly for approval.
- 3.6. FMB shall develop and prescribe the financial responsibilities of Government departments, including those of Deputy Heads, and Executive Finance Officers.
- 3.7. The approval of FMB is required for significant financial matters and those specifically required under the *FAA*. In general these include:
- matters requiring approval by the Legislature;
 - additional funding requests, including special warrants;
 - write offs, deletions and forgiveness as required by the *FAA*;
 - requests to implement new or enhanced programs;
 - financial status and variance reports; and
 - significant changes to Government revenues.



Issue Date: August 2008	Effective Date: July 10, 2008	Responsible Agency: Office of the Comptroller General	Directive No: 003
Chapter: Management of the Financial Function			
Directive Title: ROLE OF THE PROGRAM MANAGER			

1. POLICY

The *Financial Administration Act (FAA)* gives primary financial management authority to the Financial Management Board (FMB), the Minister of Finance, other Ministers and the Comptroller General. The *Public Service Act* gives Deputy Heads operational authority over their department. Various aspects of this primary authority may be delegated to other public officers or service contractors attached to government departments. Sound financial management supports delegation of financial management responsibilities within an organization to the levels best able to exercise it in a financially prudent manner.

2. DIRECTIVE

Program managers shall be responsible, through the chain of command, to their Deputy Head for the financial management of those accountabilities delegated to them by this directive or by any other directive, regulation or similar authority.

3. PROVISIONS

- 3.1. Program managers are defined as those public officers that have been delegated first line responsibility for the financial management and control of a budget together with the related people and other resources.
- 3.2. Program managers shall be responsible for managing all aspects of the activities within their area of operation, including the following:
 - **Budget Preparation** – providing program information and projections to support appropriate budget preparations.
 - **Budgetary Control** – assuming the responsibility to operate within limits of the budget allocations and to take appropriate action to correct problems identified by variances between planned and actual costs.



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- **Financial Reporting** – providing information in accordance with the requirements of the FMB, using financial reports in the management of their operations and reviewing reports to ensure they correspond to known events.
- **Accounting for Expenditures** – verifying that the methods of cost allocation used are in keeping with observable facts, ensuring that expenditures recorded are:
 - proper charges against an appropriation
 - in accordance with the budgetary guidelines established by the FMB,
 - sufficiently detailed for financial management of the program;
- **Control of Expenditures** – having the primary responsibility for account verification and promptly supplying the information necessary for this verification as well as controlling expenditures through budgetary limitations and delegated spending authority.



Issue Date: August 2008	Effective Date: July 10, 2008	Responsible Agency: Office of the Comptroller General	Directive No: 004
Chapter: Management of the Financial Function			
Directive Title: ROLE OF THE EXECUTIVE FINANCE OFFICER AND DIRECTORS OF REGIONAL FINANCIAL SERVICES			

1. POLICY

It is the policy of the Government of Nunavut to manage its financial affairs in accordance with sound management practices carried out by competent management professionals. These practices involve, among other things, providing departmental and regional managers with the professional financial advice and assistance that they require.

2. DIRECTIVES

Executive Finance Officers (usually Directors of Finance or Corporate Services) shall provide assistance to program managers and financial staff to ensure that financial responsibilities are properly exercised. They will be responsible for the administration and managing the financial components of the department's systems and for providing the department with professional financial advice and assistance. The financial function that relates to the information making up the Public Accounts is carried out on behalf of the Comptroller General. The Comptroller General may advise and direct Executive Finance Officers (EFOs) in any aspects of this function.

Department of Finance Directors of Regional Financial Services shall be accountable to the Comptroller General and shall manage regional financial administration and systems to provide regional offices with financial advice.

3. PROVISIONS

3.1. Executive Finance Officers

- 3.1.1. Financial administration is primarily the responsibility of program managers. EFOs perform a support role to the department, region and program managers by providing advice to promote effective and efficient financial management. They also perform financial accounting and reporting functions on behalf of the Comptroller General. They are responsible for the financial administration and systems of their

department and to advise the Deputy Head on the financial implications of plans or decisions as well as legislative proposals.

3.1.2. EFOs are the chief financial resource in the department and they advise and assist all levels of the department with such matters as:

- budget preparation;
- monitoring of expenses;
- advice on training;
- financial reporting;
- internal controls;
- financial staffing levels;
- financial risk assessment
- financial planning
- notification of changes to directives, standards and procedures; and
- working with other departments on financial matters of common concern.

3.1.3. EFOs shall ensure that the Expenditure Management section of the Department of Finance is advised of large cash requirements.

3.1.4. Although EFOs have a line responsibility to their Deputy Heads, they have a functional responsibility to the Comptroller General.

3.1.5. When delegated such authority by their Deputy Heads, EFOs shall exercise commitment and payment authority for expenditures within their departments.

3.2. Department of Finance Directors of Regional Financial Services

3.2.1. Department of Finance Directors of Regional Financial Services also have a dual role:

- They represent the Comptroller General in the region; and
- They provide support services such as payroll processing, cheque issue services and other similar activities as may be delegated to them by the Comptroller General or Deputy Heads of the departments in the region.

3.2.2. Department of Finance Directors of Regional Financial Services are not involved in the budgeting process for departments in the regions. Budgeting processes are the responsibility of the individual departments. The Department of Finance Directors of Regional Financial Services may provide advice and assistance, when required.

- 3.2.3. Department of Finance Directors of Regional Financial Services provide a support role for regional financial activities. They provide advice and assistance in a broad range of regional financial matters. These include:
- the financial implications of regional plans;
 - proposed legislation;
 - financial administration systems;
 - staffing levels;
 - training; and
 - expenditure control.
- 3.2.4. Department of Finance Directors of Regional Financial Services are the Comptroller General's representative in the region and direct the design, communications and maintenance of financial administration systems within the region.
- 3.2.5. When delegated the authority, Department of Finance Directors of Regional Financial Services shall exercise commitment and payment authority.



Issue Date: August 2008	Effective Date: July 10, 2008	Responsible Agency: Office of the Comptroller General	Directive No: 008
Chapter: Management of the Financial Function			
Directive Title: LEGISLATIVE AUDIT			

1. POLICY

It is the policy of the Government of Nunavut to have its accounts audited annually by the Auditor General of Canada in accordance with S.46 of the *Nunavut Act*.

2. DIRECTIVE

Each department is responsible for co-operating with the Office of the Auditor General and with the Comptroller General and for providing all information, reports and explanations that the Auditor General or Comptroller General consider necessary. Departments are also responsible for responding to and acting on the observations raised by the Office of the Auditor General relating to concerns arising from audits in accordance with the provisions of this directive.

3. PROVISIONS

3.1. Powers of the Auditor General

The *Nunavut Act* provides that the Auditor General of Canada has, in connection with the audit of the accounts of Nunavut, all of the powers that the Auditor General of Canada has under S. 48(1) of the *Auditor General Act* in connection with the audit of the accounts of Canada.

3.2. Access to information by the Office of the Auditor General

- 3.2.1. S. 48 (2) of the *Nunavut Act* provides that the Office of the Auditor General shall have free access, at all convenient times, to information that relates to the fulfillment of the auditors responsibility and is entitled to require and receive such information, reports and explanations as the auditor considers necessary for that purpose.

- 3.2.2. The information referred to in 3.2.1 above shall be provided to the Auditor General by public officers, subject to the provisions of this directive and the provisions of any act of the Legislature which specifically refers to S. 48 (2) of the *Nunavut Act*.
- 3.2.3. Each department shall consult with the Comptroller General on issues raised by the Office of the Auditor General before responding to the Office of the Auditor General, unless the issues are not material or significant.
- For the purposes of this provision, the Executive Finance Officer in each department shall, in consultation with the Comptroller General, determine whether a matter is material or significant. An item of information, or an aggregate of items, is deemed to be material if it is probable that its omission or misstatement would influence or change a decision.
- 3.2.4. Each department shall advise the Comptroller General of any issues in dispute which cannot be resolved to the satisfaction of the Office of the Auditor General.
- 3.3. Recommendations of the Auditor General

Deputy Heads, in consultation with Executive Finance Officers, are responsible for acting on any recommendation made by the Auditor General relating to their department.

The Comptroller General is responsible for coordinating the Government's response to recommendations made by the Auditor General.

The Comptroller General shall monitor the status of the recommendations in the Auditor General's report to the Legislative Assembly and on any other matter raised by the Office of the Auditor General.



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Revised Date: November 2017	Effective Date: Immediate	Responsible Agency: Office of the Comptroller General	Directive No: 100
Chapter: Financial Systems			
Directive Title: CHAPTER INDEX			

- 101 Financial Coding Systems
- 102 Accounting Systems
- 103 Recording Transactions



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Comptroller General	Directive No: 101
Chapter: Financial Systems			
Directive Title: FINANCIAL CODING SYSTEM			

1. POLICY

S.4 (1) of the *Financial Administration Act (FAA)* authorizes the Financial Management Board (FMB) to act on matters relating to controlling and recording financial commitments, assets, liabilities, revenues and expenditures of the Government. S.12 (2) of the *FAA* requires the Comptroller General to establish the form and content of financial records and accounting systems for the Government.

It is the policy of the Government to record financial transactions using a hierarchical coding system that allows for the capture and reporting of financial information in a manner that meets the legal and managerial requirements of departments and the Government as a whole.

2. DIRECTIVE

All financial transactions of departments shall be recorded using the financial coding system developed by the Comptroller General. For the purpose of this directive, financial transactions shall include commitments and budgeting.

3. PROVISIONS

3.1. The Comptroller General shall ensure that the financial coding system used in the Financial Information System:

- a) provides for the preparation of the Public Accounts;
- b) provides the information necessary for departments and program managers to manage the financial affairs of their departments or programs; and
- c) provides for measurement or comparison of actual results to the Estimates and Supplementary Appropriations approved by the Legislative Assembly.



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- 3.2. The Deputy Head, in conjunction with the Executive Finance Officer, shall ensure that personnel involved in financial operations are familiar with the financial coding system developed and maintained by the Office of the Comptroller General.
- 3.3. The Comptroller General is responsible for maintaining the codes used in the Financial Information System and all changes to the coding system must be approved by the Office of the Comptroller General.
- 3.4. Departments shall maintain an appropriate level of consistency and comparability when using the financial coding system so as to ensure meaningful information is available for financial reporting purposes.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Comptroller General	Directive No: 102
Chapter: Financial Systems			
Directive Title: ACCOUNTING SYSTEMS			

1. POLICY

S.4 (1) of the *Financial Administration Act (FAA)* authorizes the Financial Management Board (FMB) to act on matters relating to controlling and recording financial commitments, assets, liabilities, revenue and expenditures of the Government. S.12 (2) of the *FAA* requires the Comptroller General to establish the form and contents of financial records and accounting systems for the Government.

It is the policy of the Government to maintain a centralized accounting system that shall contain, process and control the financial transactions of the Government in a manner that meets the legal and managerial requirements of departments and the Government as a whole.

2. DIRECTIVE

All financial transactions of departments shall be recorded in the centralized accounting system either directly or through control accounts as a summary batch entry from an approved secondary system.

The Government's central accounting system, as well as secondary systems used by departments, must have adequate controls to ensure the completeness, accuracy and validity of the information provided by such systems

3. PROVISIONS

3.1. Centralized accounting system

- 3.1.1. The Government's central accounting system is used to produce the Public Accounts as well as the information required by managers to fulfill their responsibilities and obligations under the *FAA*. As such, the system must maintain financial data on the accrued accounting basis and provide for commitment control.

- 3.1.2. In order to facilitate management decisions, it is imperative that financial transactions are processed in a timely manner for reporting purposes. Departments are responsible for ensuring that the data entered in the Government's central accounting system is kept up to date and transactions are entered on a timely basis.
- 3.1.3. Departments are responsible for ensuring that employees using the Government's central accounting system are adequately trained and knowledgeable in the operation of the system.
- 3.2. Secondary systems
 - 3.2.1. Any secondary system that produces financial information that is to be entered in the Government's central accounting system must be approved by the Office of the Comptroller General prior to implementation.
 - 3.2.2. Departments are responsible for informing the Office of the Comptroller General about the intention to procure systems that will produce financial data that will be entered in the Government's central accounting system. The Office of the Comptroller General must be informed prior to committing the funds to procure the system.
 - 3.2.3. Secondary systems used by departments to record financial information that is required to produce the Public Accounts, must be capable of producing information that can be entered in the central accounting system. This information may be entered manually or electronically.
 - 3.2.4. Where a department is responsible for a secondary accounting system or some element of a secondary system, the department involved is responsible for the information provided by the system.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Comptroller General	Directive No: 103
Chapter: Financial Systems			
Directive Title: RECORDING TRANSACTIONS			

1. POLICY

The government is committed to ensuring all financial transactions adhere to generally accepted accounting principles. A basic requirement of financial management is an acceptable method of accounting to provide a framework to record, track, analyze and report on financial transactions. The accepted method of accounting to be used within the government is accrual accounting.

2. DEFINITION

2.1. Accrual accounting: Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred. The entries recognize the receipt of an asset or service and record a liability of the government to pay for these goods and services. Entries also record accounts receivable and revenues for amounts due to the government for goods or services provided according to an approved agreement or contract.

3. DIRECTIVE

All transactions shall be processed on a timely and accurate basis using accrual accounting.

Deputy Ministers shall ensure that their departments conform to this Directive and its Provisions.

4. PROVISIONS

4.1. All transactions must be included in the accounting period to which they apply.

4.2. Cash transactions must be processed and recorded promptly.



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- 4.3. Commitment accounting, an activity used to assist in appropriation control, must be followed in accordance with Directive 709.
- 4.4. All financial transactions must be coded in accordance with Directive 101.
- 4.5. Any exceptions to this directive must be approved by the Comptroller General.



**FINANCIAL ADMINISTRATION
MANUAL**



Revised Date: November 2018	Effective Date: Immediate	Responsible Agency: Expenditure Management	Directive No: 300
Chapter: Budgetary Control			
Directive Title: CHAPTER INDEX			

- 301 Budget Categories and Management Controls
- 302 Budget Adjustments and Transfers
- 302-5 Capital Carry-overs
- 303 Special Warrants
- 307 Budget Requirements – Revolving Funds



Issue Date: May 2008	Effective Date: April 25,2008	Responsible Agency: Expenditure Management	Directive No: 301
Chapter: Budgetary Controls			
Directive Title: BUDGET CATEGORIES & MANAGEMENT CONTROLS			

1. POLICY

Under *S.28 and S.29 of the Financial Administration Act (FAA)*, the Minister of Finance, directed by the Financial Management Board (FMB), must prepare annual Estimates for consideration and approval by the Legislative Assembly. These Estimates, or budgets, which are based on department business plans, represent the planned spending activities of the Government, and the forecasted revenues to support such spending.

The Estimates, referred to as Main Estimates and Capital Estimates, are divided into votes, subdivided into items, and further subdivided into activities. The Legislative Assembly reviews and approves the Estimates at vote and item level for operations and capital expenditures, and passes *Appropriation Acts* which authorize the approved Estimates.

The Government also undertakes certain activities in Nunavut for the Government of Canada and others. These costs are fully recoverable.

Revenue and recovery forecasts provided in the Main Estimates do not require approval by the Legislative Assembly, but are provided as information to assist the Legislative Assembly in their review and approval of expenditures.

2. DEFINITIONS

Many of the following terms have been defined in the *FAA* and are reproduced here for ease of reference. Definitions in the Act prevail if discrepancies exist.

2.1. Activity

A subdivision of an item, usually a branch within a department.

2.2. Appropriation

The authority contained in an Act to incur an expenditure.

2.3. Control Object

A specified category within an expenditure vote or revenue budget.

2.4. Item

A subdivision of a vote representing a department or entity established to deliver programs and/or services.

2.5. Vote

A broad category of expenditure according to its intended use (e.g., Vote 1 – Operations and Maintenance, Vote 2 – Capital).

3. DIRECTIVE

With this directive, the FMB provides the basic format and controls for the Government's annual budgets. The budgets must be managed and controlled according to the provisions herein.

4. PROVISIONS

4.1. Budget Categories

At a minimum, budgets will be prepared and summarized in the following manner:

- 4.1.1. Operations and Maintenance Expenditures (Vote 1) includes proposed expenditures for operating and maintenance charges which must be allocated to control objects of expenditure within each activity, and identified separately for each administrative region and/or area. The control objects to be used are:

- Compensation and Benefits
- Grants and Contributions
- Other Expenses
- Amortization is an operations expenditure reflected in the summary of operations. This is a non-voted item.

- 4.1.2. Capital Expenditures (Vote 2) includes planned expenditures to construct, acquire or improve tangible capital assets, and includes capital leases. This also includes capital assets provided to third parties by way of grants and contributions.

The Capital Estimates include a five year capital plan which provides details by item, activity, region and community for each project planned. Only year one of the capital plan is included in appropriations voted on by the Legislative Assembly.

- 4.1.3. Public Revenue (Vote 8) includes all expected revenues for the next fiscal year received from the regular operations of the Government and appears in the Main Estimates schedule, “Summary of Revenues”, classified under the following categories:
- Federal Transfers
 - Own Source Revenues
- 4.1.4. Disbursements Funded by Third Parties (Vote 4/5) represents activities carried out by the Government of Nunavut and funded by the Government of Canada or other entities.
- 4.2. Budget Management

The basis for budget preparation and management for the government is provided by the *FAA*, which stipulates that:

- An expenditure cannot be made without the legislation which authorizes spending to occur (an appropriation), (S.27).
- The Minister of Finance is required to prepare Estimates for expenditures and revenue and must present annually an appropriation bill based on the Estimates for Legislative Assembly approval (S. 28, 29).
- Every expenditure must be charged to a vote, item and activity as presented in the Estimates (S. 30).
- It is prohibited to incur an over-expenditure of an item in the Estimates (S. 32).
- Any unspent balance of an appropriation is cancelled at the end of the fiscal year (S. 34).

Although the Estimates must be divided into votes, items and activities as per *S. 28 of the FAA*; no changes can be made to appropriations at the vote and item (usually department) level without the approval of the Legislative Assembly. *S. 33 of the FAA* requires changes to appropriations at the vote and item level to be made through supplementary appropriation bills or special warrants.

S. 32.1 of the FAA delegates authority to the FMB to transfer funds at the activity level so long as the appropriated item total does not increase. In Regulation 9918, the FMB delegates this authority to Ministers and Deputy Heads. See Directive 302, Budget Adjustments and Transfers, in this manual.



S.32.2 of the *FAA* requires a Deputy Minister to ‘take all reasonable measures to ensure that no expenditure is incurred in respect of his or her department that causes an activity budget to be exceeded.’ If an over-expenditure occurs, the Minister of Finance must be informed, and he must advise the FMB and, where an over-expenditure exceeds \$250,000, the Legislative Assembly.

While Ministers and Deputy Heads have overall budgetary responsibility to the FMB and the Legislative Assembly, all public officers who have budget responsibilities shall be accountable to their Deputy Heads to prudently manage and control their budgets and to operate within allocated budget limits.

A monthly revenue/expenditure analysis report must be submitted by each department to the Expenditure Management Division of the Department of Finance, providing explanations of variances and plans to correct deviations.

Vote 3 - Loans - The appropriation for each loan program shall be allocated to the activity level.



Issue Date: November 10, 2016	Amended Date: November 29, 2018	Responsible Agency: Expenditure Management	Directive No: 302
Chapter: Budgetary Controls			
Directive Title: BUDGET ADJUSTMENTS AND TRANSFERS			

1. POLICY

The Legislative Assembly controls budget adjustments and transfers at the vote and item level, while *s.32.1* of the *Financial Administration Act (FAA)* gives authority to the Financial Management Board (FMB) to transfer funds among activities. Under the Delegation of Authority Regulations, the FMB delegates to Ministers and Deputy Heads the authority to make transfers among activities within the appropriations voted by the Legislative Assembly.

2. DIRECTIVE

Pursuant to the Delegation of Authority Regulations and subject to the following provisions and any restrictions imposed by the FMB from time to time, Ministers and Deputy Heads have the authority to:

- a) make transfers among activity and control object budgets within appropriations under Vote 1, Operations and Maintenance Expenditures; and
- b) make transfers among activity, control object and project budgets within appropriations under Vote 2, Capital Expenditures.

This directive applies to all government departments and to capital appropriations of Nunavut Arctic College.

3. PROVISIONS

- 3.1. Ministers may establish new capital projects through funding transfers, provided that such new projects create no incremental operating costs that cannot be funded from within the department's existing funding levels.

- 3.2. No vote or item that has been approved within an appropriation may be changed without Legislative Assembly approval through a supplementary appropriation act or special warrant.
- 3.3. Budget adjustments or transfers approved through supplementary appropriations are approved when the supplementary appropriation act is approved in the Legislative Assembly. Any action taken prior to approval is a violation of s.27 of the *FAA*.
- 3.4. In accordance with FAM directive 303 Special Warrants, a department has the authority to initiate budget increases on the day the special warrant is approved by the Commissioner of Nunavut.
- 3.5. Each department must ensure all budget adjustments and transfer requests are properly authorized by the Minister or Deputy Head prior to forwarding to the expenditure management division of the Department of Finance (Expenditure Management). All requests must provide full details with respect to description, purpose, dollar value, and activities affected. Cash flow schedules for all adjustments and transfers are to be provided.
- 3.6. All budget adjustments and transfers shall be processed by Expenditure Management, which will review each request for completeness.
- 3.7. All budget adjustments and transfers must be approved and processed prior to any related expenditures being recorded, except in emergencies per s.45 (2) of the *FAA*.
- 3.8. All budget adjustments and transfers for any fiscal year must be submitted by departments before the end of that fiscal year.
- 3.9. Departments may transfer project funding control to regions and to other departments acting as project managers.
- 3.10. Departments acting as project managers for other departments shall provide to those departments and Expenditure Management, when requested, current information on the financial status of projects under their spending authority.
- 3.11. Expenditure Management shall:
 - 3.11.1. monitor budget transfers and adjustments to ensure compliance with this directive;

- 3.11.2. prepare for the Legislative Assembly, pursuant to s.32.1 (2) of the *FAA*, a list of transfers exceeding \$250,000; individual transfers for the same purpose whose cumulative total exceeds \$250,000 must be included;
- 3.11.3. prepare a schedule of the final adjusted budget amounts to be included in the Public Accounts for each fiscal year; and
- 3.11.4. in accordance with s.32.2 (4) of the *FAA*, prepare a report for the Legislative Assembly with details of all cases where expenditures exceeded the activity estimate by more than \$250,000. The information for the report will be provided by the department(s) causing the overage.

4. GUIDELINES

- 4.1. Departmental requests for budget transfers to offset actual expenditures exceeding planned spending are an indication of inadequate budget management practices and should not be approved.
- 4.2. Budget transfers affecting Operations and Maintenance appropriations should represent permanent reallocations that reflect program, priority, organization or policy changes.
- 4.3. Consultation guidelines for capital project budget adjustments
 - 4.3.1. No new capital projects over \$250,000 are to be established until the responsible Minister has consulted in writing with the impacted Member(s) of the Legislative Assembly (MLA(s)). This correspondence shall be copied to all members of the Regular Members' Caucus, the Clerk of the Legislative Assembly, and the Secretary to the FMB. If the impacted MLA(s) and/or other members of the Regular Members' Caucus do not support the proposed project, the responsible Minister shall advise the Chairman of the FMB in writing if he or she intends to proceed with the project. The requirement for consultation shall be waived if a new project is necessary due to an emergency, in which case notice shall be provided. When a department proposes to delete a capital project of significant concern to a community, the Chairman of the FMB, the impacted MLA(s), other members of the Regular Members' Caucus, the Clerk of the Legislative Assembly and the Secretary to FMB must be advised.



- 4.3.2. When a department makes any adjustment to a capital project, which significantly affects the scope (\$100,000 or 20% of the project budget, whichever is greater) or timing (e.g., a year or more delay) of the project, the responsible Minister shall advise the impacted MLA(s), other members of the Regular Members' Caucus, the Clerk of the Legislative Assembly, and the Secretary to FMB. Minor adjustments required to address changes in project budgets need not be reported to MLA(s), but must be reported quarterly as described in provision 4.3.3. of this directive.
- 4.3.3. Each quarter, the Chairman of the FMB shall provide the Regular Members' Caucus with a report, by department, which identifies all capital adjustments made in that quarter. A copy of that report shall be sent to the Clerk of the Legislative Assembly and to the Secretary to FMB.



Issue Date: May 2008	Effective Date: April 25, 2008	Responsible Agency: Expenditure Management	Directive No: 302-5
Chapter: Budget Management Control			
Directive Title: CAPITAL CARRY-OVERS			

1. POLICY

The Legislative Assembly approves only one year's appropriation each fiscal year, but *S.44 (2) of the Financial Administration Act (FAA)*, allows for multi-year contracts or obligations. Under *S.34 of the FAA*, any unused portion of a capital appropriation lapses annually even though projects may be scheduled for completion over several years. It is not unusual for capital expenditure projects to lapse appropriated funds due to construction delays and other unforeseen circumstances.

Although financial obligations might exist with these projects, lapsed appropriation authority cannot be automatically added to a following year's appropriation, but rather supplementary appropriation approval must be sought to carry-over the lapsed appropriation authority to the next fiscal year. The following directive sets out the provisions for requesting the carry-over of lapsed funds to the subsequent fiscal year.

2. DEFINITION

2.1. Capital Carry-over

The portion of an appropriation (Operation Expense (see directive 703-1) or Capital Expense) voted in a fiscal year which, owing to construction or other delays, could not be expended within a fiscal year.

3. DIRECTIVE

A capital carry-over request must be made in accordance with the following Provisions.

4. PROVISIONS

4.1. The Financial Management Board will consider a capital carry-over request where:



- 4.1.1. a contractual or financial commitment exists against an approved project budget, or
- 4.1.2. an existing approved project has not been started, no contractual or financial commitments or actual expenditures have been made, and a submission with supporting documentation requesting carry-over is made to the FMB within the first quarter of the new fiscal year.
- 4.2. In order to be eligible for supplementary appropriation in the following year, the project funding associated with the capital carry-over must have lapsed against the specific project in the previous fiscal year and not have been used for another purpose.
- 4.3. As a general rule, capital carry-over requests under \$50,000 will be funded from within a department's appropriation for the subsequent year.



Issue Date: May 2008	Effective Date: April 25, 2008	Responsible Agency: Expenditure Management	Directive No: 303
Chapter: Budgetary Control			
Directive Title: SPECIAL WARRANTS			

1. POLICY

The Main Estimates and Capital Estimates provide the Government with the financial resources needed to accomplish its plans. The Legislative Assembly approves the Estimates at the vote and item level. However, events may arise during the fiscal year that are unforeseen, and require additional funding. Because no vote or item approved by the Legislative Assembly may be changed without Legislative Assembly approval, either a supplementary appropriation bill or a special warrant is required. It is usually a supplementary appropriation bill that is approved by the Legislative Assembly to provide the needed funding, but at times the use of a special warrant is necessary because the Legislative Assembly is not in Session. All special warrants must subsequently be approved by a supplementary appropriation.

2. DEFINITIONS

Refer to Directive 301.

3. DIRECTIVE

A request for a special warrant must be made in accordance with the provisions of this directive.

4. PROVISIONS

4.1. The Commissioner of Nunavut may issue a special warrant, under S.33 (1) of the *Financial Administration Act (FAA)*, when the Legislative Assembly is not in session, if the Financial Management Board (FMB) advises that:

- a) an expenditure is urgently required,
- b) the expenditure is in the public interest, and
- c) there is no appropriation or an insufficient appropriation to incur the expenditure.

- 4.2. The Legislative Assembly is considered not in session, under S.33 (2) of the *FAA*, when it has been adjourned indefinitely or it will not reconvene until a day more than two weeks after the day the special warrant is issued.
- 4.3. The FMB may fund the special warrant totally or partially, under S.33 (4) of the *FAA*, by reducing amounts appropriated for other item(s) where it considers that:
 - a) the amount appropriated for the other item(s) is not urgently required;
and
 - b) the public interest will not be adversely affected.
- 4.4. The Minister of Finance is required, under S.33 (5) of the *FAA*, to submit all expenditures authorized by a special warrant and all reductions of appropriated amounts under S.33 (4) as a supplementary appropriation bill to the Legislative Assembly at the resumption of the session or the next session, as the case may be.
- 4.5. The Public Accounts must include, under S.33 (6) of the *FAA*, a listing of all special warrants issued during the fiscal year.
- 4.6. One or more of the following characteristics must be present when determining that an expenditure is 'urgently required' or 'in the public interest':
 - a) health/safety issues
 - b) program delivery issues
 - c) legal issues
 - d) contract obligation issues
 - e) financial commitment issues.



Issue Date: August 2008	Effective Date: July 10, 2008	Responsible Agency: Expenditure Management	Directive No: 307
Chapter: Budgetary Control			
Directive Title: BUDGET REQUIREMENTS - REVOLVING FUNDS			

1. POLICY

In order to ensure that revolving funds operate within approved financial parameters and in accordance with their intended purposes, suitable budget, control and reporting requirements are necessary.

2. DIRECTIVE

All revolving funds with revenues in excess of \$1,000,000 must prepare budgets and financial statements that comply with the provisions outlined in this directive. Revolving funds with revenues less than \$1,000,000 must comply if directed to do so by the Financial Management Board (FMB).

3. PROVISIONS

3.1. Revolving fund budgets must be prepared annually and submitted to the FMB in a form and within the time prescribed by FMB. Budgets are to be based on accrual accounting and be consistent with generally accepted accounting principles (GAAP). Budget content must include:

- a) a description of the fund and its purpose;
- b) a list of full and part-time positions, with person year (PY) equivalency, funded by the revolving fund;
- c) an income statement, including:
 - i. operating expenses in detail;
 - ii. revenues by type, including recovery rates and how they are determined;
 - iii. projected profit/loss;
- d) a proposed capital acquisition and disposal plan;
- e) a projected balance sheet;
- f) a projected cash flow statement;

- g) comparative data from preceding budget and the most recent prior year's actual, with explanations of significant variances.
- 3.2. Budget review by Expenditure Management and approval by FMB is required.
- 3.3. Any increase or decrease to previously approved budgets must also be approved by FMB before any of the proposed changes are implemented.
- 3.4. Revolving funds are expected to operate on a breakeven or profit generation basis. Recovery rates should be set to recover costs incurred, including:
 - a) normal operating expenses; and
 - b) administrative expenses.
- 3.5. The authorized limit of each revolving fund is set by the *Revolving Funds Act* or by regulation.
- 3.6. Interim quarterly financial statements must be provided to Expenditure Management within 30 days after each quarter end, and must include:
 - a) an income statement for the period to date, with a forecast for the remainder of the period compared with the approved budget and a report providing explanations for any significant variances for the period to date;
 - b) a balance sheet; and
 - c) a cash flow statement for the period to date, with a forecast for the remainder of the fiscal year;
- 3.7. All requirements of the *Revolving Funds Act* and the *Financial Administration Act*, part VI, must be observed.
- 3.8. Any exceptions to the requirements of this directive must be approved by FMB.



FINANCIAL ADMINISTRATION MANUAL



Revised Date: August 2019	Effective Date: Immediate	Responsible Agency: Office of the Comptroller General	Directive No: 500
Chapter: Cash Management			
Directive Title: CHAPTER INDEX			

- 501 Investments
- 502 Banking Arrangements
- 503 Forecasting Cash Flow



Issue Date: September 2009	Revised Date: August 15, 2019	Responsible Agency: Expenditure Management, Office of the Comptroller General	Directive No: 501
Chapter: Cash Management			
Directive Title: INVESTMENTS			

1. POLICY

Investments may be made by the Government using surplus funds available from the Consolidated Revenue Fund in accordance with s.57 and s.58 of the *Financial Administration Act (FAA)*. The types of investments, and eligible investment issuers, are restricted to those specified in s.57(1) of the *FAA*. Surplus funds shall be invested in a manner that preserves capital and maintains liquidity. Maximizing rates of return is a secondary goal.

2. DEFINITIONS

Financial Instruments

Financial instruments are any contracts that give rise to financial assets of one entity and financial liabilities or equity instruments of another entity.

Liquidity

Liquidity is a quality possessed by a security which enables it to be sold quickly and without substantial price concession.

Surplus Funds

Surplus funds represent the net positive daily bank balance in the accounts of the Government.

3. DIRECTIVE

The Minister of Finance may make investments for the Government subject to s.57 and s.58 of the *FAA*, s.27(2) and s.27(3) of the *Qulliq Energy Corporation Act*, the Investment Regulations and the provisions of this directive.

This directive applies to all government departments and public agencies.

4. PROVISIONS

4.1. Delegation of Authority

- 4.1.1. In accordance with s.10 of the *FAA*, the Minister of Finance delegates to the Deputy Minister of Finance the powers and responsibilities under s.57 and s.58 of the *FAA*.

4.2. Investment Controls

- 4.2.1. Investments may only be made in the classes of securities, investments and loans outlined in s.57 and s.58 of the *FAA*, s.27(2) and s.27(3) of the *Qulliq Energy Corporation Act*, and the Investment Regulations, and only from issuers approved by the Deputy Minister of Finance.
- 4.2.2. Purchase of any investment containing embedded financial instruments must be authorized by the Deputy Minister of Finance based on the recommendation of the Comptroller General.
- 4.2.3. The Office of the Comptroller General shall be consulted to resolve any identified issues with determining whether the potential investment opportunity contains embedded financial instruments or represents higher potential risks.
- 4.2.4. The Department of Justice shall be consulted to determine any legal impediments to accepting an investment opportunity containing embedded financial instruments or representing higher potential risks.
- 4.2.5. Total dollar amount or proportion of investment portfolio invested in the securities of any issuer must not exceed the maximum limits authorized by the Deputy Minister of Finance.
- 4.2.6. The term to maturity of investments must be limited to the maximum terms established by the Deputy Minister of Finance.
- 4.2.7. Investments may only be transacted through banks and investment dealers approved by the Deputy Minister of Finance.
- 4.2.8. Controls must be developed and maintained by the Deputy Minister of Finance to protect the Government from fraud and major error on its investment activities. These controls must be approved by the Comptroller General. When the same person is filling both positions the controls must be approved by the Minister of Finance.

- 4.2.9. The Office of the Comptroller General shall also be consulted to resolve any issues with implementation, compliance, and interpretation of this directive as well as its applicability to public agencies.
- 4.3. Maintaining Liquidity
- 4.3.1. The term to maturity or the date of redemption of an investment shall be chosen in a way to make funds available when required for the Government to meet its payment obligations.
- 4.3.2. All approved investment decisions must be reflected in cash flow forecasts prepared by Expenditure Management in accordance with Financial Administration Manual Directive 503 Forecasting Cash Flow.
- 4.4. Public Agencies
- 4.4.1. A public agency may, in accordance with s.81 of the *FAA* and the Investment Regulations, invest money belonging to the public agency.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Office of the Comptroller General	Directive No: 502
Chapter: Cash Management			
Directive Title: BANKING ARRANGEMENTS			

1. POLICY

S. 14 of the *Financial Administration Act (FAA)* requires that all public money shall be deposited in a bank account to the credit of the Government. The financial institutions in which these accounts may be maintained have been designated under Regulation 9903 – Designating Banks Regulations of the *FAA*. It is the policy of the Government to establish controls over the set up and maintenance of these accounts to allow for their efficient operation and to prevent their misuse.

2. DIRECTIVE

The responsibility for establishing bank accounts and determining and enforcing the rules for their operation and signing authorities is hereby assigned to the Comptroller General in accordance with delegated authority and the provisions of this directive.

Separation of duties is an important element of internal control. Departments are to establish, to the extent possible, the maximum division of responsibilities throughout the activities carried out in the expenditure and disbursement process.

3. PROVISION

- 3.1. The Comptroller General must approve the establishment of, changes to and closing of, all bank accounts operated by the Government.
- 3.2. Under the authority granted by S. 12(2) of the *FAA*, the Comptroller General shall establish procedures and systems for controlling the operation of bank accounts and all other banking services that affect the disbursement, receipt, deposit, custody and movement of Government funds.
- 3.3. The Minister of Finance is the primary signing authority on all Government bank accounts that form part of the Consolidated Revenue Fund. In the



event that the signature of the Minister of Finance is unable to be placed on a cheque, the cheque may be issued with the signature of the Deputy Minister of Finance.

- 3.4. The Comptroller General may authorize additional signing authorities on all bank accounts that form part of the Consolidated Revenue Fund. This authorization must be in writing.
- 3.5. The Comptroller General shall designate, in writing, signing authorities for all Government bank accounts that do not form part of the Consolidated Revenue Fund.
- 3.6. The Deputy Minister of Finance shall notify the bank of any additions or deletions to the authorized signing officers and provide the bank with a sample of the signature.
- 3.7. When the same person is filling both positions, Comptroller General and Deputy Minister of Finance, the Minister of Finance shall notify the bank in writing, signing authorities for all bank accounts that do not form part of the Consolidated Revenue Fund.
- 3.8. Any signature required under this directive may be a facsimile, provided that the Comptroller General has approved the controls governing its use.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Expenditure Management	Directive No: 503
Chapter: Cash Management			
Directive Title: FORECASTING CASH FLOW			

1. POLICY

The cash forecasting component of financial planning is an essential activity in the Government's utilization of its cash resources. It permits the Government to make better investment decisions, identify potential cash shortfalls and ensure stable cash management. Forecasting cash flow will be done on a regular, systematic basis with the involvement of all departments.

2. DEFINITION

2.1 Cash Flow: The movement of cash through an organization reflecting the impact of all cash inflows and outflows on the net cash position. Cash flow items include currency, cheques and EFT transactions.

3. DIRECTIVE

Cash flow information shall be provided to permit the forecast of expected cash transaction activity in order to achieve the optimal use of Government funds and to ensure ongoing solvency.

4. PROVISIONS

- 4.1. The responsibility to prepare cash flow forecasts rests with the Treasury function of Expenditure Management, Department of Finance.
- 4.2. Cash flow forecasts will be prepared on a quarterly basis, and more frequently if so directed by the Deputy Minister of Finance.
- 4.3. All departments will prepare, on a quarterly basis, cash forecasts of anticipated monthly department revenue and expenditure activity. The



forecasts will be presented in the format and detail specified by Expenditure Management.

- 4.4. Departments must advise Expenditure Management of any significant changes to their quarterly forecasts as they become known. Significant variations must be explained.



**FINANCIAL ADMINISTRATION
MANUAL**



Revised Date: October 2019	Effective Date: Immediate	Responsible Agency: Office of the Comptroller General	Directive No: 600
Chapter: GOVERNMENT ACCOUNTING POLICY			
Directive Title: CHAPTER INDEX			

- 602 Consolidated Financial Statements
- 603 Internal Audit
- 604 Accounting for Goods and Services Tax (GST) and Harmonized Sales Tax (HST)
- 605 Internal Control – General
- 605-1 Internal Control – Accountable Assets
- 606 Protection of Personal Financial Information



Issue Date:	Effective Date: March 2009	Responsible Agency: Office of the Comptroller General	Directive No: 602
Chapter: Government Accounting Policy			
Directive Title: CONSOLIDATED FINANCIAL STATEMENTS			

1. POLICY

In accordance with the requirements of s.45 of the *Nunavut Act*, the Territorial Accounts shall be prepared in such form as the Commissioner may direct and in accordance with accounting principles recommended by the Canadian Institute of Chartered Accountants.

2. DIRECTIVE

The Comptroller General will prepare consolidated financial statements that include all of the organizations that make up the government reporting entity, as well as its share of government partnerships, in accordance with Generally Accepted Accounting Principles (GAAP) as recommended by the Canadian Institute of Chartered Accountants through the Public Sector Accounting Board (PSAB). The consolidated financial statements will be tabled in the Legislative Assembly in accordance with s.74 of the *Financial Administration Act (FAA)*.

Where an organization falls within the criteria for inclusion in the government reporting entity, but in the professional judgment of the Comptroller General, its inclusion in the financial statements of the consolidated reporting entity would not be appropriate, the organization may be excluded from the government reporting entity. In assessing the appropriateness of excluding the organization, the Comptroller General shall consider the criteria stated by PSAB for departing from its recommendations. These are: significance of the organization being excluded, cost versus benefit to the users of the financial statements and professional judgment of what constitutes fair presentation or good practice.

Related boards, agencies, funds, and enterprises which are deemed by the Comptroller General to fall within the government reporting entity, as well as any government partnership, shall provide, within the time frames established annually by the Department of Finance, any appropriate accounting information which may be required in order to facilitate the preparation of consolidated financial statements.



The information required above must be prepared in sufficient time to meet the requirements of s.74 of the *FAA*.

3. PROVISIONS

- 3.1. The eligibility of entities to be included in the government reporting entity will be determined by the Comptroller General, in accordance with the recommendations of PSAB.
- 3.2. Government financial statements shall consolidate government units line-by-line on a uniform basis of accounting after eliminating inter-governmental unit transactions and balances.
- 3.3. Government business enterprises will be reflected in the Government's financial statements using the modified equity method of accounting.
- 3.4. Government partnerships will be reflected in the Government's financial statements using the proportionate consolidation method.
- 3.5. Government business partnerships will be reflected in the Government's financial statements using the modified equity method.
- 3.6. Information requirements, formats, and timetables for submission by government organizations and government partnerships, for the preparation of the Public Accounts, will be established by the Comptroller General and provided to the organizations and partnerships on a timely basis.

APPENDIX A

DEFINITIONS

Consolidation

Consolidation is an accounting process whereby the financial statements of the reporting entities are combined on a line by line basis after eliminating inter-governmental transactions and balances. The consolidation is performed using a uniform basis of accounting for the reporting entities.

Control

Control is the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the government from the other organization's activities.

Government Organization

A government organization is an organization that is controlled by the Government. They include both government units and government business enterprises.

Government Business Enterprise

A government business enterprise is an organization that has all of the following characteristics:

- (a) it is a separate legal entity with the power to contract in its own name and that can sue and be sued;
- (b) it has been delegated the financial and operational authority to carry on a business;
- (c) it sells goods and services to individuals and organizations outside of the government reporting entity as its principal activity; and
- (d) it can, in the normal course of its operations, maintain its operations and meet its liabilities from revenues received from sources outside of the government reporting entity.

Government Business Partnership

A government business partnership has the same characteristics as a government business enterprise defined above.

Government Business-Type Enterprises

A government business-type organization is a government organization that has all of the following characteristics:

- (a) it is a separate legal entity with the power to contract in its own name and that can sue and be sued;

- (b) it has been delegated the financial and operational authority to carry on a business; and
- (c) it sells goods and services to individuals and organizations as its principal activity.

Unlike government business enterprises, government business-type enterprises normally rely on government assistance for their day to day operations and may, in the normal course of operations, sell their goods and services to individuals and organizations within the government reporting entity.

Government Partnership

A government partnership is a contractual arrangement between the government and a party or parties outside of the government reporting entity that has all of the following characteristics:

- (a) the partners cooperate toward achieving significant clearly defined common goals;
- (b) the partners make a financial investment in the government partnership;
- (c) the partners share control of decisions related to the financial and operating policies of the government partnership on an ongoing basis; and
- (d) the partners share, on an equitable basis, the significant risks and benefits associated with the operations of the government partnership.

Government partnerships do not include contracts such as leases and sale-leasebacks; purchase/sale transactions such as outsourcing of services or management contracts; contributions under shared cost arrangements; loans or loan guarantees.

Government Reporting Entity

The government reporting entity includes the government organizations that are controlled by the Government as determined by the Comptroller General.

Government Unit

A government unit is a government organization that is not a government business enterprise. Government units would include: government not-for-profit organizations, and government business-type organizations.

Modified Equity Method

The modified equity method is a method of accounting for the investment in a government business enterprise and government business partnerships in the consolidated financial statements of the Government. Under this method, the net financial position and operating results of government business enterprises or government partnerships are reflected in the consolidated financial statements as a one-line item. While unrealized profits and losses resulting from inter-entity transactions are eliminated, other inter-entity transactions and balances are not. The true equity method is "modified" in that the accounting policies of the component entities are not adjusted to conform to that of the Government.

Proportionate Consolidation Method

Proportionate consolidation is a basis of accounting for a government's interest in government partnerships, other than government business partnerships, whereby a government's pro rata share of each of the assets, liabilities, revenues and expenses that are subject to shared control, is combined on a line-by-line basis with similar items in the government's financial statements using similar accounting policies and eliminating the proportionate share of inter-governmental balances and transactions.



Issue Date: September 2009	Amended Date: October 17, 2019	Responsible Agency: Internal Audit Services	Directive No: 603
Chapter: Government Accounting Policy			
Directive Title: INTERNAL AUDIT SERVICES			

1. POLICY

The oversight of public resources through the Government is strengthened by a professional and objective internal audit function that is independent of departmental or public agency management.

The Government will establish and support an internal audit activity as an independent appraisal function, to examine and evaluate organizational activities. The internal audit function assists in promoting efficiency, effectiveness and economy, and strengthens accountability, risk management and good governance in all government departments and public agencies.

The Internal Audit Services branch is accountable to the Comptroller General for administrative matters and the Central Accountability Committee for operational issues.

2. DEFINITION

Internal auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.

3. DIRECTIVE

In accordance with this directive, the Internal Audit Services branch, Department of Finance, shall conduct compliance audits and operational/performance audits.

They may also conduct investigative audits and perform consulting/advisory services for government departments and public agencies upon request.

In addition to or as part of these audits, the Internal Audit Services branch shall examine internal controls and performance measurements, and make recommendations for improvements to departmental or public agency internal controls. Where these recommendations have a broader application than the individual department or public agency being examined, the Internal Audit Services branch may recommend new or amended Financial Administration Manual (FAM) directives.

The Internal Audit Services branch shall be free from interference in determining the scope of internal auditing, performing work and communicating results.

All government departments and public agencies are subject to this directive. It is, however, the responsibility of government departments and public agencies to implement proper internal controls, and to practice proper and effective program evaluation and program effectiveness monitoring.

4. PROVISIONS

4.1. Responsibility of the Central Accountability Committee

- 4.1.1. The Central Accountability Committee, formed and co-chaired by the Deputy Minister of Finance, shall approve annual audit plans referred to in provision 4.1.2. below and any material changes to those plans. Notwithstanding the activity of the Central Accountability Committee, the Deputy Minister of Finance or the Comptroller General may request that Internal Audit Services conduct special investigations in situations that they consider appropriate.
- 4.1.2. Based upon ongoing risk assessments and consultations with the senior management of departments and public agencies, Internal Audit Services shall prepare and submit to the Central Accountability Committee, annual and long-range audit plans complete with staffing requirements and a projected budget. A copy of the audit plan and any amendments thereto, shall be provided to the Comptroller General, and the Office of the Auditor General of Canada. Annual audit plans shall identify objectives and propose timeframes, audit staff complement, and other resource requirements of each planned audit; however:

- a) A government department or public agency may request a previously unscheduled audit or special investigation, an increase to the scope of a planned audit or a change in the audit schedule. Should such a request produce a conflict with the audit plan or budget approved under provision 4.1.1. above, the matter will be referred to the Central Accountability Committee for resolution; and,
- b) The Deputy Minister of Finance or the Comptroller General may request a special audit investigation of any department or public agency and may request a police investigation, consistent with his/her responsibility pursuant to the *Financial Administration Act* and FAM Directive 913 Loss of Cash or Other Assets.

- 4.1.3. In those rare instances where the audited entity and Internal Audit Services cannot agree on an audit recommendation or compliance with an action plan, the matter will be referred to the Central Accountability Committee for resolution.
- 4.1.4. Should a dispute arise that affects the ability of Internal Audit Services to determine the scope, work plan or communication of the results of an audit, the matter will be referred to the Central Accountability Committee for resolution.
- 4.1.5. In resolving the matters referred to in provisions 4.1.3. and 4.1.4. above, the Central Accountability Committee may employ all of the resources available, including requesting the assistance of the Deputy Minister of Finance, the Comptroller General or the Minister of Finance.

4.2. Responsibility of Internal Audit Services

- 4.2.1. Internal Audit Services shall conduct its activities in accordance with the Standards for the Professional Practice of Internal Auditing, as promoted by the Institute of Internal Auditors. Internal Audit Services may also, as it deems appropriate to each specific audit, apply additional standards set out by various professional associations like the Chartered Professional Accountants of Canada, the Association of Certified Forensic Investigators, the Association of Certified Fraud Examiners, and the Information Systems and Audit Control Association.
- 4.2.2. As a minimum, all internal audits performed by the Government shall comply with the objectivity, proficiency, planning, performance and communicating results standards of the Institute of Internal Auditors.

- 4.2.3. Internal Audit Services shall plan and conduct a variety of internal audits of government departments and public agencies on an ongoing basis as well as carry out special assignments from time to time as required by the Deputy Minister of Finance, the Comptroller General, or Deputy Heads of departments and public agencies. These audits shall include:
- Compliance audits, which determine whether the terms and conditions of a contribution agreement or other agreements with an external organization and the rules and regulations applicable to an activity or practice prescribed in an agreement by either the external organization or the Government, are being followed by both parties.
 - Operational/performance audits, which examine the efficiency (resource utilization versus output) and effectiveness (goal accomplishment) of operational and administrative processes; reliability and integrity of financial and operational information; safeguarding of assets; compliance with laws, regulations and contracts; and to determine whether internal controls are adequate and working as intended.
 - Financial assurance engagements which examine the supporting documents of financial statement components or Government's financial claims, to provide assurance that the statements and claims are accurate and in compliance with applicable standards and conditions.
 - Investigative audits, which are normally requested by senior management and focus on alleged irregular conduct. This may include internal theft, fraud, misuse of property, and conflict of interest.
 - Consulting/advisory services, which may be requested by senior management or the Comptroller General, consist of providing advice on internal controls, risks and vulnerabilities, effective controllership and good governance in terms of values and ethics, stewardship, performance measurement, fraud prevention and risk management.
- 4.2.4. Prior to the conclusion of each audit, the audit findings and recommendations will be presented, in draft form, to senior management and the Deputy Head of the department or public

- agency being audited. Management will be given appropriate time to respond to and comment on the audit findings.
- 4.2.5. During an audit, Internal Audit Services shall maintain ongoing communication with the senior managers of the audited entity.
- 4.2.6. The senior managers shall include within their response, required under provision 4.2.4. , an action plan to correct the observed deficiency, and shall implement the plan without undue delay. The final audit report shall incorporate the management response as set out in provision 4.2.4. If an action plan is not part of the final report, or if the audit entity disagrees with an audit recommendation, the reason for its omission or disagreement will be stated.
- 4.2.7. All final reports will be issued to senior management and the Deputy Head of the department or public agency being audited. In the case of special investigation, the report will be issued to the party requesting the investigation. A copy of all final and special reports will be forwarded to the Deputy Minister of Finance, the Comptroller General, the Central Accountability Committee and the Office of the Auditor General.
- 4.2.8. Internal Audit Services may conduct follow-up audits, within a reasonable timeframe (as established by the action plan) to test compliance with action plans submitted by government departments or public agencies. Instances of non-compliance shall be reported to the Deputy Minister of Finance, the Comptroller General and the Central Accountability Committee, when considered necessary, but annually at a minimum.
- 4.2.9. The reports on special investigations conducted by Internal Audit Services shall include recommendations for improvements to internal controls, whether further action is considered appropriate, and any recommended recovery steps.
- 4.2.10. Internal Audit Services will assist and cooperate with the Office of the Auditor General in all areas that are of benefit to either organization.
- 4.2.11. Internal Audit Services shall advise the Office of the Auditor General of any matter that, in the opinion of Internal Audit Services, has not been resolved and which affects Internal Audit Services' ability to carry out its responsibilities in accordance with the professional standards recommended by the Institute of Internal Auditors.

4.3. Responsibility of Departments or Public Agencies Being Audited

- 4.3.1. To enable Internal Audit Services to carry out its audit duties and responsibilities, the Deputy Head of the organization being audited shall ensure that Internal Audit Services has full, unrestricted and timely access to all organizational activities, records, property and personnel.
- 4.3.2. In cases where a special investigative audit has been requested that involves suspected loss, criminal offence or negligence, the protocol and reporting requirements of FAM Directive 913 Loss of Cash or Other Assets must be adhered to.
- 4.3.3. In any special investigation, the Deputy Head of the organization being audited shall ensure that the necessary confidentiality and protocols are maintained.
- 4.3.4. Within 180 days of receiving the final report, the senior managers of the audited entity shall report in writing to the Deputy Minister of Finance, with a copy to the Comptroller General and the Chief Internal Auditor, the status of the corrective action taken together with an action plan to correct the observed deficiency.
- 4.3.5. The Comptroller General shall report to the Financial Management Board, when it is considered necessary, but annually at a minimum, all instances of non-compliance with action plans.



Issue Date: February 5, 2008	Amended Date: March 21, 2019	Responsible Agency: Office of the Comptroller General	Directive No: 604
Chapter: Government Accounting Policy			
Directive Title: ACCOUNTING FOR GOODS AND SERVICES TAX (GST) AND HARMONIZED SALES TAX (HST)			

1. POLICY

The Government pays GST/HST on all taxable purchases, claims a rebate for the tax paid under the terms of the Canada – Nunavut Reciprocal Taxation Agreement (RTA), and collects and remits GST on all taxable sales.

2. DEFINITION

Goods and Services Tax (GST), Harmonized Sales Tax (HST)

GST/HST are value-added taxes levied on most goods and services sold for domestic consumption in Canada. GST/HST are imposed under *Part IX* of the *Excise Tax Act*.

3. DIRECTIVE

For the purpose of GST/HST, the Government is registered as an entity with the Government of Canada. This entity consists of all government departments and the Legislative Assembly, as well as public agencies listed in Schedule A of the RTA. For convenience, Schedule A of the RTA is reproduced as Schedule A of this directive.

This directive applies to all government departments, the Legislative Assembly and public agencies listed in Schedule A of the RTA.

4. PROVISIONS

4.1. Payment of GST/HST

The Government pays GST/HST on all taxable purchases of goods and services, and such tax must be accounted for separately on each transaction document.

4.2. Collection of GST

The Government will collect GST on all taxable sales of goods and services, as defined in the *Excise Tax Act*, and will account for the tax separately on each transaction.

4.3. Remitting of GST Collected

GST collected under provision 4.2. of this directive will be remitted to the Canada Revenue Agency by the Financial Reporting and Controls division, Department of Finance.

4.4. Recovery of GST/HST Paid

All GST/HST paid will be coded to a separate GST/HST account and will be recovered by the Financial Reporting and Controls division, Department of Finance.

4.5. Rebates of GST/HST

Those entities that are eligible for the GST/HST rebate in the RTA effective as of January 1, 2017, are listed in Schedule A of the RTA.



SCHEDULE A

Government of Nunavut Entities Entitled to Government Rebate

All Government of Nunavut departments and Legislative Assembly

District Education Authorities

Apex District Education Authority
Arctic Bay District Education Authority
Arviat District Education Authority

Baker Lake District Education Authority

Cambridge Bay District Education Authority
Cape Dorset District Education Authority
Chesterfield Inlet District Education Authority
Clyde River District Education Authority
Commission scolaire francophone du Nunavut
Coral Harbour District Education Authority

Gjoa Haven District Education Authority
Grise Fiord District Education Authority

Hall Beach District Education Authority

Igloolik District Education Authority
Iqaluit District Education Authority

Kimmirut District Education Authority
Kugaaruk District Education Authority
Kugluktuk District Education Authority

Nauyasat District Education Authority

Pangnirtung District Education Authority
Pond Inlet District Education Authority

Qikiqtarjuaq District Education Authority

Rankin Inlet District Education Authority
Resolute District Education Authority



Sanikiluaq District Education Authority

Taloyoak District Education Authority

Whale Cove District Education Authority

Others

Legal Services Board of Nunavut

Nunavut Arctic College

Nunavut Business Credit Corporation

Nunavut Housing Corporation

Qullit Nunavut Status of Women Council

Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut



Issue Date: May 2008	Effective Date: May 20, 2008	Responsible Agency: Office of the Comptroller General	Directive No: 605
Chapter: Government Accounting Policy			
Directive Title: INTERNAL CONTROL - GENERAL			

1. POLICY

S. 12 of the Financial Administration Act (FAA) requires the Comptroller General to establish and maintain proper internal control procedures in the financial administration of the Government.

It is the policy of the Government to maintain strong and effective internal controls over the financial management of the Government's affairs.

2. DIRECTIVE

All departments must maintain adequate internal control systems to provide reasonable assurance on the reliability of financial reporting and in the preparation of the Public Accounts in accordance with the Generally Accepted Accounting Principles. The controls maintained by departments must meet the objectives and contain the elements of internal control that are contained in the provisions of this directive.

3. PROVISIONS

3.1 Proper internal control procedures on financial reporting should accomplish the following objectives:

- a) safeguard and protect government assets;
- b) produce timely, accurate and reliable reports and records;
- c) encourage efficiency, economy and effectiveness;
- d) provide reasonable assurance that applicable laws and regulations are adhered to.

- 3.2 Strong internal control is essential to ensure public funds are administered properly. Practices that contribute to good and effective internal control are:
- a) segregation of duties - financial transactions, processing and record keeping should be handled by different people;
 - b) plan of organization - where it is feasible, each individual in the organization should report to only one superior; incompatible functions should be separated; and all other principles of best practices should be adhered to;
 - c) automatic checks - the work performed by one individual will either be balanced to the work performed by another individual, or reviewed by another individual if practical. Approvals and authorizations are also part of the automatic check process;
 - d) appropriately trained and qualified staff - staff should have the appropriate qualification and experience to carry out the duties they are required to perform;
 - e) sequential control – accountable forms or other systems to maintain a numbering sequence to ensure completeness of all transactions;
 - f) reasonableness checks - transactions can be compared with pre-determined reasonable limits or standards; and
 - g) control totals – transactions entered into and processed should be totalled and the totals compared.
- 3.3 The Comptroller General has responsibility for establishing and maintaining internal controls in accordance with *S.12 of the FAA*. In discharging this responsibility, the Comptroller General works with Deputy Heads and their Executive Finance Officers to ensure that the controls are in place which meet the objectives mentioned in 3.1 above and contain the elements of strong internal control mentioned in 3.2 above.
- 3.4 Any significant changes to internal controls must be approved by the Controller General before the change is implemented.



Issue Date: March 2009	Effective Date:	Responsible Agency: Comptroller General	Directive No: 605-1
Chapter: Government Accounting Policy			
Directive Title: INTERNAL CONTROL-ACCOUNTABLE ASSETS			

1. POLICY

The Government maintains complete and accurate records of accountable assets so as to fulfill the accountability requirements of s.61 of the *Financial Administration Act* and Generally Accepted Accounting Principles. The Government also exercises adequate physical control over assets to prevent their misuse or loss.

2. DEFINITIONS

2.1. Tangible Capital Asset

Non-financial assets having physical substance that:

- are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- have useful economic lives extending beyond one accounting period;
- are to be used on a continuing basis; and
- are not for sale in the ordinary course of business and operations

Tangible capital assets are employed to deliver government programs and services.

2.2. Accountable Asset

All assets with an acquisition cost greater than \$500 and assets with an acquisition cost less than \$500 that are attractive targets for pilferage and/or are readily convertible into cash such as computer printers, digital cameras, outboard motors, and mobile communication devices.

Classification as an accountable asset does not depend on whether it is charged to capital or operations and maintenance, but is more related to the nature of the asset and the risk of it being pilfered or misused.



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Accountable assets are public property.



3. DIRECTIVE

Deputy Heads are responsible for ensuring that adequate records are maintained for all accountable assets in their departments and that proper physical controls are in place to prevent misuse or loss of the assets.

4. PROVISIONS

- 4.1. The Executive Finance Officer (EFO) in each department must maintain a register of all accountable assets within the department. This record must contain sufficient details to be able to locate the physical asset and provide proper monitoring and accounting for the item.
- 4.2. Accountable assets must bear an identification tag that is traceable to the asset records maintained by the department.
- 4.3. The EFO in each department must verify the record of accountable assets against the physical assets each year. All discrepancies are to be investigated and corrected.
- 4.4. The EFO in each department must provide the Office of the Comptroller General with the information concerning accountable assets that is requested as part of the year end procedures.
- 4.5. The disposal of accountable assets (public property) must be in accordance with Directive 704-3.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Department of Finance	Directive No: 606
Chapter: Government Accounting Policy			
Directive Title: PROTECTION OF PERSONAL FINANCIAL INFORMATION			

1. POLICY

The collection, use, disclosure and storage of personal financial information shall be accomplished in a manner that ensures that the data is used only for the purpose for which it is collected and is protected against unauthorized use by persons inside or outside of Government.

The handling of personal financial information shall be in accordance with the provisions of the *Access to Information and Protection of Privacy Act (ATIPP)* and the *Archives Act*.

S.5 of the *Financial Administration Act* authorizes the Financial Management Board to issue directives concerning the controlling and recording of financial data.

2. DIRECTIVE

Departments may only collect personal financial information that is required to perform the duties of the department. The collection of all other personal financial information is prohibited.

Deputy Heads are responsible for ensuring that systems are in place to safeguard personal financial information and that it is only used for its intended purpose.

The systems and procedures must comply with *ATIPP*, the *Archives Act* and the provisions of this directive.

3. PROVISIONS

3.1. Collection of Information

- 3.1.1. Personal information is defined in S. 2 of *ATIPP* as information about an identifiable individual, including (among other things):

- (a) the individual's name, home or business address or home or business phone number;
- (b) an identifying number, symbol or other particulars assigned to the individual.

Personal financial information is personal information, as defined above, which is used by the Government in conducting a financial transaction.

- 3.1.2. This directive covers personal financial information relating to employees of the Government as well as to all non-employees dealing with the Government.
- 3.1.3. Only personal financial information that is essential for the conducting of the affairs of the Government shall be collected. The information should, where possible, be collected directly from the individual and that individual must be advised of the purpose for which the information is collected and the legal authority for the collection. The reason that the information is required must be documented and retained by the Executive Finance Officer (EFO) of the Department collecting the information.
- 3.1.4. Any agreements entered into by the Government that involve the collection of personal financial data must be reviewed by the Department of Finance and the Department of Executive and Intergovernmental Affairs before they are concluded to ensure that the proper controls and safeguards are in place to comply with the terms and conditions of the proposed agreement regarding personal financial information.
- 3.1.5. The Deputy Head is responsible for reviewing all new programs or activities undertaken by their department to ensure that personal financial information collected, if any, is handled in accordance with the provisions of this Directive and *ATIPP*.
- 3.1.6. Departments may consult the Directorate of Executive and Intergovernmental Affairs and/or the Records Management section of Community and Government Services (CGS) for assistance and advice concerning the definition and handling of personal financial information.
- 3.1.7. The Deputy Head is responsible for ensuring that all public officers within their department are aware, and are familiar with, the requirements of *ATIPP*, the *Archives Act* and the provisions of this

directive, as they apply to the handling of personal financial information.

3.2. Storage and retention of information

- 3.2.1. Information is more difficult to protect if it is stored in different locations. The duplication of information in different files or electronic folders is to be avoided unless absolutely necessary for the operation of the program involved. The reason that duplicate information is required is to be documented and retained by the EFO of the department.
- 3.2.2. All personal financial information collected electronically shall be stored on a central computer server that has password, firewall, virus protection and backup features to guard against misuse of the data. The storage of personal financial information on stand alone computers, laptops, handheld or removal storage devices is prohibited.
- 3.2.3. All personal financial information collected in other than electronic format shall be stored in secure, locked storage containers (safe, file cabinets, etc.) and accessible only to public officers who require the information to carry out the activities for which the information was collected.
- 3.2.4. The retention, storage and disposal of personal financial information shall be in accordance with the Records Management policies of CGS and the provisions of the *Archives Act* as well as rules established by the Public Records Committee established under the *Archives Act*.
- 3.2.5. The EFO in each department shall ensure that a review is conducted periodically (annually recommended) of the personal financial information that is collected within their department to determine if the reason for collecting the information still exists.

3.3. Use of Information

- 3.3.1. Personal financial information must only be used or disclosed for the purpose for which it was collected, and the other uses and disclosures permitted in Divisions B and C of Part 2 of *ATIPP*, unless consent for other uses and disclosures has been granted.
- 3.3.2. Access to personal financial information stored electronically shall be limited, via password or other such method, to public officers who

require the information to carry out the activities for which the information was collected.

3.4. Rights of persons providing the information

- 3.4.1. The Government cannot refuse to provide an individual with a service because that individual has refused to provide personal financial information, unless the information is essential to the provision of that service.
- 3.4.2. The person from whom the personal financial information is collected must have reasonable access to the information retained by the Government and must have the opportunity to request that changes be made to such information.

3.5. Third party service providers

- 3.5.1. The electronic processing of personal financial information sometimes requires that the information be handled and stored by third party service providers. In these instances, the Department of Finance is responsible for obtaining assurance from these third party providers that they have the systems and safeguards in place to protect the data from being misused. The third party provider will also be required to advise the Government if the data becomes compromised and the preventative action they have taken to recover the data and prevent a reoccurrence.
- 3.5.2. Deputy Heads are responsible for ensuring that all third party services providers, who are processing or storing Government personal financial information, are complying with the requirements of any contracts or agreements that the department has entered into dealing with such information.
- 3.5.3. Any personal financial information that is electronically transmitted across open, public networks must be encrypted to current industry standards.



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Issue Date: August 2019	Effective Date: Immediate	Responsible Agency: Office of the Comptroller General	Directive No: 700
Chapter: ACCOUNTING FOR EXPENDITURES			
Directive Title: CHAPTER INDEX			

703 Recording Transactions

703-1 Expenditures – Classification and Appropriation Control

703-1 Interpretation Bulletin 01

704 Accounting for Inventories – General

704-3 Accounting for Assets – Disposal of Public Property

704-4 Accounting for Inventories – Write-off, Write-down or Deletion

706-1 Accounting Controls – General Principles

706-3 Accounting Controls – Computer Applications

709 Commitment Accounting and Control



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Issue Date: August 1988	Effective Date: Immediate	Responsible Agency: Directorate, FMBS	Directive No: 703
Chapter: Accounting for Expenditures			
Directive Title: RECORDING TRANSACTIONS			

1. INTRODUCTION

Both cash and commitment accounting form the basis of the traditional system of governmental accounting. Commitment accounting is required to ensure that departments anticipate their expenditures so as not to exceed appropriation ceilings. Cash accounting is required to meet legislative needs for complete, accurate, and informative data on the cash transactions of the Government. Accrual accounting is the principal method of accounting in the Government.

The Financial Information System readily provides accrual accounting information. It also provides for the continuous recording and reporting of commitment information.

2. DEFINITIONS

2.1 Accrual Accounting

Accrual Accounting means the accounting entries are made and the appropriation is charged when goods or services are received. The entries record the receipt of the asset or service and record the liability of the Government to pay for these goods and services.

2.2 Cash Accounting

Cash accounting means the accounting entries are made and the appropriation is charged when funds are paid or received or when internal transactions are recorded.

2.3 Commitment Accounting

Commitment accounting means the accounting entries are made and the appropriation is charged when a contract is entered into or when an order is placed for goods or services. The entries record the amount to be reserved out of the unencumbered balance remaining in an appropriation in order to honour the commitment.

2.4 Cost-based Accounting



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Cost-based accounting means the accounting entries are made and the appropriation is charged when goods or services are consumed. The entries record the cost of resources consumed in the accounting period in which the benefits are received.

3. DIRECTIVE

- 3.1 In order to provide meaningful financial statements, payment requisitions must be forwarded directly and expeditiously to the appropriate finance office to ensure that all expenditures approved by program managers are included in the accounting period to which they apply.
- 3.2 Departments and regions shall ensure that their accounting records are correct and up-to-date.

4. PROVISION

- 4.1 Cash transactions must be processed promptly.
- 4.2 Commitment Accounting
 - 4.2.1 All commitments must be done in accordance with directive 709, Appropriation and Commitment Control.
 - 4.2.2 Decommitments are registered automatically as disbursements are made and the transactions are then recorded in the accounting system.
 - 4.2.3 Commitment information must be readily available to program managers who are expenditure officers and who take actions that will subsequently result in expenditures.
 - 4.2.4 Program managers may request appropriation information if there is any reason to believe that there may be a possibility of reaching full commitment for any appropriation.
- 4.3 Departments may use accrual and cost-based accounting for subsidiary accounting systems to provide reports for management.

5. GUIDELINES

- 5.1 Data on commitments for financial reports should be input on an on-going basis into the Financial Information System.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Comptroller General	Directive No: 703-1
Chapter: Accounting for Expenditures			
Directive Title: EXPENDITURES – CLASSIFICATION AND APPROPRIATION CONTROL			

1. POLICY

Government expenditures are recorded under two classifications: operations and maintenance expenditures, and capital expenditures. The authorization for these expenditures is provided through expenditure budgets approved by the Legislative Assembly. Appropriation control with respect to these approved expenditures is set out in the *Financial Administration Act (FAA)* S.27 to 37.

2. DIRECTIVE

Each expenditure shall be:

- classified as an Operations and Maintenance expenditure or a Capital expenditure;
- pursuant to an appropriation;
- recorded according to generally accepted accounting principles and government accounting policies; and
- in accordance with the following Provisions.

3. PROVISIONS

3.1. Operations and Maintenance

Operations and maintenance expenditures are normally of a recurring or continuing nature, which are required for the delivery of Government programs or services and which do not increase the number, value, original specifications, or life expectancy of assets owned or operated by the Government.

3.2. Capital Expenditures

3.2.1. Capital expenditures include: the expenditure to acquire, construct, develop, or prepare for use tangible capital assets, the cost of betterments made to existing capital assets, capital leases and the cost of intangible capital assets.

3.2.2

Except for items directly attributable to a capital project, any item having an estimated cost less than its capitalization threshold value must be budgeted as operations and maintenance.

Refer to directive 601, Accounting for Tangible Capital Assets for additional information.

3.3. Accountable Assets

The classification of the purchase of an asset as either a capital purchase or an operations and maintenance purchase does not affect whether or not the asset is controllable.

Refer to directive 605-1, Internal Control – Accountable Assets to assess the controllability of any asset and the recording requirements for the asset.

3.4 Appropriation Controls

Adherence to the following appropriation controls enacted under *Part III – Appropriations* of the *FAA* is required in respect of all government expenditures:

- every expenditure must be charged against an approved appropriation, and to a vote, an item and an activity..
- no disbursement may be made from the consolidated revenue fund for an expenditure unless the expenditure is charged to an approved appropriation.
- no expenditure may be made that causes an approved appropriation to be exceeded.
- a Deputy Minister must take all reasonable measures to ensure no expenditure is made in the department that causes an activity budget to be exceeded.



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- where an expenditure is made that causes an activity budget to be exceeded, the responsible Minister must submit a written report with details to the Minister of Finance, who must then submit the report to the FMB by July 31 following the end of the fiscal year; and a report must be presented to the Legislative Assembly, at the same time as the interim financial report, for each instance where an expenditure exceeded the activity budget by \$250,000.



INTERPRETATION BULLETIN NUMBER IB 703-1/01

Effective Date: July 4, 2019

Applicable FAM Directive: FAM Directive 703-1 Expenditures – Classification and Appropriation Control, provisions 3.1. and 3.2.

Applicability: Department of Community and Government Services

3.1. Operations and Maintenance

Operations and maintenance expenditures are normally of a recurring or continuing nature, which are required for the delivery of government programs or services and which do not increase the number, value, original specifications, or life expectancy of assets owned or operated by the Government.

3.2. Capital Expenditures

3.2.1. Capital expenditures include: the expenditure to acquire, construct, develop, or prepare for use tangible capital assets, the cost of betterments made to existing capital assets, capital leases and the cost of intangible capital assets.

3.2.2. Except for items directly attributable to a capital project, any item having an estimated cost less than its capitalization threshold value must be budgeted as operations and maintenance.

INTERPRETATION

Facility Management expenditures that meet the definition of operations and maintenance under the Facility Management Program but exceed the capitalization threshold are classified as operations and maintenance expenditures (Vote 01) and charged against the corresponding operations and maintenance budget.

Should the total expenditures for an individual project exceed \$250,000, the expenditures must be classified as capital expenditures (Vote 02) and the approval of the Financial Management Board for that capital project is required.

Life-cycle costs and soil remediation do not qualify as operations and maintenance expenditures under the Facility Management Program mandate.



Issue Date: August 2008	Effective Date: July 10, 2008	Responsible Agency: Comptroller General	Directive No: 704
Chapter: Accounting for Expenditures			
Directive Title: ACCOUNTING FOR INVENTORIES - GENERAL			

1. POLICY

Inventories must be accounted for in accordance with the recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

2. DIRECTIVE

Departments are responsible for maintaining accounting records and controls so as to ensure that inventory can be accurately reflected in the Public Accounts and that the inventory is protected from misuse, loss or theft.

3. PROVISIONS

3.1. Types of Inventories

- 3.1.1. Financial asset – Inventory that is held for resale, is in a condition to be sold, has an active market available, has a plan in place for its sale and is expected to be sold within the next fiscal year.
- 3.1.2. Non-financial asset – Inventory that is held for consumption or use by the Government in the course of its operations.

3.2. Controls over Inventories

- 3.2.1. Departments are to institute controls over inventories within their departments to meet the following objectives:
 - to minimize the investment in inventories while maintaining sufficient inventory to support operations;
 - to minimize losses from damage, obsolescence, perishability, theft or misuse;
 - to ensure efficient and effective control over inventory issue, receipt and storage;

- to ensure that the most economical purchasing practices are followed;
- to supply accurate and timely data for accounting and management purposes and to facilitate the forecasting of inventory requirements.

3.3. Valuing Inventory

3.3.1. Inventories shall be measured at the lower of cost or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.3.2. The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

3.3.3. The costs of inventories comprise the purchase price, plus import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

3.3.4. Write-offs and deletions of inventories must be in accordance with Regulation 9918 (Delegation of Authority Regulations) and Directive 704-4 (Accounting for Inventories – Deletion or Write-off).

3.4. Managing Inventory

3.4.1. Departments are responsible to ensure the following:

- Optimum inventory levels are maintained.
- Appropriate inventory records are maintained to meet reporting and internal control requirements.
- Adequate control and physical security measures are taken to prevent material loss of inventory due to theft, damage or obsolescence.
- Periodic comparison of physical quantities to inventory records to ensure early detection of material differences or irregularities and immediate corrective action taken.

3.4.2. Departments should determine the optimum inventory levels by considering the following:

- calculation of economic order quantity;

- calculation of inventory usage rates or turnover, with comparison to historical data, to identify trends and comparison to inventory turnover for other comparable operations to determine if excessive inventory is maintained;
 - When inventories are required for emergency use or the usage rate is unpredictable, departments may maintain suitable safety stocks of inventory;
 - the cost to the Government of funds invested to acquire the inventory;
 - storage costs, including warehousing costs;
 - inventory shrinkage costs, including the cost of spoilage of perishable goods and loss of value due to obsolescence;
 - the time required to replace stock because of sea-lift schedules;
 - any fixed cost associated with placing an order to acquire inventory; and
 - other relevant costs.
- 3.4.3. Departments should implement physical security measures to safeguard inventory from risks of theft, damage, misuse and spoilage. Measures selected should take into account the nature, quantity and value of inventory and the costs to implement them.
- 3.4.4. The procedures for controlling inventories and taking annual stock for the purpose of Public Accounts are found in the Year End Instructions Manual issued by the Comptroller General.
- 3.5. Inventory Records
- 3.5.1. Departments and revolving funds must maintain proper records to safeguard inventory. Goods that would be treated as inventory but are excluded because their value is not significant enough to warrant such treatment, must still be controlled and have sufficient records to meet reporting needs and to mitigate risks of theft or other loss.
- 3.5.2. Departments are to establish and maintain records that, at a minimum, record:
- a description of goods and the storage location;
 - information pertinent to all purchases or acquisitions and sales or other removals from inventory including:
 - o transaction date;
 - o cost and quantity of goods added or removed from inventory; and
 - o the purpose of the transaction.
- 3.5.3. If it is not cost effective to maintain inventory records as required above, departments may request an exemption from the Comptroller



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General in writing. In such cases, Departments are to submit to the Comptroller General alternate policies to safeguard, control and account for the inventories.



Issue Date: August 2008	Amended Date: August 15, 2019	Responsible Agency: Office of the Comptroller General	Directive No: 704-3
Chapter: Accounting for Expenditures			
Directive Title: ACCOUNTING FOR ASSETS - DISPOSAL OF PUBLIC PROPERTY			

1. POLICY

Disposals of public property that has been declared surplus to the Government must be in accordance with s.65 of the *Financial Administration Act (FAA)* and other applicable legislation.

2. DIRECTIVE

S.65 of the *FAA* authorizes the Financial Management Board (FMB) to determine that public property is surplus to the requirements of the Government and to dispose of such property. The Disposal of Public Property Regulations authorizes the FMB to delegate this authority.

The FMB hereby delegates the authority to declare public property surplus and to dispose of such property to the public officers and entities noted in the provisions of this directive.

This directive does not apply to public property that may be disposed of under the authority of another enactment, such as the *Archives Act*, the *Commissioners Land Act*, the *Petroleum Products Tax Act* or the *Tobacco Tax Act*.

This directive applies to all government departments and public agencies.

3. PROVISIONS

- 3.1. Inventory that has been declared surplus shall be disposed of in accordance with this directive. The write-off and deletion of inventory shall be dealt with in accordance with Financial Administration Manual Directive 704-4 Accounting for Inventories – Write-off, Write-down or Deletion.

- 3.2. Public property is defined in s.1 of the *FAA* as all personal and real property that belongs to the Government.
- 3.3. Public property can be declared surplus to the Government only if it has been properly authorized by the appropriate signing authorities as indicated in Table 1:

Table 1

Signing Authority: Director and Assistant Deputy Head of each government department or Executive Finance Officer of each public agency.	Public Property: 1) any furniture or other office items; 2) computers and accessories; and 3) any and all other items with a current replacement value of \$9,999 (GST/HST excluded) or lower that are not listed above.
Signing Authority: Deputy Head of each government department or public agency.	Public Property: 1) any buildings or real property (e.g., buildings, detached garages, detached storage sheds, portable buildings); 2) any and all vehicles (e.g., trucks, cars, SUV, heavy equipment); 3) any and all mobile equipment (e.g., ATV, snow machines, Kubota, snow blowers); and 4) any and all other items with a current replacement value of \$10,000 (GST/HST excluded) or higher that are not listed above.

- 3.4. All property that has been declared surplus must be transferred to the Department of Community and Government Services (CGS) for disposal. CGS, in consultation with the government department or public agency that declared the property surplus, may decide, for reasons of economy, that alternate disposal procedures are more appropriate.
- 3.5. The Deputy Head of CGS may declare public property surplus to the Government.
- 3.6. The Deputy Head of CGS may dispose of public property that has been declared surplus.
- 3.7. For public property disposed of by destruction, the destruction must be witnessed by a representative of the government department or public agency responsible for the property, in addition to the public officer carrying out the destruction. The officer of the responsible department or agency must file an affidavit with the Comptroller General and the Deputy Head of the responsible government department or public agency, certifying the act of destruction.



- 3.8. The declaration of public property as surplus to the Government and its subsequent disposal must be done in accordance with the policies established by CGS and approved by Executive Council.
- 3.9. The proceeds from the disposal of public property must be credited to an appropriate revenue account in accordance with s.65 (2) of the *FAA*. Losses on the disposal of public property are to be charged to an appropriate expense account. Neither is to be charged against an appropriation.
- 3.10. All disposals of tangible capital assets must be reported to the Comptroller General so that proper reporting and accounting procedures may be followed.
- 3.11. Government departments and public agencies responsible for public property that is disposed of must report annually to FMB on the disposal of all tangible capital assets having an initial cost in excess of \$50,000.
- 3.12. The Office of the Comptroller General shall be consulted for resolution of any issues related to surplus declaration or determination of the applicability of this directive to a given public agency.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Comptroller General	Directive No: 704-4
Chapter: Accounting for Expenditures			
Directive Title: ACCOUNTING FOR INVENTORIES – WRITE-OFF, WRITE-DOWN OR DELETION			

1. POLICY

All write-off or deletion of inventory must be in accordance with S.24 or S.64 of the *Financial Administration Act (FAA)* and this directive. All write-downs must be in accordance with the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

2. DEFINITIONS

2.1. Write-off of inventory

A write-off of inventory occurs when the inventory can no longer provide any economic benefit to the Government. This may be because it has been damaged, lost, stolen, become obsolete or for some reason no longer has any economic value. The inventory may or may not physically exist. The value of this material that had been carried in the financial records must be written-off. Write-offs of inventory tend to be caused by involuntary acts and usually do not involve any judgment on the part of the public official. Examples of situations that require a write-off are when a property has been damaged beyond repair, is destroyed by fire or has been stolen. Write-offs can be required for inventory within a revolving fund and for inventories carried outside a revolving fund. Deletions, mentioned below, can only occur when the inventory is held within a revolving fund.

2.2. Deletions from a revolving fund

Deletions from inventory in a revolving fund occur when the physical inventory is still on hand but its economic benefit has been reduced to an insignificant amount. For a deletion to occur the inventory must physically exist.

Examples of deletions of inventory are obsolete forms in the government warehouse; liquor stock that has been damaged and is no longer in a

condition for sale; petroleum products that have been contaminated. Deletions usually require a decision to determine that the asset value is insignificant. Deletion of inventory may only occur when the inventory is held in a revolving fund. Directive 806 deals with revolving funds.

2.3. Write-down of inventory

Generally accepted accounting principals require that inventory be carried at the lower of its cost or net realizable value. Each year inventory is examined and an estimate made of its net realizable value. In this instance, the inventory is on hand but, in the judgment of management, it can no longer be sold for the value that it is being carried at. An example would be computers on hand that are usable but have been devalued because a newer version is available; particular brands of liquor carried that have been slow moving. The carrying value is written down to its estimated realizable value. Assets eligible for write-down must still have some economic benefit to the Government.

Notwithstanding the definitions of write-down and write-off above, there may be situations when the adjustment to the value of the inventory may involve both a write-down and a write-off. Some fluctuation in the quantity of inventory is normally expected due to the nature or physical properties of the inventory. Examples are breakage, spillage, the effects in the variations in temperature, etc. In valuing the inventory and comparing the physical count to the amount recorded in the accounting records, professional judgment is required and the use of relevant recognized industry standards and the experience of other jurisdictions must be considered. Adjustments that fall within the norm to be expected for the type of inventory involved are considered a write-down. Should the physical count of inventory vary by more than the norm to be expected a write off is required and further investigation is called for. The provisions of Directive 913 and 913-1 dealing with loss of assets and S.105 of the *FAA* must be followed in conducting the investigation, if they are applicable.

3. DIRECTIVE

Departments that have responsibility for inventory shall review their inventory at least annually and submit for write-off, deletion, or write-down, all that inventory whose future economic benefit to the Government has declined below the value at which it is carried in the accounting records of the Government, in accordance with this Directive.

4. PROVISIONS

4.1. S.24 of the *FAA* provides that the Financial Management Board (FMB) must approve all write-offs that do not exceed \$20,000. All write-offs that

exceed \$20,000 must be approved by the legislature. The FMB has delegated its write-off authority, under *FAA* Regulation 9918 as follows:

- Ministers – not exceeding \$20,000
- Deputy Head – not exceeding \$10,000.

- 4.2. S.64 of the *FAA* allows a Board of Survey for a revolving fund or a public officer to recommend that the Deputy Head of the department responsible for the inventory delete inventory from a revolving fund provided that the deletion does not exceed \$20,000. For deletions that exceed \$20,000 the approval of the FMB is required.
- 4.3. The write-down required in order to value inventory at the lower of cost or net realizable value involves professional judgment and is not considered either a write-off or a deletion of inventory.
- 4.4. Complete documentation is required to support any write-off, deletion or write-down of inventory. The Executive Finance Officer of the Department responsible for the inventory is responsible for preparing this documentation. This documentation must contain, at a minimum:
 - a complete description of the inventory or class of inventory involved;
 - reason that a write-off, deletion or write-down is requested;
 - complete documentation of all calculations made;
 - copies of appraisals, quotes, standards used or other material to support the calculations;
 - total amount of the request;
 - appropriation or revolving fund account to which the write-off, deletion or write-down is to be charged.
- 4.5. The Comptroller General has responsibility for the Public Accounts under S.12 of the *FAA* and must review all requests for write-off or deletion that exceed \$20,000 and provide his recommendation prior to submitting the request to the FMB.
- 4.6. The Comptroller General must approve all write-downs that exceed \$20,000 before the entries are made in the accounting records.
- 4.7. The Comptroller General has free access to all of the information contained in the records mentioned in 4.4 above. Departments are to provide the Comptroller General with all information requested relating to the subject of this directive. The Comptroller General may engage the services of experts in the types of inventory involved or any other professionals that are

considered necessary to make a professional judgment on the valuation of the inventory.

- 4.8. The determination as to whether an adjustment falls within the definition of a write-down, deletion or a write-off can be difficult to arrive at. The Comptroller General shall make the final decision in situations where there are doubts concerning the proper treatment.

The provisions of Directive 913 and 913-1 dealing with loss of assets must be followed when the conditions covered by those Directives exist.

- 4.9. Notwithstanding that write-downs of inventory do not require the approval of the FMB or the Legislature, any write-down of an asset or a class of asset that exceeds \$20,000 must be reported to the FMB. Write-downs or deletions of inventory that exceed \$100,000 must be reported to the Legislature.
- 4.10. The approval thresholds contained in this directive (\$10,000 and \$20,000) refer to each line item of inventory on a consolidated basis within each department and not to each location or individual inventory item. For example, if ten identical items costing \$3,000 each, whether stored in one location or in different locations, are to be written-off, deleted or written-down, the amount, for the threshold purposes, is \$30,000. The Comptroller General shall be consulted on questions of the applicability of the thresholds and will make the final determination.
- 4.11. When an asset is determined to meet the criteria for write-off or deletion, as defined by this Directive, it must be considered for write-off or deletion at that time. It cannot first be written down to circumvent the thresholds contained in this Directive.
- 4.12. Inventories must be valued at the lower of cost and net realizable value and all write-offs, deletions, and write-downs must be considered to arrive at the proper inventory value. Write-offs, deletions, and write-downs must not be staged so as to circumvent the thresholds contained in this Directive. Write-offs, deletions, and write-downs may take place over a period of time if the circumstances surrounding the asset justify that action.
- 4.13. A write-down of inventory cannot be reversed.
- 4.14. All write-offs, deletions, and write-downs must be charged to an appropriation of the department controlling the asset.
- 4.15. A Board of Survey consisting of, as a minimum, a representative from the Comptroller Generals office and from the responsible department who is familiar with the inventory shall be established by the Minister of Finance or delegate for each revolving stock, in accordance with S.62 of the *FAA*. A Board of Survey will review the inventory and operations of each revolving fund at least every four years and make recommendations concerning the



operations of the fund and deletions of inventory to the Department responsible for the Revolving Fund.

- 4.16. All write-offs or deletions of inventory that exceed \$500 must be reported to the Comptroller General so they may be reported in the Public Accounts, as is required by S.26 of the *FAA*.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Office of the Comptroller General	Directive No: 706 - 1
Chapter: Accounting for Expenditures			
Directive Title: ACCOUNTING CONTROLS - GENERAL PRINCIPLES			

1. POLICY

Accounting controls must be in place to exercise accountability over public monies or assets. The controls in the accounting systems (manual or automated) are used to record, verify, report, generate and/or execute financial transactions, and for the management and control of assets, liabilities and assets held in trust.

2. DIRECTIVE

The accounting systems of the Government of Nunavut shall have adequate accounting controls to ensure the accuracy and authority of all information provided.

Departments must ensure the financial systems have sufficient and comprehensive controls to prevent and reduce the risk of loss, error, misuse or fraud to an acceptable level.

A risk and controls review must be performed and documented for a new financial system, and whenever there are significant modifications to an existing financial system. Qualified, independent and objective parties must carry out the review.

The scope of a risk and controls review depends on the nature and complexity of the financial system. A comprehensive review includes project management, systems development, general environmental controls and application-based controls.

A financial system must receive the approval of the Comptroller General prior to being placed into production. The Comptroller General on the recommendation of the Director of Corporate Services will approve implementation of a new financial system and enhancements to an existing financial system.



The department's Director of Corporate Services has overall responsibility for the ongoing operation of financial systems.

Departments that require a financial system to interface with other systems must establish proper and integrated processes to secure financial information.

Where the financial system interfaces with the Corporate Financial Information System (FIS), agreement must be established between the department and FIS that interface requirements have been tested and are working correctly before the system is moved into production.

For a financial system that interfaces with FIS, a copy of the financial system's risk and controls report must be made available to the Office of the Comptroller General (OCG) on request.

Departments must ensure financial system documentation is sufficient in detail to enable effective system maintenance. This documentation must be completed prior to system implementation.

Departments must establish and maintain an inventory of their financial systems. The inventory must be updated annually to capture any additions or changes, and be made available to OCG upon request.

Accounting Control Techniques

Design and Documentation of the System

The responsibilities of a position or section should be segregated so that one position or section may verify the output of another, where necessary. Forms should be designed to minimize clerical errors or omissions and to show evidence of work done and to facilitate data entry.

System manual must provide clear instructions on procedures and controls, roles and responsibilities, should establish the basis for accounting control.

Sequence Controls

Numerical sequence control is one of the controls to ensure completeness at any stage of processing. This technique may be accomplished by pre-numbered forms or assigning a sequential number to each transaction.

Control Totals Maintained during Processing



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Control totals established at one stage and independently verified later are a necessary method of controlling accuracy. This technique is most frequently applied to the dollar value of transactions in the system.

Batch Control: The Financial Information System requires that similar input documents be grouped together and submitted into the system with an accompanying control total. The system independently accumulates a total value of transactions and compares this to the total of the details submitted.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Office of the Comptroller General	Directive No: 706-3
Chapter: Accounting for Expenditures			
Directive Title: ACCOUNTING CONTROLS - COMPUTER APPLICATIONS			

1. POLICY

Accounting controls in computer systems must be designed to produce accurate information on a timely basis and to maintain the efficiency of that system.

2. DIRECTIVE

2.1 Segregation of Duties

Departments are to ensure that the functions of initiation, authorization and recording of transactions and custody of assets are separated to ensure no employee or group of employees has exclusive control over a financial transaction or group of transactions. Techniques to provide for this include the following:

- Separate source data generation from other functions such as data entry or custody of associated assets.
- Segregate data processing from users of the data.
- Segregate systems design and programming from operations and data control.
- Restrict access to critical forms (e.g., blank cheque stock) to individuals responsible for initiation of transactions.
- Ensure there are adequate computer audit trails and controls to verify the operator's adherence to prescribed operating procedures through observation and examination of computer operation logs.
- Ensure there is a supervisory review of key summary reports on a regular basis.

2.2 Input Control

Departments are to ensure that all inputs to the system are complete and accurate and all transactions are valid and properly authorized. Techniques to provide for this include the following:

- Provide instructions in documented procedures for the preparation of documents to initiate transactions.
- Train and supervise employees responsible for the preparation and input of documents which initiate transactions.
- Use specifically designed forms (e.g., pre-numbered forms) for input where appropriate and ensure all input forms are processed.
- Restrict access to accounting source documents and sensitive data input forms.
- Review and approval of transactions by an authorized person to ensure each transaction is valid and adequately supported.
- Incorporate system edit checks (e.g., alphabetical data incorrectly entered into numeric fields) and validity checks of data entered in systems (e.g., comparison of code or account number to a master file of valid or authorized ones).
- Use warning messages or inhibit processing until error is corrected.
- When batch processing is used:
 - compare system calculated batch control totals to manually calculated totals;
 - incorporate system checks to detect alphabetical data incorrectly entered into numeric fields on an input document;
 - design software to inhibit processing of data where batch control totals indicate an out-of-balance condition;
 - limit the number of transactions in a batch to simplify correction of errors;
 - number batches sequentially to control entry of batches and to detect cases where a batch is not fully processed;
 - ensure the system checks for missing document numbers where sequential control numbers on source documents are entered; and
 - authorize each batch of transactions.

2.3 System Computations

Departments are to ensure that accuracy of data is maintained during processing and computations are carried out accurately. Techniques to provide for this include the following:

- Incorporate system edits to determine if data falls outside a range of reasonably expected values, and have the system report these to the operator.

- Incorporate system validity checks into the software to compare a code or account number to a master file of valid or authorized ones.
- Incorporate cross-footing (cross-balancing) as an arithmetic accuracy check.
- Incorporate field computability checks, such as a comparison check of different fields within a record, to ensure a valid combination of data or to detect missing data.
- Incorporate file control checks, such as a balancing check of the previous master file and changes to the updated master file.
- Incorporate file completion checks to determine that the application files have been completely processed for both the transaction file and the master file.
- Reconcile input to output.

2.4 Error Correction

Departments are to establish procedures to ensure errors are detected, corrected and corrections re-entered into the system. Techniques to ensure appropriate error detection and correction include the following:

For transaction entry errors

- Errors are detected by balancing, editing and validation routines.
- Error listings identify transactions not accepted, the reasons for the rejection, the specific records in error and the specific data element in error.
- Errors or warnings that are detected are displayed along with the entire transaction.
- Error messages are given for each transaction that contains critical data that does not meet edit routine requirements and causes the transaction to be rejected from further processing by the system.
- Warning messages are displayed for non-critical data that does not meet edit routine requirements but the data is accepted by the system for further processing.
- Corrected data is subjected to the same balancing, edit and valuation routines as the original data.

For processing errors

- Error reports indicate all data fields in the error.
- Error reports contain messages that describe the error condition.

- An error suspense file and report are maintained.
- The entire rejected transaction appears on a report.

2.5 Management Trail

Departments are to ensure the system facilitates tracing of input documents and transactions through to output reports and vice versa. Techniques to provide for this are as follows:

- Uniquely identify each document or transaction.
- Reconstruct totals or trace item(s) to the total.
- Maintain consistency of the manual filing sequence and computer file referencing.

2.6 Output Standards

Departments are to ensure the system output provides the information needed to ensure:

- all authorized transactions are processed promptly and accurately; and
- adequate consideration is given to the Comptroller General's requirements respecting accounting records and financial statements.

The following guidelines and techniques to ensure this may include:

- identification of financial and management requirements during the design phase of a system;
- review of proposed reports with all users including management before finalization;
- reconciliation of output control totals back to input control totals; and
- implementation of a post-audit of a statistically valid sample of transactions to confirm that they have been processed accurately.

2.7 Documentation

Departments are to ensure that all aspects of the financial system are adequately documented. Document should cover the following areas:

Overall System Description

- Describe the entire system, including both the automated and manual segments.
- Describe the existing and proposed functions or processes.
- Update the documentation as required.

User Procedures

- Describe user procedures regarding preparation of source documents, data entry, production scheduling and control.
- Prepare procedures regarding the allocation of duties and responsibilities.
- Prepare procedures for the correction of errors.
- Describe procedures for the distribution of output.
- Prepare information on interpretation of reports and preparation of reconciliations.
- Update the documentation as required.

Computer Operations

- Describe the system components and their purposes.
- Prepare an explanation of the nature of each run.
- Identify all input and output forms and media.
- Prepare detailed operator instructions for the setup and end of run.
- Provide information on programmed machine halts before the end of the job and restart instructions for each, and describe the authorization required for system override.
- Update the documentation as required.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Comptroller General	Directive No: 709
Chapter: Accounting for Expenditures			
Directive Title: COMMITMENT ACCOUNTING AND CONTROL			

1. POLICY

Commitment accounting identifies and reserves funds for future payment obligations, leaving the uncommitted balance of budgeted funds available for other expenditures. Commitment accounting is an integral part of sound financial management and must be used by all departments of Government.

2. DEFINITION

2.1. Commitment authority

Delegated authority to commit appropriated funds or revolving funds to an expenditure. Both expenditure officers and accounting officers have a responsibility to verify sufficient uncommitted funds are available before incurring an expenditure, in accordance with s.44(1) of the *Financial Administration Act (FAA)*.

2.2. Blanket commitment

A general allocation that separates funds from the available balance of a budget and reserves the funds for one or more anticipated future expenditures for a particular purpose.

3. DIRECTIVE

Deputy Ministers shall ensure effective commitment control in their departments in accordance with the following provisions, so that funding is available to meet known expenses and annual appropriations are not exceeded.

4. PROVISIONS

4.1. Deputy Ministers shall ensure that their departments' appropriations and revolving funds are protected from over-expenditure through departmental policies, systems, and procedures that provide for effective commitment

accounting. A department shall show its commitment records and procedures to the Office of the Comptroller General upon request.

- 4.2. A commitment or commitment adjustment must be approved by both an expenditure officer and an accounting officer in accordance with S.44(1) of the *FAA*. The delegated signing authority levels required by both officers must be at or above:
 - a) the monetary value of a new commitment
 - b) the monetary value of an adjusted commitment before any decrease;and
 - c) the monetary value of an adjusted commitment after any increase.
- 4.3. The expenditure officer and the accounting officer approving a commitment shall ensure that funds are available within the applicable appropriation or the authorized limit of a revolving fund, and that such commitment precedes any associated expenditure. They shall not over-commit an appropriation or revolving fund.
- 4.4. A commitment to a future year expenditure must not be recorded as an encumbrance against a current year appropriation. The commitment for a future year expenditure must take precedence when entering commitments against the future year's appropriation and must adhere to S. 44(2) of the *FAA*.
- 4.5. A proposed expenditure is to be committed if:
 - a) it is expected to exceed \$10,000; or,
 - b) it forms part of a series of related or similar expenditures totaling \$10,000 in a thirty-day period.
- 4.6. A department must record a commitment at the earliest of the times below:
 - a) when a need to reserve funds is identified for a specific estimated future obligation, e.g., a future grant, contribution or requisition;
 - b) when expenditure action leads to a contractual obligation, e.g., goods or services are requisitioned in anticipation of a contract or purchase order through CGS purchasing; or,
 - c) when a contract, agreement or arrangement is formally executed.
- 4.7. A blanket commitment must not be made unless the anticipated expenditures are non-controllable or cannot be estimated accurately, e.g., expenditures responding to epidemic disease or natural disaster.



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- 4.8. Executive Finance Officers are expected to review commitments monthly to protect departmental appropriations from over-expenditure.



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Revised Date: April 2022	Effective Date: Immediate	Responsible Agency: Office of the Comptroller General	Directive No: 800
Chapter: Control of Expenditures			
Directive Title: CHAPTER INDEX			

- 801 Grants and Contributions
 - 801-1 Transfer Payments (Grants-in-Kind)
- 802 Delegation of Powers and Duties
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 - 802-1 Financial Signing Authorities
- 803 Verification and Approval of Expenditures and Disbursements
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- 804 Imprest Bank Accounts
- 805 Issuance of GN Cheques to Departments, Direct Deposit and Wire/Electronic Fund Transfer
- 806 Revolving Funds
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- 817-3 Accountable Advances – Temporary Travel Advances
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- 850 Insurance – Damage Claims by Students
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Issue Date: March 2011	Effective Date: Immediate	Responsible Agency: Comptroller General	Directive No: 801
Chapter: Control of Expenditures			
Directive Title: GRANTS AND CONTRIBUTIONS			

1. POLICY

The Government provides assistance to communities, organizations and individuals by transferring funds and other assets under programs that are fair, equitable and accessible.

Assistance and transfers under this Policy must be managed in a manner that:

- is open and transparent to the public;
- provides for government independence and objectivity;
- clearly identifies roles and responsibilities;
- provides adequate administration and documentation; and
- takes into consideration economy, efficiency and effectiveness.

2. DIRECTIVE

To provide authority for funding grants and contributions, Departments must develop grant and contribution policies and payment directives as follows:

- Ongoing grant and contribution transfers must be made in accordance with a grant and contribution policy prepared by a Department and approved by Executive Council.
- Except as noted below, one-time transfer payments, or payments involving new programs for which a policy has not yet been developed, must only be made under the authority of a grant and contribution payment directive that has been approved by the Financial Management Board (FMB).
- One-time transfer payments that do not exceed \$25,000 may be made under the authority of a grant and contribution payment directive that has been approved by the Minister or Deputy Head of the department making the payment.

The approvals required for grants and contributions under this directive also apply to grants and contributions that involve the transfer of assets other than cash. These transfers are covered under FAM Directive 801-1 Grants in Kind.

3. PROVISIONS

3.1 Authorization

- 3.1.1. Grants and contributions requirements, which are authorized annually in the Estimates, are based on the individual Department grant and contribution policies and payment directives which must meet the provisions for such policies and payment directives contained in Appendix A.**
- 3.1.2. Grants and contributions must not be increased or redirected to other uses without approval of the Executive Council or the FMB, except for the transfer of funds among activities for one time payments not requiring FMB approval which may be approved by Ministers or Deputy Ministers of the department making the payment.**
- 3.1.3. The threshold of \$25,000 in this directive for Minister or Deputy Minister approval applies to the total grant or contribution and departments may not stage payment over a period of time to circumvent the requirement of FMB approval.**
- 3.1.4. All grant and contribution recipients must sign an agreement or other authorizing documentation accepting the terms of the grant and contribution arrangement before payment is issued.**
- 3.1.5. Departments must use existing templates in drafting funding agreements. If a template is not used, or extensive changes are made to an existing template or a new template is being developed, the department must consult with the Department of Justice before signing the agreement.**
- 3.1.6. Agreements may only be signed by Department Officials who have been delegated the appropriate level of signing authority.**

- 3.1.7. Grant and contribution policies must apply to all anticipated payments under the program and any payments that deviate from the program requirements must be approved by the FMB.**

3.2 Multi-year agreements

- 3.2.1. Any agreement that requires payments in a subsequent year must comply with the requirements of S.46 of the FAA and state that such payments are conditional upon having available appropriated funds in the subsequent year.**
- 3.2.2. Where a subsequent year payment is required, as allowed in s.44 (2) of the FAA, third party recipients must provide all the required financial information and other accountability requirements for the prior year before receiving the subsequent year contributions, unless an exemption is approved by the Deputy Head.**

3.3 Monitoring

- 3.3.1. The Deputy Head or delegate of the funding department is responsible to monitor the recipient to ensure compliance with the conditions of the agreement, applicable legislation, and FAM directives. If a recipient ceases to be eligible during the term of the agreement, the recipient shall repay any unexpended funds in accordance with the agreement terms. The department shall invoice the recipient within 30 days from the time it is determined that they are no longer eligible.**
- 3.3.2. Procedures must be in place to ensure that payments cease when eligibility ceases and that any funds paid in error are recovered promptly.**
- 3.3.3. Departments must provide a quarterly report listing any payments approved only by a Minister or Deputy Minister to the Expenditure Management Division of the Department of Finance.**

3.4 Accounting

Grants and contributions are transfer payments that will be accounted for on the accrual basis of accounting. There are different types of transfer payments and Departments must be aware of them. See Appendix C for a discussion of the accounting issues affecting grants and contribution.



- 3.4.1. All grant and contribution payments must be charged against an appropriation in the Department providing the assistance and the total of all grants and contributions made by the Department must be identified.**

- 3.4.2. A contribution that may become recoverable at a later date or that remains unspent for the specific purpose for which it was provided must be recorded as an accountable advance and S.54 of the *FAA*, which deals with accountable advances, applies. The provisions of FAM Directive 817-4 also apply**

Appendix A

REQUIRED INFORMATION FOR GRANTS AND CONTRIBUTION POLICY OR PAYMENT DIRECTIVES

The following is the basic information requirements that must be part of any grant and contribution policy or payment directive. The requirements for funding agreements may be found in Appendix B. The information set out below is not intended as an all-inclusive list. Individual circumstances may require other additional, appropriate considerations.

1. Purpose

This section must contain a clear statement of the program's objectives.

Avoid vague wording and answer the following questions:

How does this program relate to the overall goals, objectives, and priorities of the Government?

- How does this program relate to the department's accountabilities?
- Are there economic or social benefits to the public?
- Are there benefits to the Government?
- What other results is the program expected to achieve?
- Is the program an ongoing program or does it have a limited life?

2. Eligibility

An identification of the recipient (legal name and contact information in the case of payment directives, class or group of recipients, in the case of policies) and identification of criteria to be included on the eligibility list.

3. Review

The procedure for review of eligibility must be identified. The level within the department at which this review takes place must be included.

4. Supporting Data

The details of supporting material required in any application from the prospective recipient must be included. This may include annual budgets, financial statements, financial analysis and similar information in addition to a written agreement.

5. Accountable Requirements

The reporting requirements expected of the recipient.

The Government's right to conduct an audit, even though an audit may not always be undertaken, must be stated. If an audit is not required the information necessary to satisfy accountability requirements must be indicated.

The obligations and accountabilities of the parties involved and the financial and/or non-financial conditions, as well as the consequences of failing to adhere to these conditions must be stated.

6. Amount

The method used to determine the maximum amount payable to each recipient, including details of any formulas used.

The maximum amount payable.

Appropriate provisions for the department to terminate the agreement and withdraw from the project if the original objectives are not being met.

Provision for the disposition of any surplus funds i.e. repayment to the Government, carry over to subsequent years activity, outright gift to the recipient, etc.

A provision that the Government's liability is limited to the amount of funding authorized and that the Government will not be responsible for any shortfalls or deficits.

The conditions to be met before a payment is made and the schedule or basis of payment.

Where it is applicable, the allowable costs and the types or classes of expenditures eligible for reimbursement.

7. Method of Payment

The level of funding and method of payment, including lump-sum, installments, holdbacks, expenditure based payments, etc as well as the appropriation to which the payment is to be charged.

8. Term

A policy or payment directive must state the number of years over which it expects the terms and conditions will apply and over which the payments will continue to be made.

9. Anticipated Factors of Change

For multi-year programs, the conditions that will affect the level of funding in subsequent years. If a change is anticipated, then the estimated effect on the total level of funding required in future years must be calculated.

10. Other Requirements (where appropriate)

- A requirement for the recipient to report any amounts owing to the government, under legislation or an agreement, and recognition that amounts due to the recipient may be set-off against amounts owing to the government.
- A requirement for the recipient to repay advances, overpayments, interest on overdue amounts, unexpended balances and disallowed expenses, and a declaration that such amounts constitute debts due to the Government.
- The total program funding requirements and the level of funding required in the current fiscal year.
- If funding increases are required, the source of the additional funds.
- In determining who the recipients of grants and contributions will be, other than entitlement transfers, Departments are to consider the past experience with prospective recipients. Factors to consider are: promptness of meeting reporting requirements; outstanding amounts due under prior agreements, and similar matters.
- Policies should have a provision for how a potential recipient can appeal a decision of the Department to deny a grant or alter the terms of an existing grant or agreement. The appeal authority must be at a high level within the Department, preferably the Deputy Head.
- The submitting department shall determine if a specific grant or contribution is related to any existing Federal or Government program and shall ensure that the possibility of double funding does not exist.

Appendix B

REQUIRED INFORMATION FOR FUNDING AGREEMENTS

As in Appendix A, the following is the basic information requirements that must be part of any funding agreement. The information set out below is not intended as an all-inclusive list. Individual circumstances may require other additional, appropriate considerations.

1. Parties to the Agreement

The Department of the Government and the legal name of the other party.

2. Responsibilities

Who is responsible for managing the program.

The form the contribution will take and restrictions on use of the asset contributed.

3. Payment

The level of funding and method of payment.

Any other assistance that may be provided.

Who is responsible for, and the source, of additional funding if funding requirements increase.

For a payment of significant amounts, a requirement for the recipient to declare any and all sources of proposed funding for the project before or shortly after the commencement of the agreement, as well as upon completion of the project

A provision for repayment where the total government assistance exceeds the amounts spent for a specified purpose.

4. Term

The effective date, the date of signing, and the duration of the agreement.

5. Accounts and Financial Records

The requirement for the recipient to maintain proper records, make them available to the Government and to retain them for audit or review purposes.

A requirement for the recipient to repay advances, overpayments, interest on overdue amounts, unexpended balances and disallowed expenses, and a declaration that such amounts constitute debts due to the Government.

Provision to recover payments should the recipient be in default of the agreement.

The reporting requirements expected of the recipient.

The Government's right to conduct an audit, even though an audit may not always be undertaken must be stated. If an audit is not required the information necessary to satisfy accountability requirements must be indicated.

Provision for cancellation or reduction of transfer payments in the event that Departmental appropriation or funding levels are changed.

A requirement that any payment under the agreement is subject to there being an appropriation for the fiscal year in which the payment is to be made

6. General Terms and Conditions

A provision that the Government may terminate, suspend or reduce the scope of the agreement if the recipient fails to comply with the terms of the agreement.

A clause to limit the liability of the government in the case where the recipient is entering into a loan, a capital lease or other long term obligation in relation to the project for which the transfer payment is provided.

An indemnification clause for the benefit of the Crown and an insurance provision where applicable.

For agreements dealing with grants-in-kind, a provision for how a change of use of the asset granted will be dealt with. (allowed, not allowed, government approval level required, etc)

A clause that requires the recipient not to represent itself, including in any agreement with a third party, as a partner or agent of the Crown, unless this is agreed to by the Government

Provision defining rights (whole or in part) to assets acquired or intangible property created in the process of carrying out the requirements of the agreement or funding program.

Provision for the confidential treatment of all information or material supplied to or obtained by the recipient as a result of the agreement with the Government.

A provision as to how the agreement may be terminated, amended or renewed and the financial considerations that result from the termination or change.

The laws under which the agreement is to be interpreted.

Definition of any unusual terms.

Prohibiting any member of the Legislature from obtaining any share or part of the agreement or from receiving any financial benefit from the agreement.

Requiring the recipient to comply with all laws and regulations that are applicable.

The method of delivering notices that are required under the agreement and the contact person or position to whom the notices are to be delivered.

Appendix C

Definitions

For purposes of this Directive, **Grants and Contributions** are transfers of money or other assets from a government to an individual, an organization or another government for which the government making the transfer does not:

- receive any goods or services directly in return, as would occur in a purchase or sale transaction;
- expect to be repaid in the future, as would be expected in a loan; or
- expect a financial return, as would be expected in an investment.

The terms defined below are those used in determining the different types of grants and contributions identified by PSAB as requiring specific program or period end accounting requirements. It is not necessary to identify these differences in preparing the Estimates or the Appropriation process. Departments, however must be able to identify the different types for proper program or period end accounting purposes.

Grants

Transfers that are made at the discretion of the government. The Government making the transfer has discretion in deciding whether or not to make the transfer, the conditions to be complied with, if any, how much will be transferred and to whom. Grants include such transfers as: cultural grants, scholarships, research grants and regional development grants. In most cases, recipients have to apply for the money or meet some eligibility criteria; however, in contrast to entitlements, applying or meeting eligibility criteria does not guarantee that the recipient will receive the money. The government still has discretion to decide whether or not to make the transfer. There is usually a ceiling on the total amount that may be transferred under a particular grant program and some grant recipients are subject to performance or reporting requirements.

Entitlements

Transfers that a Government must make if the recipient meets specific eligibility criteria. Such transfers are non-discretionary in the sense that both:

- “who” is eligible to receive the transfer; and
- “how much” is transferred; is prescribed in legislation and/or regulations.

The entitlement may be legislated or as a result of long-standing precedence. There are two types of entitlements: those of individuals and those of other governments or institutions.

Entitlements of individuals

Most transfers to individuals are entitlements. Governing legislation or regulations identify specific eligibility criteria that recipients must meet. Once those criteria have been met, the recipient is entitled to receive the transfer. There are no conditions attached to how the recipient spends the money. The amount to be transferred is usually specified in the legislation or regulations. The amount transferred may vary depending on the circumstances of the recipient.

A key characteristic of an entitlement is that the government must make the transfer to all individuals who meet the specified eligibility criteria. The key criterion for recognizing an entitlement of individuals is whether the recipient has met significant eligibility criteria.

Entitlements of other governments or institutions

A number of significant intergovernmental transfers are entitlements. Entitlements of one government from another include established programs financing and per capita or formula based transfers from the government to local governments. Some transfers to institutions are also entitlements. The governing legislation or regulations for these transfers set out the bases for determining the amount of the entitlement. Some are based on complex formulas. Others may be calculated on a per capita or other unit basis.

Transfers under shared cost agreements

These transfers involve reimbursements of eligible expenditures pursuant to an agreement between the transferring government and the recipient. In a sense, transfers under shared cost agreements are similar to entitlements because the recipient is "entitled" to the transfer once it has incurred eligible expenditures. They are different from other entitlements, however, because the recipient must spend money to be entitled to any reimbursement. In addition, the terms of specific shared cost agreements are usually negotiated and agreed upon in a signed contract.

The transferring government may agree to pay for all or only a portion of the eligible expenditures. The specific terms of the agreement may be found in legislation or in signed contracts. There may also be a ceiling on the total amount that will be shared.

These transfers are sometimes referred to as contributions.



Other government transfers

Some transfers may have characteristics of more than one of the major types of transfers discussed above. For example, some provincial transfers to institutions or agencies may have characteristics of both entitlements and grants. A provincial government may have a statutory responsibility, or a perceived obligation due to a well-established practice, to maintain the housing or education facilities in its jurisdiction. However, the government might determine annually the amount that will be transferred and how it will be distributed among the organizations in its jurisdiction. The amount determined at the beginning of the year might even be changed during the year. Thus, the government has some discretion.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Office of the Comptroller General	Directive No: 801-1
Chapter: Control of Expenditures			
Directive Title: TRANSFER PAYMENTS (GRANTS-IN-KIND)			

1. POLICY

The Government may provide assistance to communities, organizations and individuals throughout Nunavut by transferring to them Government non-cash assets under programs that are fair, equitable and accessible. Transparency and objectivity will enhance effectiveness.

2. DEFINITIONS

2.1 Grants-in-kind are transfers of Government assets or services other than cash to another party.

3. DIRECTIVE

A grant-in-kind transfer must be made by a department in accordance with a policy that has been approved by the Executive Council. The policy must follow the form and information requirements of Appendix A in FAM Directive 801.

Each grant-in-kind must be authorized by a grant and contribution payment directive approved by the Financial Management Board. (FMB). In authorizing grant and contribution payment directives, the FMB shall ensure that the grant-in-kind is in the best interests of the Government.

4. PROVISIONS

- 4.1 All grant-in-kind recipients must sign an agreement accepting the terms of the grant-in-kind arrangement before the asset is transferred.
- 4.2 Prior to disposing of any existing government asset as a grant-in-kind, departments must consult with Community and Government Services (CGS) to determine whether another government department requires the asset. Any exception to this requirement must be approved by the FMB.

- 4.3 Should a disagreement arise between the department wishing to make a grant-in-kind involving an existing asset and a department who has a use or expected use for the asset, the matter will be resolved by the FMB.
- 4.4 Provisions 4.2 and 4.3 do not apply to grants-in-kind that involve new assets that are purchased for the purpose of making the grant-in-kind.
- 4.5 Grants-in-kind involving existing Government assets are not considered to be write-offs for the purposes of S.24 of the *FAA* and they must be charged to an appropriation.
- 4.6 If the asset to be transferred is in use by the Department, justification for the proposed grant-in-kind must be provided.
- 4.7 Any grant-in-kind that involves real property, or other property that may be subject to the *Environmental Protection Act*, must undergo an environmental site assessment, as defined in the *Environmental Protection Act*, prior to making the grant. This site assessment must identify any situations where the environment is or may be subject to contamination and must contain a timed action plan to rectify the situation and remove the possibility of contamination.
- 4.8 The cost of any environmental site assessment conducted on assets belonging to the Government must be charged to an appropriation of the department controlling the asset, unless the terms of any agreement covering the grant-in-kind provide otherwise.
- 4.9 Capital Assets transferred as a grant-in-kind between Government departments, to another level of Government or to a not-for-profit organization will be transferred at the carrying value of the asset in the Government of Nunavut's accounting records.

Capital assets transferred to any other organization or individual must be transferred at fair market value. Departments controlling the asset prior to its transfer as a grant-in-kind are responsible for determining the fair market value. An objective appraisal of the asset must be conducted and all calculations, comparables, and assumptions used in arriving at the fair market value must be retained and provided to the Comptroller General, who must approve the valuation prior to concluding the grant-in-kind.



Issue Date: Feb 2008	Effective Date: Feb 5, 2008	Responsible Agency: Comptroller General	Directive No: 802
Chapter: Control of Expenditures			
Directive Title: DELEGATION OF POWERS AND DUTIES			

1. POLICY

Ministerial delegation of authority for the control and spending of public money within government is an essential element to optimize the use of available resources and maintain a system of sound financial management. Such delegation ensures financial transactions of government will be undertaken by authorized government personnel in a controlled framework. Delegation to the lowest practical level is warranted.

2. DIRECTIVE

S. 13(1) of the *Financial Administration Act (FAA)* permits the Financial Management Board (FMB) to delegate 'to a public officer any power or duty of the Board, under this Act, that is prescribed as being capable of delegation.'

S. 13(2) of the *FAA* states that 'a Minister and the Comptroller General may delegate any of their powers and duties to a public officer.' All delegations and sub-delegations of authority must adhere to the *FAA*, the Financial Administration Manual (FAM) and the Provisions of this directive.

3. PROVISIONS

3.1. General

3.1.1. S. 13(3) of the *FAA* indicates that a public officer with powers delegated under this section cannot sub-delegate them unless the original delegation to the public officer allows for it. A public officer may not delegate a power or duty not possessed by that public officer.

3.1.2. On delegating power and duty, the delegator retains responsibility and is accountable for the appropriate exercise or performance of that power and duty. The delegator must exercise these powers and duties, when necessary, to ensure proper execution.

- 3.1.3. Acceptance of a delegation requires the delegate to exercise the delegated power or duty in accordance with the *FAA*, all other applicable Acts, all applicable regulations, policies and directives, and the specified terms of the delegation, i.e., the delegate shall understand, acknowledge and comply with all terms and conditions of the delegation.
 - 3.1.4. Where a delegated power or duty is not exercised in compliance with the terms and conditions in the delegation instrument, the delegator shall take corrective action, including restricting or terminating the delegation if appropriate.
 - 3.1.5. Departments must develop and implement systems of review and control to ensure compliance with this directive.
 - 3.1.6. If this or any other directive in this manual delegates a particular power or duty to a specific position or class of positions, no other delegation is required. (See Directive 802-1, Financial Signing Authorities.)
 - 3.1.7. The delegator shall ensure that appropriate new documentation is prepared and issued promptly to all affected personnel for every new, changed, or terminated delegation.
- 3.2. Methods of Delegation
- 3.2.1. Appendix A of this directive and other directives in this manual grant certain powers and duties to specific positions. However, any delegated power and/or duty may be withdrawn at the discretion of the delegator.
 - 3.2.2. All directives of the FAM must be adhered to when delegating powers and duties.
 - 3.2.3. Unless otherwise provided, all delegations of powers and duties must be made using the Instrument of Delegation (IOD) form (See Appendix B). Delegations of signing authorities must be made as provided in Directive 802-1.
- 3.3. Instrument of Delegation
- 3.3.1. Any power or duty granted by the *FAA* to the FMB may be delegated by the FMB if it is delegated by way of a Regulation, therefore a Regulation must be created in order for the FMB to delegate any of

its own powers and duties. *Regulation 9918, Delegation of Authority Regulations*, delegates specific powers and duties to Ministers and Deputy Heads. Any sub-delegation permitted must be done using an IOD, unless delegated as part of a directive.

- 3.3.2. An IOD must be issued by one delegator and must apply to one delegate. It may record the delegation of any number of powers and duties. The original of all IODs must be kept on file in the head office of the delegator's department. A copy must also be provided to the Comptroller General.
- 3.3.3. Where appropriate, IODs must provide for limits on delegated power and duty commensurate with the fulfillment of required accountabilities.

APPENDIX A

FAA Section	Description	Delegator	Delegate	Restrictions *
24(2)	Write off an asset of the GN, or a debt or obligation owed to the GN	Financial Management Board	Ministers Deputy Heads	Max \$20,000 (own department) Max \$10,000 (own department) No sub-delegation
40	Designation of accounting and expenditure officers	Ministers	Deputy Heads	Sub-delegation permitted only to EFOs for designation of accounting officers
19	Repayment of Money	Comptroller General	EFOs, Regional Directors – Dept of Finance	Maximum \$50,000 per event No sub-delegation
54	Accountable Advances – Contributions	Comptroller General	EFOs, Regional Directors – Dept. of Finance	Per contribution agreement No sub-delegation below Finance Manager/Supervisor level
54	Accountable Advances - Contracts	Comptroller General	EFOs, Regional Directors – Dept. of Finance	Per procurement contract No sub-delegation below Finance Manager/Supervisor level
54	Accountable Advances - Travel	Comptroller General	EFOs, Reg. Dirs. – Dept. of Finance	See directive 820-1 No sub-delegation below Finance Manager/Supervisor level

* All delegations above are subject to signing authority limits set in Directive 802-1, Appendix A.



APPENDIX B
INSTRUMENT OF DELEGATION

Effective Dates:

This Instrument of Delegation is valid from _____ to _____

Name of Delegator		Name of Delegate	
Position		Position	
Department		Department	
Which Power or Duty? (FAA Section and Subsection)	FAM Directive	Description of Power or Duty being Delegated	
<u>Exceptions/Restrictions/Limitations</u>			
<p>The delegated powers and duties are to be exercised in accordance with all governing legislation, policies and procedures of the Government of Nunavut that exist or come into effect during the term of this delegation.</p> <p>This delegation is effective only for the period above and may be revoked at any time by the delegator.</p> <p>The delegator will provide written notice of any revocation.</p> <p>Sub-delegation if permitted requires the issuing of a new Instrument of Delegation, by the Delegate.</p>			

I, named as the Delegator, in the capacity as stated, and having the authority to sub-delegate the above powers and duties in the Government of Nunavut, hereby delegate the above powers and duties to the person named as the Delegate.	I understand the terms of this delegation and hereby accept responsibility to exercise the above powers and duties in accordance with the stated requirements.
_____ SIGNATURE OF DELEGATOR DATE	_____ SIGNATURE OF DELEGATE DATE



INTERPRETATION BULLETIN NUMBER IB 802/01

Effective Date: October 23, 2019

Applicable FAM Directive: FAM Directive 802 Delegation of Powers and Duties, provision 3.1.3.

Applicability: All government departments.

3.1.3. Acceptance of a delegation requires the delegate to exercise the delegated power or duty in accordance with the *FAA*, all other applicable Acts, all applicable regulations, policies and directives, and the specified terms of the delegation, i.e., the delegate shall understand, acknowledge and comply with all terms and conditions of the delegation.

INTERPRETATION

Where a Deputy Minister (delegate) has delegated full signing authority to an acting Deputy Minister, the acting Deputy Minister may sign the IOD on behalf of the delegate. A new IOD is not required.



Issue Date: Feb 2008	Effective Date: Feb 5, 2008	Responsible Agency: Comptroller General	Directive No: 802-1
Chapter: Control of Expenditures			
Directive Title: FINANCIAL SIGNING AUTHORITIES			

1. POLICY

The *Financial Administration Act (FAA)* gives primary financial authority to the Financial Management Board, the Minister of Finance, other Ministers, the Comptroller General, and Deputy Heads. Various aspects of this primary authority may be delegated to other public officers or service contractors attached to government departments. Sound financial management supports delegation of signing authority within an organization to the levels best able to exercise it in a financially prudent manner.

2. DIRECTIVE

Financial signing authority permits approval of government expenditures, commitments, disbursements, billings, General Ledger entries, and similar transactions. This authority is delegated to expenditure officers, accounting officers, and other signing authorities according to the provisions of this directive, and subject to the *Financial Administration Act*, Regulation 9918 and Directive 802, and describes the most common types of signing authorities delegated. Signing authorities at variance with this directive such as single authority disbursements may be provided for by other legislation.

3. PROVISIONS

3.1. Powers and Duties of Expenditure Officers and Accounting Officers

S. 44(1) and 49(2) of the *FAA* require an expenditure officer and an accounting officer to certify that the conditions of these sections of the *FAA* have been met before an expenditure can be incurred, or a disbursement can be made.

3.2. Designation of Expenditure Officers and Accounting Officers

- 3.2.1. The *FAA S.40* requires Ministers to designate expenditure officers and accounting officers for their departments by reference to their names or positions. This authority has been delegated to Deputy Heads by way of Appendix A of Directive 802.
- 3.2.2. The *FAA S.43* gives the Board authority to fix monetary limits for expenditure and accounting officers. This authority is delegated to Ministers and Deputy Heads by Regulation 9918(5)(1). Appendix A of this directive sets up maximum monetary limits for the expenditure and accounting authorities.
- 3.2.3. The Comptroller General is required to approve the designation of every accounting officer as set out in *FAA S.42(1)*, but the authority may be delegated. In accordance with *FAA S.13(2)* and this directive, the Comptroller General delegates this authority to Deputy Heads. This authority may be sub-delegated by Deputy Heads to CFOs. Only public officers in financial positions shall be designated as accounting officers.
- 3.2.4. Public officers, including casual, temporary or seconded employees, and individuals doing business as service contractors attached to Government departments may be designated as accounting officers and expenditure officers (*FAA S.40(1)*). A corporation is not eligible to be so designated (*FAA S.41(4)*).
- 3.2.5. A person may be designated as both expenditure officer and accounting officer, but no person shall act as both expenditure officer and accounting officer in the same transaction (*FAA S.41(3)*), unless required to by other legislation (e.g. the requirement for social workers to issue emergency cheques).
- 3.2.6. The Deputy Head of each department must approve all expenditure and payment authorities by position for his/her department by signing the Financial Signing Authorities Spreadsheet – See Appendix B attached.
- 3.2.7. A designated expenditure officer or accounting officer must be identified by name (with any limitations or restrictions noted) on a Specimen Signature Record (SSR) - See Appendix C attached. The supervisor must approve the SSR form. A copy of all new, changed, or terminated documents must be provided to the Office of the Comptroller General, Department of Finance.

3.3. Delegation of Financial Signing Authority

- 3.3.1. Delegation of financial signing authority is the means by which designated individuals are empowered to exercise specific authorities for financial transactions on behalf of the government. The most common categories of financial signing authority include:
- a) expenditure authority (spending authority): the authority for an expenditure officer to enter into agreements to incur expenditures and commit funds against appropriations, within delegated limits. This includes initiation authority, commitment verification and approval authority. See *S.44(1)(a) and S.49(2)(a)* of the *FAA*.
 - b) contract authority: a Minister, Deputy Head or public officer delegated the powers and duties of a contract authority in accordance with the Government Contract Regulations 9904 under the *FAA*. No person other than a contract authority or the Executive Council may initiate expenditures by entering into a contract on behalf of the Government. Thus a contract authority must also be an expenditure officer as required by *S.38* of the *FAA*.
 - c) accounting authority (payment authority): the authority for an accounting officer to certify that the requirements of *S.44(1)(b) and S.49(2)(b)* of the *FAA* have been met, in order that a disbursement may be made. This includes commitment confirmation and document verification.
 - d) revenue authority: the authority to bill and receive revenue, account for it and record it.
- 3.3.2. Delegation of financial signing authority must be in accordance with the *FAA*, its Regulations and this directive.
- 3.3.3. A public officer shall not sub-delegate any of his or her financial signing authority unless authorized to do so by the original delegation.
- 3.3.4. An annual review of signing authority suitability must be done by each Department.
- 3.3.5. The authority level delegated may be different for different types of expenditures or activities.

3.4. Exercising Financial Signing Authority

- 3.4.1. Expenditures and disbursements require the certification of both an expenditure officer and an accounting officer, in accordance with *S.44(1)* and *S.49(2)* of the *FAA*.
- 3.4.2. No disbursement shall be made from the Consolidated Revenue Fund unless it is in respect of an expenditure incurred under an appropriation, with the exception of a disbursement under *S.31 (2)* and *S.49 of the FAA*.
- 3.4.3. No person shall exercise any signing authority in relation to a transaction, or claim for payment or reimbursement from which:
 - a) that person or that person's relative; or
 - b) anyone who resides in the same household; or
 - c) a corporation or business in which that person has significant ownership;can benefit.
- 3.4.4. A person exercising financial signing authority shall sign and date the document.

3.5. Acting Appointments

- 3.5.1. An acting appointment occurs when the supervisor of the position for which the appointee will act, for a specified period of time, approves the appointment on an SSR. The supervisor may impose lowered monetary limits, restrictions, conditions and exceptions that would not normally apply to the signing authority of the position, but may not increase the monetary limits.
- 3.5.2. A standing acting appointment occurs when a public officer is appointed for an indefinite period to act while the person normally holding the position, for which the appointee will act, is absent. The SSR approved by the supervisor of the position will have no end date.
- 3.5.3. Written notification of the invoking of the standing acting appointment must be given by the position incumbent to the supervisor of the position for which the appointee will act, to the appointee, and to the Office of the Comptroller General, Department of Finance.



- 3.5.4. For audit purposes, each department must maintain a permanent file of originals of each SSR and documentation of each invocation of acting signing authority.
- 3.6. Signing Authority in Departments Acting as Agents for Other Departments
- 3.6.1. A Deputy Head may appoint another department to act as agent for his/her department, exercising expenditure authority, accounting authority, or contract authority on behalf of his/her department, per *S.41(1),(2) of the FAA* and Regulation 9904.3(1). This acting appointment must be approved on an SSR by the Deputy Head of the department for which the officer will act.
- 3.6.2. The Comptroller General (or delegate) may exercise payment authority on behalf of all departments in all regions.
- 3.7. Monetary limits to Signing Authority
- Financial signing authority limits may vary by department and position, but should be in accordance with business needs and should take into consideration the experience of the appointee (e.g., persons who are acting or being trained may have lower limits, restrictions and conditions). Any deviation from the maximum monetary limits set by Appendix A must be approved by the FMB. Analysis and documentation of need should be provided to justify these deviations.
- 3.8. Eligibility for Acting Pay
- Acting financial signing authority does not necessarily imply eligibility for acting pay (refer to Human Resource Manual).
- 3.9. Expenditure Review
- Delegation of expenditure authority is intended only to facilitate operational efficiency and does not relieve the delegator of budget control responsibilities or accountability.

The [Financial Signing Authorities Spreadsheet](#) and [Specimen Signature Record \(SSR\)](#) are available in an electronic version and should be downloaded from the FAM website at www.finance.gov.nu.ca/apps/authoring/dspPage.aspx?page=fam.

Appendix A

Signing Authority Levels

(Maximum)

Position	Expenditure Authority	Accounting Authority
DM	Full	Full (Finance DM only)
ADM/CG	Up to \$500,000	Full (CG only)
Director	Up to \$250,000	Full (CFO in each Dept, including Dept of Finance)
		Up to \$500,000 (Other Directors in Dept of Finance only)
Managerial	Up to \$100,000	Up to \$250,000 (Manager of Finance in all Departments)
Supervisory	Up to \$50,000	Up to \$100,000
Senior Support Staff	Up to \$ 25,000	Up to \$ 50,000
Support Staff	Up to \$5,000	Up to \$5,000

In accordance with clause 3.2.3 of this directive, only public officers in financial positions shall be designated as accounting officers.



Issue Date: March 2009	Effective Date:	Responsible Agency: Office of the Comptroller General	Directive No: 803
Chapter: Control of Expenditures			
Directive Title: VERIFICATION AND APPROVAL OF EXPENDITURES AND DISBURSEMENTS			

1. POLICY

All expenditures and disbursements from the Consolidated Revenue Fund must be certified by an Expenditure Officer and an Accounting Officer and comply with s.44 and s.49 of the *Financial Administration Act (FAA)* as well as this and other directives in this manual.

2. DEFINITIONS

Expenditure means the act of spending money for goods or services. S.44 of the *FAA* requires expenditure officers and accounting officers to certify, among other things, that all expenditures are incurred pursuant to an appropriation. Expenditures are reported on the Statement of Operations in the Public Accounts or on the Statement of Financial Position as tangible capital assets.

Disbursement means the act of paying out money. S.49 of the *FAA*, which deals with disbursements that are not made with respect of an expenditure, requires expenditure officers and accounting officers to certify, among other things, that there is money available and that the disbursement is in accordance with a contract or other authorization. These disbursements are for such things as loan payments, advances, payments from revolving funds and the like. They are not pursuant to an appropriation and tend to be items that affect the Statement of Financial Position rather than the Statement of Operations.

Expenditure officers and accounting officers are public officers who have been designated as such in accordance with s.40 (1) of the *FAA*. They have the responsibility of providing the certifications required for expenditures and disbursements under s.44 and s.49 of the *FAA*.

3. DIRECTIVE

The Comptroller General has overall responsibility for ensuring that all disbursements are properly authorized and Executive Finance Officers (EFO) have a functional responsibility to that office.

Deputy Heads are responsible for ensuring that the proper controls are in place within their departments to ensure that expenditures and disbursements comply with *s.44 and s.49* of the *FAA*.

The primary functional responsibility for the system of controls in each department rests with the EFO as designated by the Deputy Head.

4. PROVISIONS

- 4.1. Segregation of duties is a key element of internal controls. A person cannot act as an expenditure officer and accounting officer on the same transaction.
- 4.2. An expenditure officer or accounting officer shall not act in that capacity involving any transaction in which they have, or can obtain, a direct or indirect personal benefit. This includes benefits to immediate family or organizations from which they receive a benefit.
- 4.3. Deputy Heads must ensure that the responsibilities and duties of accounting officers and expenditure officers are clearly communicated and understood.
- 4.4. All procedures developed and employed by departments covering the approval of expenditures and disbursements shall be made available to the Comptroller General upon request. In addition to the requirements of *s.44* and *s.49* of the *FAA*, departmental procedures must provide assurance that disbursements are only made after qualified officers have certified that the goods or services being paid for have been received and are what was ordered or required.
- 4.5. The expenditure officer or accounting officer who provides certification at the payment stage does not have to be the same expenditure or accounting officer who provides the certifications at the purchase order or contract stage.
- 4.6. Expenditure officers and accounting officers may only certify expenditures or disbursements that relate to activities over which they have been



delegated authority. S.41 of the *FAA* allows accounting officers to act in that capacity for another department with the consent of the Comptroller General and the Deputy Head of the other department. Expenditure officers may act for another department with the consent of the Deputy Head of the other department.

- 4.7. Disbursements for goods or services not yet received (accountable advances) may be made by the Comptroller General (or delegate) under s.54 of the *FAA*. Under FAM Directive 802, the Comptroller General has delegated this authority to various public officers depending on the type of accountable advance involved. Accountable advances are dealt with in FAM Directives in the 817 series.

Since accountable advances are made before goods or services are received, s.54 (2) of the *FAA* exempts them from the certification required under s.49 (2) (a) (iv) of the *FAA*.



Issue Date: May 2008	Effective Date: April 25, 2008	Responsible Agency: Office of Comptroller General	Directive No: 803-3
Chapter: Control of Expenditures			
Directive Title: ACCOUNT VERIFICATION-TIMING OF PAYMENTS			

1. POLICY

The standard payment term for suppliers listed on the Inuit Firms Registry or the Nunavut Business Registry is 20 calendar days, whereas, it is 30 calendar days for other suppliers. This is calculated from the later of the date of service rendered or receipt of goods or, the date of receipt of invoice and sufficient appropriate supporting documents, except as permitted in the following provisions or specified in pre-agreed payment terms and conditions.

2. DIRECTIVE

All timing of payments made by departments under the authority of the *Financial Administration Act* must be made in accordance with this policy.

3. PROVISIONS

3.1 Payment due dates

Except as permitted or stipulated elsewhere in this directive,

- 3.1.1 Payments to suppliers listed on the Inuit Firms Registry or the Nunavut Business Registry will be prepared within 20 calendar days from the later of the date of service rendered or receipt of goods or, the date of receipt of invoice and sufficient appropriate supporting documents.
- 3.1.2 Payments to all other suppliers will be prepared within 30 calendar days from the later of the date of service rendered or receipt of goods or, the date of receipt of invoice and sufficient appropriate supporting documents.

- 3.1.3 For further clarity, the 20 and 30 day payment terms represent the date by which the cheque or direct deposit are to be processed for payment by the Government's financial information system. Actual date for receipt of payment is subject to the delivery or transmission period for the mail or electronic banking services used.
- 3.1.4 Goods delivered under Free on Board (F.O.B.) terms are deemed to have been received when they are received in good order and accepted by the shipping company or delivery agency at the established F.O.B. point.

3.2 Exceptions

- 3.2.1 No payment shall be made before the due date as stipulated in 3.1 unless:
- a) this directive stipulates or permits otherwise;
 - b) an early payment discount is deducted from the payment and is deemed worthwhile considering all the circumstances; or,
 - c) written approval has been received from the Comptroller General or delegate.
- 3.2.2 All contractual arrangements entered into by the Government will comply with the policy statement. Any payment terms other than 20 and 30 days by contractual agreements including, but not limited to, building and equipment leases, grant and contribution agreements, professional services and loans, are to be approved by the Deputy Head.
- 3.2.3 Payments which by their nature are reimbursements to individuals and/or businesses, are due on the next cheque cycle date after approval of invoice.
- 3.2.4 The timing of payments for investments will be governed by contractual arrangements between the Government and its agents.
- 3.2.5 Salaries and wages of employees and members of the Legislative Assembly of Nunavut must be paid in accordance with applicable contractual or Collective Agreement terms.
- 3.2.6 Notwithstanding subsections 3.1.1 and 3.1.2 above, the following payments are excluded from the standard 20 and 30 day due dates and shall be made in accordance with the terms of the contract or as soon as practical from the latter of the date of service rendered or receipt of goods or, the date of receipt of invoice.

- a) Language translators/interpreters, Justices of the Peace, Jurors, Court Monitors, Elders in court sessions, Coroners, Commissioner fees or Sheriffs' Bailiffs services;
- b) Grant and contribution agreements
- c) Cash advances and reimbursements for duty travel and medical travel expenses;
- d) Customs brokers services;
- e) Social Program Payments;
- f) Fees for licenses, permits, etc.;
- g) Fur auction payments;
- h) Telephone, photocopy, printer, fax and communication services or leases;
- i) Group homes and foster care;
- j) Loan agreements;
- k) Canada Post payments and postage meters;
- l) Conference fees, course registrations, tuitions and professional fees/dues.
- m) Elders providing ceremonial or culture expertise in such areas as courtroom monitor, storyteller, drum dancer, throat singer, qulliq lighter and classroom demonstrator, etc.

3.2.7 Travel and Corporate Purchase Credit Card purchases are to be paid to the credit card provider on or before the statement due date to avoid interest payments.

3.2.8 Notwithstanding subsections 3.1.1 and 3.1.2 above, under unusual circumstances a partial payment in the form of a temporary advance in accordance with FAM Directive 817-3, Accountable Advances – Temporary Travel Advances, may be made by the Comptroller General before contracted goods or services are received in full.

3.2.9 The standard payment policy for goods or services that have already been received and invoiced may be bypassed for emergencies or other one-time reasons deemed appropriate by the responsible Minister or Deputy Head by making a written request to the Comptroller General and upon receiving written approval from the Comptroller General.

3.3 Recovery of Overpayments

Overpayments of vendor invoices must be recovered immediately by way of deduction from subsequent payments and comply with collection procedures.



3.4 Responsibility for timing of payments and related notices

- 3.4.1 When an individual terminates employment with the Government, the former employee's payment timing must be reset to the standard payment terms.
- 3.4.2 Every public officer who initiates a payment is responsible to ensure, before initiating payment, that payment will be timed in accordance with this directive.



Issue Date: June 2007	Revised Date: April 2022	Responsible Agency: Office of the Comptroller General	Directive No: 803-4
Chapter: Control of Expenditures			
Directive Title: PAYMENT OF INTEREST			

1. POLICY

Payment of interest by the Government may be allowed in particular circumstances. All interest payments must be properly recorded. Unnecessary interest payments on overdue payables should be avoided by an appropriate timing of payments.

2. DIRECTIVE

The Government shall pay interest only when legally required to do so by contractual agreement, legislation, judicial requirement, or with written approval from the Comptroller General or delegate.

This directive applies to all government departments and public agencies that make payments on behalf of the Government.

3. PROVISIONS

3.1. Payment of Interest

Unless stipulated otherwise in this directive, interest must not be paid on monies owing by the Government:

- a) where the Government holds money in the capacity of an agent or trustee;
- b) under a judgment without awarding interest;
- c) from one department to another department;
- d) to public agencies of the Government;
- e) on salaries, wages, employment benefits or expense reimbursements owed to employees of government departments or public agencies;
- f) on contract security deposits and holdbacks;

- g) where a valid agreement or an enactment specifically prohibits the payment of interest by the Government;
 - h) to any party that refuses to pay interest to the Government; or
 - i) if late payment results from improperly prepared or addressed invoices.
- 3.2. A government department or public agency may pay interest on final payments for completed construction contracts following satisfactory completion, providing contracts include a clause approved by the Department of Justice setting forth the terms and conditions under which interest will be paid.
- 3.3. Interest on overdue credit card balances may be paid. This interest will be paid in accordance with the interest rates stated in the signed agreement between the Government and the credit card provider.
- 3.4. Interest must be charged as expenditure against the budget appropriation of the responsible government department or public agency and identified with the applicable program.
- 3.5. Unless legally required to do so otherwise, interest on money owed by the Government must be calculated on a simple interest basis regardless of how long the payable has been outstanding.
- 3.6. In the absence of a pre-approved interest rate on an overdue payment, as stipulated in a contract, the interest is paid at the payment on due date (PODD) interest rate used by the Receiver General for Canada and quoted on the Government of Canada website. The interest rate shall be reviewed semi-annually on April 1 and October 1. The current interest rate is indicated in Appendix A to this directive.
- 3.7. Unnecessary interest payments on overdue accounts payable should be avoided by complying with Financial Administration Manual Directive 803-3 Account Verification – Timing of Payments.
- 3.8. Government departments and public agencies must record all interest payments and enter them in their electronic accounting system.
- 3.9. The Office of the Comptroller General shall be consulted for resolution of any issues that arise in determining whether interest must be paid.

APPENDIX A

The interest rate to be paid on amounts payable by the Government is reviewed semi-annually on April 1 and October 1 of each year. The Comptroller General will periodically review the interest rates Appendix A.

<u>Effective date</u>	<u>Rate</u>
April 1, 2022	3.73%

Prior period rates:

The rates below are provided for calculation of interest for payables that have been outstanding from prior periods. The applicable interest rate should be used for calculation of interest for the period during which that interest rate was effective.

Effective Date	PODD Rate
October 1, 2021	3.50%
April 1, 2021	3.50%
October 1, 2020	3.50%
April 1, 2020	4.21%
October 1, 2019	5.00%
April 1, 2019	5.00%
October 1, 2018	4.75 %
April 1, 2018	4.50 %
October 1, 2017	4.21 %
April 1, 2017	3.75 %
October 1, 2016	3.75 %
April 1, 2016	3.75 %

Government of Canada website:

<http://www.tpsgc-pwgsc.gc.ca/recgen/txt/tipp-ppir-eng.html>



Issue Date: May 2008	Effective Date: April 25, 2008	Responsible Agency: Office of the Comptroller General	Directive No: 804
Chapter: Control of Expenditures			
Directive Title: IMPREST BANK ACCOUNTS			

1. POLICY

The Comptroller General (CG) or delegate may establish an imprest bank account or increase an imprest balance. Departments are responsible to implement adequate controls to minimize loss or inappropriate use and to ensure that all expenses incurred through an imprest bank account meet all payment requirements of the *Financial Administration Act*.

2. DEFINITION

Imprest bank account is a bank account that is periodically replenished from the Consolidated Revenue Fund (CRF) bank account as expenditures are made. Generally, imprest bank accounts are used for making payments where the government's central payment system cannot be used in an effective or efficient manner.

3. DIRECTIVE

Wherever possible, payments shall be issued using the Government's central payment system and the CRF bank account established for that purpose as per FAM Directive 502 Banking Arrangements. Payments may be made from other bank accounts where they have been put in place for use with other cheque issue systems established under the authority of the Comptroller General as per FAM Directive 860 Departmental Cheque Issue Systems.

4. PROVISIONS

4.1 Controls are required to ensure:

- 1) the establishment of an imprest bank account is properly approved;



- 2) no money is deposited to an imprest bank account other than the initial money approved, any approved increases, and reimbursements; and
 - 3) that imprest bank accounts are not overdrawn.
- 4.2 Disbursements must be accurately recorded on a timely basis with adequate supporting documentation and proper authorization. Cash on hand must be properly safeguarded and controlled.
 - 4.3 When an imprest bank account is no longer needed, any remaining balance must be returned to the Consolidated Revenue Fund
 - 4.4 Requests for funds to establish imprest bank accounts or increase the balance of imprest bank accounts must be submitted in writing to the Comptroller General or delegate for approval. Requests must identify the types of payments and procedures to be used to ensure adequate internal control over the receipt and disbursement of funds.
 - 4.5 Payments from an imprest bank account are limited to the type of payments approved by the Comptroller General or delegate as in 4.4 above. Payments are subject to the same requirements as payments made directly from the Government's CRF.
 - 4.6 The custodian shall reconcile each imprest bank account on a monthly basis and provide a copy of the reconciliation to Financial Reporting and Controls of the Department of Finance.
 - 4.7 The following should be considered when setting the amount of an imprest bank account:
 - a) the size and location of the operation to be served;
 - b) how frequently the account will be used;
 - c) the practical maximum value of single transactions;
 - d) frequency of replenishment (not more frequently than bi-weekly); and
 - e) the balance should be adequate to support business needs.



Issue Date: June 2007	Effective Date: May 24, 2007	Responsible Agency: Office of the Comptroller General	Directive No: 805
Chapter: Control of Expenditures			
Directive Title: ISSUANCE OF GN CHEQUES TO DEPARTMENTS, DIRECT DEPOSIT AND WIRE/ELECTRONIC FUND TRANSFER			

1. POLICY

Adequate internal control and financial procedures must be in place for the issuance of cheques, direct deposits and wire/electronic fund transfers. The Office of the Comptroller General acknowledges that cheques, under certain specific circumstances, must be returned to the originating departments rather than being delivered to payees.

2. DEFINITION

2.1. Direct Deposit

Government payments electronically deposited to a specific Canadian bank account in Canada.

2.2. Wire/Electronic Fund Transfer

Government funds transferred electronically to a specific foreign or Canadian bank account. This is normally a one time transfer.

3. DIRECTIVE

The Comptroller General or delegate(s) may authorize the issuance of government cheques, direct deposit services and wire/electronic fund transfers in accordance with the following provisions.

CHEQUES RETURNED TO DEPARTMENTS

- 3.1. With the exception of the eligible list in 3.4 below, Deputy Ministers or designates shall approve all other cheques to be returned to departments.

- 3.2. Under no circumstances will cheques be returned to the originator of the transaction to ensure segregation of duties. The returned cheques shall be delivered to a finance officer, other than the originator of the transaction. Return to department cheques must be signed for when picked up by designated employees.
- 3.3. Departments shall maintain a register which clearly states the details of the returned cheques and their disposition.
- 3.4. Cheques eligible for return to departments include the following:
 - 3.4.1 Payments involving legal and contractual obligations which are:
 - a) Real estate transactions;
 - b) Contract releases and construction or service progress payments;
 - c) Damage claim releases (this class does not include payments against Crown debts which have been assigned or are subject to a power of attorney).
 - 3.4.2 Payments requiring formal presentation in a ceremony which are:
 - a) Grants or other payments presented personally by Ministers, Deputy Ministers or Regional Directors; or,
 - b) Honoraria and reimbursement of expenses paid to elders, visiting lecturers or seminar speakers.
 - 3.4.3 Payments which are required for immediate service for:
 - a) Postage meter charging and other postal charges;
 - b) Customs clearance;
 - c) Vehicle licenses;
 - d) Sheriffs' fees;
 - e) Petty cash advances and replenishments.
 - f) Travel advances or claims
 - 3.4.4 Payments which are delivered by diplomatic courier.
 - 3.4.5 Fur Auction Payments

The Department responsible for issuing fur payments must ensure adequate compensating internal controls are established in accordance with Directive 860, Departmental Cheque Issue Systems.



- 3.5 The Comptroller General may exempt departments from the provisions of this directive and authorize cheques to be returned to departments in other circumstances where warranted.

DIRECT DEPOSIT

- 3.6 To obtain this service, individuals or organizations on the vendors list must complete the Direct Deposit Request Form and return via the line department or directly to the Financial Operations of the Department of Finance. All payments due by GN within Canada may be eligible for direct deposit. Examples of eligible payments for direct deposit include, but not limited to:

- a) Grants
- b) Bursaries and student financial assistance
- c) Contributions
- d) Accountable Advances (e.g. travel advance)
- e) Travel Claims for employees and non-employees
- f) Reimbursements of eligible expenses
- g) Professional dues, fees and tuition
- h) Invoice payments

- 3.7 The information required for direct deposit must include the payee bank account details.

- 3.8 A remittance advice will be provided to the payee with each direct deposit advising of payments credited to their Canadian bank accounts. A payee may choose to receive the remittance advice by ordinary mail, facsimile, or e-mail.

- 3.9 GN will not charge the payee for direct deposit service.

WIRE/ELECTRONIC FUND TRANSFERS

- 3.10 Wire/electronic payments and transfers shall be made only by the Department of Finance.

- 3.11 A written request must be completed in accordance with FAM Directive 803 on Account Verification and Payment Requisition and submitted to the Department of Finance.



3.12 Payments and inter-bank transfers that are eligible to be made through wire/electronic transmissions include:

- a) Installment payments to the RCMP for police services;
- b) Income payments to GN Investment Pool participants;
- c) Inter-bank transfers between GN bank accounts; or,
- d) Any other payment upon specific written approval from the Comptroller General.



Issue Date: August 2007	Effective Date: August 29, 2007	Responsible Agency: Office of the Comptroller General	Directive No: 806
Chapter: Control of Expenditures			
Directive Title: REVOLVING FUNDS			

1. Policy

A revolving fund is used to finance a continuous cycle of operations for specific purposes within specified limits and is provided with continuous and non-lapsing authority to retain revenues and to make disbursements from the Consolidated Revenue Fund. A revolving fund may include money, accounts receivable, inventories, liabilities, or any combination thereof.

2. Directive

All revolving funds, which must be established by an Act in accordance with *Section 59* of the *Financial Administration Act (FAA)*, shall be administered according to the *FAA* and this directive.

3. Provisions

- 3.1 The Comptroller General shall maintain a separate account for each revolving fund to which shall be charged such assets on hand at the time the revolving fund was established and disbursements from the Consolidated Revenue Fund.
- 3.2 All money received from the operations of the revolving fund shall be shown as credits to the revolving fund.
- 3.3 The balance of a revolving fund shall not exceed the amount of the revolving fund established by Act.
- 3.4 At the end of each fiscal year the Deputy Head whose department administers a revolving fund shall ensure departmental compliance with *Sections 60* and *61* of the *FAA*.
- 3.5 The Minister of Finance may establish Boards of Survey to make inquiries into revolving funds, and at least once every four (4) years such inquiries must be made for each revolving fund as per *Sections 62* and *63* of the *FAA*.



FINANCIAL ADMINISTRATION MANUAL



- 3.6 Recommended deletions from the inventory of a revolving fund may be made by a Board of Survey or a public officer and shall be dealt with according to *Sections 64 and 65* of the *FAA*.
- 3.7 All disposals of public property must be handled as indicated in Directives 704 through 704-4.

Issue Date: March 1995	Amended Date: March 24, 2022	Responsible Agency: Office of the Comptroller General/Department of Community and Government Services	Directive No: 808
Chapter: Control of Expenditures			
Directive Title: GOVERNMENT CONTRACTS – GENERAL			

1. POLICY

The Government's contracting processes for the procurement of goods and services are based on the principles of transparency, fair competition and risk mitigation to ensure that the Government obtains the best value for resources expended.

2. DIRECTIVE

Government contracts must comply with the *Financial Administration Act (FAA)*, the Government Contract Regulations (Regulations), the Nunavummi Nangminiqatunik Ikajuuti Regulations (NNI Regulations) and the provisions of this and other directives in this manual, and in or made pursuant to the GN Contracting Procedures Manual. All contract amounts are excluding GST.

Public Officers authorized to contract on behalf of the Government must comply with the requirements of s.44 to 49 of the *FAA*, the Regulations pursuant to the Act and Financial Administration Manual (FAM) Directives 808 Government Contracts series when entering into contracts and incurring expenditures or making payments related to contracts.

No person other than a public officer authorized as a Contract Authority by the Regulations may enter into a contract on behalf of the Government. This authority may only be exercised for the type of contract and within the limits permitted under the Regulations.

Contract Authority may be delegated in accordance with s.13 of the *FAA*, s.4 of the Regulations and FAM directives 802 Delegation of Powers and Duties, and 802-1 Financial Signing Authorities.

The *Nunavummi Nangminiqaqtunik Ikajuuti Implementation Act* and the NNI Regulations apply to all to all contracts except: liability insurance contracts, employment contracts, sole-source contracts as defined in section 8 of the Regulations, emergency services contracts, contracts between the Government and another government or government agency, most contracts between the Government and municipal corporations, and contracts that have been exempted from the application of the NNI Regulations by the Executive Council. The NNI Regulations do not apply to procurement by public agencies listed in *Schedules A and C* of the *FAA*.

The NNI Regulations prevail in the event of any conflict with this directive or the Regulations. The Regulations and the provisions of this directive do not apply to employment contracts.

The assistance of the Procurement section of CGS should be obtained to ensure compliance with the Government's procurement policies, procedures and directives; and Risk Management section of the Department of Finance must be consulted with respect to the security and insurance provisions needed to ensure the Government's interests are protected in that regard.

The definitions of terms used in FAM Directives 808 Government Contracts series can be found in Appendix E.

This directive applies to all government departments and public agencies.

3. PROVISIONS

3.1. Trade Agreements

- 3.1.1. The Government is subject to the Canada-European Union Comprehensive Economic and Trade Agreement (CETA). Article 19 of the CETA applies to all procurement processes which are not subject to the NNI Regulations.
- 3.1.2. The Government is subject to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CTPP). Article 15 of the CTPP applies to all procurement processes which are not subject to the NNI Regulations or Article 24 of the Nunavut Agreement.
- 3.1.3. The Government is a signatory to the Canadian Free Trade Agreement (CFTA). Chapter 5 of the CFTA applies to all procurement processes which are not subject to the NNI Regulations.
- 3.1.4. Government and public agency contracts exempt from the application of the NNI Regulations must comply with the provisions of the CFTA, CETA, and the CTPP.

3.2. Competitive Tender and Proposal Requirements

- 3.2.1. Government contracts must comply with the competitive tender or proposal requirements of the Regulations and FAM Directive 808-1 Government Contracts – Tenders and Proposals. All contracts for goods and services in excess of \$5,000, and all contracts for architectural and engineering services in excess of \$25,000 must result from a competitive Request for Tender (RFT) or Request for Proposal (RFP) process unless an exception, as set out in provision 4.3, applies.

3.3. Exceptions to Competitive Tender and Proposal Requirements

3.3.1. Negotiated Contracts (Executive Council Prerogative)

The Regulations permit the Executive Council to enter into or direct a Contract Authority to enter into a contract with any person or organization, subject to the NNI Regulations. The power to enter into a contract includes the power to renegotiate the terms of the contract or terminate it.

The contract resulting from this exercise of Executive Council prerogative is referred to as a negotiated contract.

The Financial Management Board (FMB) may recommend that a contract be entered into by the Executive Council with someone other than the person who would otherwise be awarded a contract if the FMB believes it to be in the public interest.

Contracting authorities seeking an exemption from all or part of the NNI Regulations must demonstrate compliance with the consultation requirements in section 3 of the NNI Regulations.

3.3.2. Sole Sourcing

According to the Regulations, a Contract Authority may enter into a contract without issuing a request for tenders or a request for proposals if the Contract Authority reasonably believes that any of the following conditions are met:

- a) the goods, services, real property or construction at issue in the contract are urgently required and delay would be injurious to the public interest;
- b) only one party is available and capable of performing the contract;
or
- c) the value of the contract will not exceed:

- \$25,000, in the case of a contract for architectural or engineering services, or
- \$5,000, in the case of any other type of contract.

3.3.3. Existing Standing Agreements

If a competitive process has already been conducted by CGS Procurement to establish a Standing Offer Agreement (SOA), Standing Supply Agreement (SSA) or Master Supply Service Agreement (MSSA) in accordance with the provisions of FAM Directive 808-4 Government Contracts – Standing Agreements, a Contract Authority may choose to enter into a contract under a SOA, SSA or MSSA consistent with the provisions of that directive and any additional requirements set out in the GN Contracting Procedures Manual, and subject to the terms and conditions of the SOA, SSA or MSSA so long as expenditure authority and accounting authority certifications have been provided on a requisition prior to the contract award.

If a Contract Authority chooses not to contract under an established SOA, SSA or MSSA, and the provisions of 3.3.1 or 3.3.2 are not applicable, the Contract Authority must award the contract through a competitive RFT or RFP process pursuant to FAM Directive 808-1 Government Contracts – Tenders and Proposals.

3.4. Indemnification and Insurance Requirements (see Appendix C)

- 3.4.1. All contracts must contain an indemnity clause in which the contractor indemnifies the Government against any third-party claim arising out of the contractor's performance of the contract. Appendix C provides the standard wording to be used. Where circumstances warrant, the standard indemnity provision may be modified or removed following consultation with Risk Management section of the Department of Finance and the Department of Justice.
- 3.4.2. When a proposal contains a clause whereby the Government must indemnify the proponent or the contractor offering the proposal, the clause must be forwarded to the Departments of Justice and Finance for review and approval or rejection. Any guarantee or indemnity on behalf of the Government must be authorized by Regulations.
- 3.4.3. All contracts must contain terms and conditions that ensure adequate insurance coverage by the contractor. Appendix C provides the standard wording. Any amendments to the standard wording must be approved by Risk Management.
- 3.4.4. The requirement for insurance coverage by a contractor may be modified or waived by the Department of Finance in consultation with the Department of Justice where appropriate.

- 3.4.5. The Contract Authority may consult with the Manager, Risk Management, on appropriate or alternative insurance provisions prior to the issuing of a RFP or RFT, and upon receipt of proposals and tenders, prior to awarding a contract.
- 3.5. Legal Review of Proposed Contracts
- 3.5.1. Before entering into a Non-Standardized Contract or accepting a High Risk Proposal, the Contract Authority shall submit the proposed contract to the Department of Justice for review and formal approval.
- 3.5.2. Before entering into a contract that is an altered or amended version of a Standardized Contract, the Contract Authority shall submit proposed alterations or amendments to CGS to coordinate with the Department of Justice for review and formal approval.
- See Appendix B for legal review requirements.
- 3.6. Financial Review of Proposed Contracts
- 3.6.1. Proposed contracts that include terms and conditions for the purchase or lease of goods or services that may add to or otherwise change the Government's costs or required payments based on the future change in or value of a defined index or other measure must be referred to the Office of the Comptroller General for review prior to signing to determine whether they contain an embedded financial instrument that under the public sector accounting standards (PSAS) will need to be recognized and measured separately for accounting purposes.
- 3.7. Conflict of Interest
- 3.7.1. A public officer shall not permit to arise any influence, interest or relationship with a contractor that might conflict with the interests of the Government or that might endanger or prejudice the Government's reputation for open, fair open and transparent dealings.
- 3.7.2. A public officer shall not use the Government's contracting relationship with a contractor for personal gain or benefit.
- 3.7.3. Refer to the Nunavut Public Service Code of Values and Ethics, as well as Human Resources Manual (HRM) Directive 203: Outside Activity, for additional information on conflict of interest.

- 3.7.4. Generally, former public officers who have served in senior management positions are not permitted to enter into contracts with the Government for a term of one year after the date their employment with the Government ceases. In some cases an exception can be made. Refer to the HRM Directive 205: Post-Employment Restrictions, for additional information on contracting with former senior managers.
- 3.8. Standards for Goods and Construction
- 3.8.1. CGS shall develop and set minimum quality standards for architectural and engineering capital infrastructure design services and construction procured by the Government.
- 3.8.2. CGS shall develop and set minimum quality standards for goods purchased or equipment leased for government use. The development of these standards may be delegated to other departments. In the interest of the Government receiving the highest possible value for its expenditures, and the legal requirements for performance over brands specifications, CGS may question the specifications for goods requisitioned by other departments.
- 3.9. Standards for Office and Communications Equipment
- 3.9.1. CGS maintains standards for most types of office and communications equipment such as photocopiers, fax machines, printers, computers, and peripherals. The authority to procure office or communications equipment by any means such as purchase, lease, rental, rent-to-buy or lease-to-buy rests with CGS. If office or communications equipment is needed, a Requisition for Services form must be submitted to CGS. This section does not apply to public agencies.
- 3.9.2. Requisitions for computer hardware and software not consistent with approved standards will not be installed on the government network or supported by Helpdesk.
- 3.10. Restrictions on Contract Authority for Certain Types of Contracts
- The Regulations restrict the exercise of Contract Authority for specific categories of contracts.
- 3.10.1. Architectural and Engineering Services
- Architectural/engineering services are engaged through a competitive RFP process. Contract authorities, before entering into a contract, shall take into account the following criteria for the provision of architectural and engineering services:

- a) the qualifications and experience of the architect, engineer, or firm;
- b) the past performance of the architect, engineer, or firm on similar projects;
- c) the number, qualifications and experience of the personnel who will assist in the performance of the contract; and
- d) the size, complexity and time constraints of the contract.

In considering qualifications as per (a) above, the Contract Authority shall ensure that the successful firm complies with applicable legislation governing the architectural and engineering professions and that proof of professional liability and errors and omission insurance coverage is obtained before entering into the contract.

CGS has the required expertise to assist contract authorities in complying with this requirement and with conducting the competitive procurement process (including requesting proposals using a Standardized Request for Proposals and Architectural/Engineering Services Contract template). Competitive procurement processes are mandatory for architectural or engineering services contracts over \$25,000.

Architectural and engineering services are normally required and acquired in the planning of construction or renovation projects. CGS sets standards and has Contract Authority for construction on behalf of the Government.

Contract authorities should consult with CGS prior to procuring these services to ensure that their procurement and contracting is coordinated with the procurement and contracting for the rest of the construction or renovation project and is in compliance with the Regulations and other applicable legislation, standards, codes and requirements.

The procurement of architectural and engineering services must be publicly advertised if the value of the contract will exceed \$25,000.

This section does not apply to public agencies. However, public agencies are encouraged to consult with CGS with respect to these types of contracts.

3.10.2. Goods, Transportation, Construction, Real Property, Leases, Communications and Office Equipment

Contracts for the following values must be entered into and administered by CGS:

- goods with a value exceeding \$5,000;
- transportation services (excluding air ambulance and scheduled medical travel) with a value exceeding \$5,000;
- computer services with a value exceeding \$5,000;
- communication services with a value exceeding \$5,000;
- real property including leases; and
- construction, with the exception of a construction contract in respect of a transportation facility.

In order to maintain uniform standards of compatibility, interoperability and network connectivity of office and communications equipment, departmental contract authorities are required to procure computers, phones, fax machines, photocopiers, computer services and communications services through CGS.

This section does not apply to public agencies.

3.10.3. Construction in Respect of a Transportation Facility

The Minister or Deputy Minister of the department responsible for transportation or a Contract Authority within that department who has been delegated that authority is authorized to enter into construction contracts in respect of a transportation facility.

Notwithstanding the foregoing, all construction contracts entered into under this provision shall comply with the requirements of the NNI Regulations and with applicable standards set by CGS pursuant to 3.8 above.

3.10.4. Employment Contracts

For direction on distinguishing between employment and personal services contracts, refer to FAM Directive 808-5 Government Contracts – Personal Service Contracts.

3.10.5. Insurance

An insurance contract must be entered into only with the approval of the Minister or the Deputy Minister of Finance.

3.10.6. Legal Services

A legal services contract must be entered into only with the approval of the Executive Council or the Minister of the Department of Justice, except that the Director of Child and Family Services, may enter into a legal services contract for the benefit of a child or youth in the care or custody of the Director.

APPENDIX A

MINIMUM REQUIREMENTS FOR GOVERNMENT CONTRACTS

Naming the Government, Public Agencies, and the Legislative Assembly

The contract must contain the proper legal names for all parties. For all contracts except leases of Commissioner's Lands, the following is to be used for the Government:

The Government of Nunavut as represented by the Minister of [contracting department].

For leases of Commissioner's Lands, the lease shall be made in the name of the Commissioner of Nunavut as represented by the Minister of Community and Government Services.

For leases of Commissioner's Airport Lands, the lease shall be made in the name of the Commissioner of Nunavut as represented by the Minister of Economic Development and Transportation.

Public agencies may contract in their own names and should not name the Government or a responsible Minister.

The Legislative Assembly may contract in its own name and is properly named as the Legislative Assembly of Nunavut as represented by the Speaker.

There is no Crown in right of Nunavut. The Government should not be named as "Her Majesty the Queen in right of Nunavut" and the Government should not be referred to as "the Crown".

Expenditure and Commitment Controls

Before a contract is entered into on behalf of the Government, an expenditure officer and an accounting officer shall provide separate approvals pursuant to s.44(1) of the *FAA*.

Where a tender or proposal exceeds the amount estimated and approved for the expenditure, prior to awarding the contract, an expenditure officer and an accounting officer shall provide separate certifications to approve the additional funding required to award. For greater clarity, the following shall apply:

If one or both of the following criteria apply, additional authority is required to award:

- if the overage is over \$1,000 – obtain approval from the department
- if the overage is over 10% – obtain approval from the department
- if the overage is over 10%, but under \$1,000 – obtain approval from the department
- where the lowest acceptable bid amount does not exceed the approved amount by more than 10% or \$1,000, whichever is lower, – proceed with award
- if the overage is under 10%, and less than \$1,000 – proceed with award

Multi-year Contracts

Multi-year contracts must clearly state the requirement for an expenditure in a subsequent fiscal year as required by s.44(2) of the *FAA*.

Departments shall maintain adequate records for multi-year contracts to record related outstanding commitments at the end of a fiscal year.

Statutory Condition in Contracts

Government contracts must contain the following clause, which directly quotes s.46 of the *FAA*:

In compliance with s.46 of *FAA*, it is a statutory condition of this contract that “an expenditure pursuant to the contract will be incurred only if there is a sufficient uncommitted balance in the appropriated item for the fiscal year in which the expenditure is required under the contract”.

Object of Contract

Government contracts must clearly identify the objectives of the contract and the contractor's obligations.

Contracts must also stipulate a deadline for the completion, performance or delivery of the stated objectives.

Validity of Contract

When entering into a contract with anyone other than an individual, a Contract Authority should ensure that:

- a) the contractor is a legal and properly registered entity, such as a sole proprietorship, partnership, or corporation (a contract is not legally valid if the contractor is not a legal entity);

- i) in order to legally do business in Nunavut, the contractor must be registered, or register, with the Department of Justice Legal Registries division;
- b) if the contract is with a not-for-profit organization, the organization's charter permits the contract;
- c) when contracting with a corporation the signing officer(s) of the contractor corporation sign the contract above their name(s) and title(s). The signature(s) must be dated and witnessed;
 - i) where appropriate (i.e., for very large and important contracts), a letter may be obtained from the corporation's lawyer stating that the person signing for the corporation is authorized to do so by the corporation's board of directors; and
 - ii) if an agent is signing the contract for the contractor, proof of the agent's authority is obtained and the agent is properly identified on the contract.
- d) If the contract is with a joint venture, or where there is more than one contractor, the contract must state that all of the obligations in the contract will be joint and several on all of the parties to the joint venture.
- e) If the contract is with a special purpose vehicle, which is a legal entity established solely for the purposes of carrying out the contract, the contracting authority must seek legal advice to determine if a parental guarantee from the principals of the special purpose vehicle is required.

Contract Price

The contract price must be clearly identified and part of the contract and be fixed, or else determined by a fixed formula.

Change Orders

Where it is appropriate under special circumstances to change a contract price within the duration of a contract, prepare a written change order clearly indicating the reasons the changes are necessary. The change order must not fundamentally increase or alter the scope of the contract.

The value of the change order must not exceed the spending limit of the financial signing authority of the responsible financial officer. The responsible financial officer may sign individual contract change orders to a cumulative total not exceeding 15% of the original contract value. Every change order thereafter shall be approved by the Deputy Minister responsible for the contract budget.

In considering whether the proposed change order represents a fundamental increase or alteration in the original scope of the contract, the contracting authority may consult with the Contracts Support offices of CGS.

Contracts Requiring Accommodation for Workers

Where the nature of a contract necessitates that accommodation for workers be provided by the contractor, contractors will accommodate workers in commercial room and board in the community where the work is to be done whenever such accommodation is available.

Assignment of Debt and Progress Payments

Subject to s.69(3) and (4) of the FAA, the Assignment of Government Debt Regulations and FAM Directive 873 Assignments, the Comptroller General may approve in writing the assignment to third parties of debt owed under contract by the Government to the contractor.

Payment Terms in Contracts

All payment terms and related exceptions in contracts must follow FAM Directive 803-3 Account Verification – Timing of Payments.

Advance Payments upon Signing Contracts

Subject to FAM Directive 817 Accountable Advances, a Contract Authority shall not advance a payment for services not yet rendered by a contractor without the authorization of the Comptroller General.

Progress Payments in Contracts

A contract may include progress payments to the contractor in accordance with FAM Directive 803 - Verification and Approval of Expenditures and Disbursements.

Contracts with Embedded Derivative Financial Instruments

In situations where the terms and conditions proposed may represent an embedded derivative financial instrument, the Office of the Comptroller General must be consulted for advice and an accounting assessment prior to signing.

Service Contracts

Where applicable, service contract conditions must require that:

- a) confidential information and records in the possession of the contractor be returned to the Government or securely destroyed immediately upon substantial completion of the contract;
- b) the contractor use confidential information only for the purpose of the contract unless written permission for another use is given in advance by the Deputy Minister of the contracting department with appropriate consultation and in compliance with the *Access to Information and Protection of Privacy Act (ATIPP)*; see Appendix D for privacy and data security requirements.
- c) the contract contains appropriate provisions respecting privacy and data security including a prohibition on storing or processing the Government's data outside of Canada without the express written approval from the Government;
- d) the contractor adhere to specific copyright and intellectual property requirements; and
- e) the contractor adhere to and comply with the laws of Nunavut and the laws of Canada as they apply in Nunavut.

Personal service contracts are made with self-employed individuals (also known as "sole proprietors"). If a proposed service contract is with a person or a person operating under a proprietorship name, FAM Directive 808-5 Government Contracts – Personal Service Contracts and applicable provisions of the HRM directives must be reviewed to ensure that the proposed contract is not an employment contract. Personal service contracts cannot be made with corporations, including with professionals such as doctors and lawyers who self-incorporate as professional corporations.

Service contracts must contain the written condition that the Government is not responsible or liable for collecting or remitting source deductions (such as income tax, payroll tax, CPP, EI) and Workers' Safety and Compensation Commission premiums relating to payments made to the contractor.

APPENDIX B

LEGAL REVIEW OF CONTRACTS

Certain government contracts must be reviewed and approved by the Legal and Constitutional Law division of the Department of Justice and/or, in the case of a public agency, its legal counsel.

Review:

The purposes of contract review are:

- To ensure that the terms and conditions of the contract do not contravene legislation, directives, and policies;
- To ensure that the contract reflects the stated objectives in the tender or RFP;
- To assess any legal risks associated with the contract;
- To ensure that any non-standard aspects of the contract do not conflict with the Government's standard contract provisions;
- To ensure adequate protections are in place to protect the Government's copyright, intellectual property, and privacy and data security; and
- Where the contract is exempt from the NNI Regulations, to ensure compliance with Article 24 of the Nunavut Agreement and the CFTA, CETA, and the CTPP.

The legal review will not assess:

- Whether the proposed contract represents good value for money for the Government; or
- The accuracy of the financial information provided by the contracting department.

The originating department, in its request for the review, shall identify all non-standard aspects of the contract, list specific concerns and indicate the date by which the contract review should be completed.

Reasonable time should be given for the review; this will depend on the size and complexity of the contract. Departments should allow at least 7 to 14 days for legal review. Complex and high-risk contracts should be provided to the Legal and Constitutional Law division of the Department of Justice as soon as possible, as reviews of these types of contracts can take considerable time to complete.

An originating department shall determine and submit the following information for review with the proposed contract:

- a) **Contract Documents**
The department must submit the contract (including all schedules and appendices) and the procurement documents (including all addenda), and any requested amendments from the contractor at the same time as the request for review.
- b) **Capacity of Contractor**
The proof that the contractor is a legal entity capable of contracting.
- c) **Object of Contract**
The evidence that the purpose of the contract and the obligations of both parties are clearly set out.
- d) **Authority to Contract**
The name and position of the person proposed to sign for the Government and evidence that the person is a Contract Authority pursuant to the Government Contract Regulations.
- e) **Authority of Expenditure Officer and Accounting Officer**
The names and positions of these persons and evidence that they are authorized to provide the certifications required by s.44 and 49 of the *FAA*.
- f) **Compliance with Requirements for Contracting**
The evidence that required tendering or proposal procedures have been employed pursuant to the Government Contract Regulations, the GN Contracting Procedures Manual and applicable FAM directives.
- g) **Grammatical and Typographical Correctness**
The evidence that the proposed contract has been reviewed and edited for grammatical and typographical correctness.

Standardized Contracts

Standardized contract templates are types of recurring contract forms and templates developed by the Procurement section of CGS in consultation with and approved by the Legal and Constitutional Law division of the Department of Justice and are used for recurring purposes to facilitate the delivery of government programs.

These standardized contracting templates may be updated from time to time. Each contract's terms and conditions:

- a) remain unchanged except for the parties, price, description of property and matters of a like nature; or
- b) contain approved contract clauses, terms and conditions.

When modifying approved clauses, terms and conditions in any approved template, it is important to confirm the modifications do not inadvertently open the Government to legal risk and liability. These modifications must be consulted with the Procurement section of CGS to coordinate assistance from the Legal and Constitutional Law division of the Department of Justice and if appropriate from the Office of the Comptroller General or Risk Management section of the Department of Finance.

Information and descriptions of standardized contract forms and templates can be found in the GN Contracting Procedures Manual.

Non-Standardized Contracts

A non-standardized contract is a contract that requires drafting to suit the unique purpose of the activity being procured and for which the Government does not have a pre-existing template. This includes the use of the contractor's standard contracting terms such as conditions for the purchase and sale of goods.

In the case of a non-standardized contract, the advice and assistance of the Legal and Constitutional Law division of the Department of Justice, must be obtained to establish the terms and conditions governing performance of the activity being procured.

APPENDIX C

INDEMNIFICATION AND INSURANCE REQUIREMENTS

Indemnification

All contracts shall contain the following clause relating to indemnification. This clause may be modified or removed only with the approval of the Risk Management section of the Department of Finance, and legal counsel from the Department of Justice.

“The Contractor will indemnify and save harmless the Government of Nunavut, its employees and agents from and against all claims, demands, losses, damages, causes of action, costs and expenses made against or incurred, suffered or sustained by the Government of Nunavut at any time either before or after the expiration or termination of this agreement, where the same or any of them are based upon, arise out of or occur, directly or indirectly, by reason of any act or omission of the Contractor or of any agent, employee, officer, director or subcontractor of the Contractor pursuant to this agreement, excepting always liability arising out of the independent negligent acts of the Government of Nunavut.”

Insurance Requirements

All contracts shall contain the following clauses where indicated, except with the approval of the Risk Management section of the Department of Finance, in consultation with the Department of Justice. These clauses may be modified only with the approval of the Deputy Minister of Finance through consultation with the Risk Management section of the Department of Finance, and in the case of high-risk proposals, Legal Counsel from the Department of Justice.

Note: In some circumstances, this may not be enough coverage; consider the risks and consult with the Risk Management section in the Department of Finance prior to initiating the procurement process.

Public agencies must replace all references to the Government with the name of the public agency.

1. The Contractor shall without limiting his obligations or liabilities hereto, obtain, maintain and pay for during the period of this Agreement, the following insurance:

- a) Workers' Safety and Compensation Commission (WSCC) coverage. The Nunavut *Workers' Compensation Act* requires that all persons working in Nunavut for more than 10 days in a calendar year be covered under the Nunavut WSCC program, even if the employer is not a Nunavut-based company. If the contractor is assessed any extra levies or assessment as a result of an injury or death to an employee (worker) of the contractor or subcontractor, or due to unsafe working conditions, these extra amounts will not be reimbursed by the Government.
- b) Commercial General Liability insurance with limits of not less than five million dollars (\$5,000,000) inclusive per occurrence for bodily injury, death and damage to or loss of use of property. Such insurance shall include but shall not be limited to the following terms and conditions:
- Products and Completed Operations; *[this may be deleted if the contract does not involve construction, survey or demolition]*
 - Owners & Contractors Protective; *[this may be deleted if the contract does not involve construction, survey or demolition]*
 - Contractual Liability;
 - Broad Form Property Damage;
 - Personal Injury;
 - Cross Liability and Severability of Interest;
 - Medical Payments;
 - Non-Owned Automobile Liability including contractual liability;
 - Underground Property Damage in respect to any work involving ground disturbance; *[this may be deleted if the contract does not involve construction, survey or demolition]*
 - Contingent Employers Liability;
 - Employees as Additional Insureds.
 - Privacy and Data Breach coverage with limits that the Contractor considers appropriate in terms of type, coverage, and limit, taking into account the nature, extent, and scope of the personal and commercially confidential information collected, used, or disclosed in the performance of the Services; *[this may be deleted if the contract does not involve personal information or commercially confidential information, or if all of the relevant information will not leave the Government's custody or control; consult with Legal and Risk Management if unsure]*

- c) Professional Liability Insurance with limits of not less than two million dollars (\$2,000,000) per claim, to cover claims arising out of the rendering of or failure to render any professional service under the Agreement. *[Note: This kind of insurance applies to certain kinds of professionals such as accountants, engineers, lawyers, and architects, and covers 'errors and omissions']*.
 - d) All motor vehicles, watercraft or snowcraft used by the Contractor in the performance of the agreement, regardless of ownership, shall be insured by Standard Liability Insurance in an amount not less than two million dollars (\$2,000,000) per occurrence for bodily injury, death and damage to property.
 - e) The Contractor should ensure that all individuals (including the Contractor if an individual, and including all employees, officers and subcontractors) who are physically present in Nunavut and engaged in the performance of this contract, have appropriate insurance to cover the full cost of ambulance and medical evacuation. Nunavut Inuit enrolled under the Nunavut Agreement are automatically covered through the Non-Insured Health Benefits Program. Individuals may have extended medical benefits through a group program, including a group program to which their spouse belongs. Private coverage is available. Individuals present for a short time in Nunavut may buy the necessary coverage with their airfare. In the event this coverage is not in place for an individual who requires an ambulance or must be medically evacuated from Nunavut while in the performance of any obligations under this contract, the Contractor will be solely responsible and indemnify the Government for the full cost of the medical evacuation.
 - f) Any other insurance that the Contractor, acting as diligent prudent and competent contractor considers appropriate in terms of type, coverage and limit, taking into account the nature, extent, scope and location of the Services undertaken in this Agreement.
2. All insurance policies shall include a provision whereby the insurers agree to provide not less than thirty (30) days written notice to the Government prior to any insurance policies being materially altered, cancelled, or terminated by the insurers.
 3. The Contractor must have an account in good standing with its respective Workers' Compensation authority and provide evidence of same to the Government upon request from time to time.

4. The Contractor shall be responsible for any deductibles, exclusions and/or insufficiencies of coverage relating to such policies. The Contractor's liability is not capped to the amount of and scope of coverage required under the agreement.
5. The Contractor shall deposit with the Government prior to commencing the work, certificate(s) of insurance evidencing the insurance required by this Agreement in a form satisfactory to the Government and with insurance companies satisfactory to the Government, and shall provide evidence of continuing coverage on request.
6. The insurance policies shall name the Government, its directors, officers, employees, agents and contractors as Additional Insureds, only with respect to the terms of this Agreement (except on Workers' Compensation, motor vehicles insurance and Professional Liability insurance), with a cross liability and severability of interests clauses. Such insurance shall be primary without right of contribution from other insurances available to the Government, and shall extend to cover the employees of the insureds hereunder.

The following additional insurance coverage provisions apply for specific types of contracts:

Buses and contracts for bus services:

For buses, including but not limited to school buses, limits of not less than ten million dollars (\$10,000,000) per occurrence.

School buses or contracts for school bus services:

The Contractor will maintain in effect during the term of this Agreement SEF 6B - School Bus Endorsement.

Charter Aircraft:

The Contractor accepts the risk of loss to the Aircraft.

The Contractor will maintain in effect during the term of this agreement the following:

- a) Aircraft Public Liability Insurance, including third party bodily injury, death and property damage or loss, with limits of no less than ten million (\$10,000,000) dollars per occurrence and, in addition, Passenger legal liability coverage with limits of no less than one million (\$1,000,000) dollars per passenger seat including crew seats installed on the aircraft.

- b) Workers' Compensation coverage as required by statute and Contingent Employers' Liability coverage with a limit of no less than five million (\$5,000,000) dollars per occurrence. For Contractor's employees not covered by Workers' Compensation, Employers' Liability Insurance coverage shall be obtained with limits of no less than two million (\$2,000,000) dollars per occurrence.
- c) Airport Premises Liability Insurance including Contractual Liability covering bodily injury, death and property damage or loss with a combined single limit of no less than five million (\$5,000,000) dollars per occurrence.
- d) All Risks Hull Insurance covering the aircraft (including all flight and ground risks and ingestion and each engine coverage) with limits of no less than its full replacement value.
- e) Passenger Baggage Liability Insurance with limits of no less than their full replacement value.
- f) Property Insurance covering equipment, cargo and freight transported by the Contractor with limits of no less than full replacement value.
- g) If the flight originates or terminates outside Nunavut: War Risks and Allied Perils Insurance covering war, invasion, acts of foreign enemies, hostilities, rebellion, revolution, martial law, military power, strikes, riots, civil commotions, malicious act of sabotage, confiscation, nationalization, seizure, detention, restraint, hijacking or unlawful seizure, with limits of no less than \$50,000,000 or the limits of liability herein; whichever is lesser.

Scheduled Passenger Travel on Air Carriers:

Replace paragraph (a) above with the following:

Aircraft Public Liability Insurance, including third party bodily injury, death and property damage or loss:

- a) For all routes serviced with turboprop aircraft, with limits of no less than ten million (\$10,000,000) dollars per occurrence;
- b) For all routes serviced with jet aircraft, with limits of no less than three hundred million (\$300,000,000) dollars per occurrence; and
- c) In addition, Passenger legal liability coverage with limits of no less than two million (\$2,000,000) dollars per passenger seat including crew seats installed on the aircraft.

Construction where the Cost of Materials Exceeds \$100,000:

The Contractor will maintain in effect during the term of this Agreement Course of Construction Insurance with limits no less than the value of the contract.

Construction Involving Extensive Renovations to an Existing Facility:

The Contractor will maintain in effect during the term of this Agreement Course of Construction with limits no less than the value of the renovated building upon completion.

Construction, and Contracts for Operations where Pollution is a Risk:

Contractor's Pollution Liability insurance with limits of not less than ten million dollars (\$10,000,000) per occurrence to cover claims that the Contractor may have to pay as a result of any claims caused by pollution (including for any clean-up costs). This policy must cover damages sustained by the Owner and any third parties. This policy must also cover claims arising out of the rendering, or failure to render, any professional services under this Contract (in relation with pollution claims).

This policy shall provide third party coverages for pollution damages caused by the Contractor performing insured services at a third-party site. The Owner is to be added as an additional insured without its ability to claim against the policy being affected.

Marine Transportation, Including Sealift and Bulk Fuel Resupply:

Protection and Indemnity or Marine Liability Insurance, including Cargo Legal Liability, shall be provided for by the Proponent for all Vessels used in connection with this Agreement. For ocean going vessels, Owners P&I terms must be on full standard conditions with a member of the International Group of P&I Clubs. The cover shall include liability for collision and damage to fixed and floating objects and shall include, but not be limited to, crew liability in accordance with the P&I Club Rules and the compulsory requirements of the Maritime Labour Convention as amended; third party bodily injury; wreckage and debris removal; and property damage liability, towers liability, and contractual liability (as applicable). The cover shall include liability for collision and damage to fixed and floating objects to the extent not covered by the Hull and Machinery cover arranged by vessel owners.

If not covered under the terms of the policy or applicable P&I Club rules, insurance for cargo legal liability during the entire period that cargo carried under this Agreement is under the responsibility of the Contractor and the Carrier.

Marine Physical Damage Insurance: All Risk marine physical damage and Hull and Machinery insurance shall be provided with a limit equal to the replacement value of the Vessel and Owner's items used in connection with the services; or in transit thereto or therefrom. Coverage shall include, but not be limited to, collision liability and navigation limits applicable to this Agreement. Insurers waive their rights of subrogation against the Government.

Property Insurance ("All Risks" Course of Construction)

Property or course of construction insurance is physical damage insurance for the project while it is under construction. This insurance protects against most risks of physical loss of or damage to the materials and work in progress.

The contractor is responsible for obtaining and maintaining this form of insurance to protect all those who directly participate in the construction project, including the Government.

Course of construction insurance coverage is the responsibility of the contractor for hamlet or settlement buildings when the Government owns the materials during the management of construction and where full authority or block funding is provided to the hamlet and the municipality undertakes the project on their own behalf.

Medical Insurance

This insurance is required to ensure that all individuals (including the Contractor if an individual, and including all employees, officers and subcontractors) who are physically present in Nunavut during the term of contract have extended medical benefits that cover the full cost of ambulance and medical evacuation. Beneficiaries under the Nunavut Land Claim Agreement are automatically covered. Individuals may have extended medical benefits through a group program, including a group program to which their spouse belongs. Individuals present for a short time in Nunavut may buy the necessary coverage with their airfare. In the event this coverage is not in place for an individual who must be medically evacuated while in Nunavut, the Consultant will indemnify the Government for the cost of the medical evacuation.

Deductibles

The contractor is responsible for deductibles, exclusions and/or insufficiencies of coverage related to any policy they carry.

APPENDIX D

PRIVACY AND DATA SECURITY REQUIREMENTS

1. Any information obtained from, or concerning any department of the Government, or clients of any department of the Government, by the Contractor, its agents or employees in the performance of the Service Request, or of any other contract, shall be confidential.
2. The Parties acknowledge the *Access to Information and Protection of Privacy Act* (Nunavut) and the *Personal Information Protection and Electronic Documents Act (Canada)* and acknowledge that the Consultant and its employees and sub-contractors are included in the definition of “employees” under the *Access to Information and Protection of Privacy Act* (Nunavut) and so bound by that Act while performing services under this Agreement.
3. The Contractor agrees to protect confidential information in its custody or control by making reasonable security arrangements against such risks as unauthorized access, collection, use, disclosure, retention or disposal.
4. The Contractor shall take such steps as are necessary to ensure that any such information is not disclosed to any other person, and shall maintain confidential and secure all material and information that is the property of the Government and in the possession or under the control of the Contractor.
5. The Contractor will report any suspected or confirmed privacy breach, as defined in *section 49.8* of the *Access to Information and Protection of Privacy Act* (Nunavut), to the Government as soon as the breach becomes known, and will comply with the Government’s breach investigation, or any investigation initiated by the Information and Privacy Commissioner of Nunavut.
6. Except as required by this Agreement, the Contractor agrees to securely destroy any copies, either in paper or electronic format, upon completion or early termination of this Agreement, and will provide the Government with proof of secure destruction in the form of a certificate of secure destruction or a statutory declaration.
7. The Contractor shall not store confidential information on unprotected mobile computing devices such as, but not limited to, memory sticks, notebook computers, smart phones, tablet computers, and personal digital assistants. Where personal information must be stored on such devices, the Contractor will store only a minimal amount of information for the minimal amount of time necessary to complete the work. Where personal information is stored on mobile computing devices or other vulnerable devices, the Contractor shall use both strong password protection and strong encryption.



8. The Contractor will ensure that data containing confidential information shall not be processed or stored outside of Canada without the express written approval of the Government.
9. This section survives the completion or early termination of this Agreement.

APPENDIX E

DEFINITIONS

Architectural or Engineering Services

Architectural or engineering services required in the planning, design, preparation or supervision of the construction of a work or structure.

Bid

A written offer to provide goods, services, real property or construction submitted in response to an RFT or RFP.

Bidder

A person or legal entity who submits a bid.

Construction

Work to build, supply, repair, renovate, restore, refurbish, maintain or demolish a structure and the hiring of labour, materials and equipment necessary for that work.

Contract Authority

- 1) with respect to a contract to which the Government Contract Regulations apply, Contract Authority has the same meaning as in those regulations:
 - (a) the Minister of the contracting department,
 - (b) the Deputy Minister of the contracting department, or
 - (c) a public officer who is authorized to enter into contracts under section 4 of Government Contract Regulations.
- 2) with respect to any other contract to which the NNI Regulations apply, Contract Authority means a person authorized to enter into the contract for the purchaser.

Note: the “Contract” box on the Contract Authority’s Specimen Signature Record (SSR) should specify a maximum monetary limit, above which the Contract Authority cannot initiate or enter into a contract.

Contracts with Embedded Financial Instruments

Contracts that include terms and conditions for the purchase or lease of goods or services that may add to or otherwise change the government’s costs or required payments based on the future change in, or value of, a defined index.

Emergency Contracts

Any contracts that are sole sourced (awarded without promoting competitive bids or proposals) under the provisions of s.8 (a) of the Regulations: “where the Contract Authority reasonably believes that the goods, services, real property or construction at issue in the contract are urgently required and delay would be injurious to the public interest”.

Employee

For the purposes of FAM Directives 808 Government Contracts series, an employee is either:

- a) A person employed in the public service of Nunavut subject to the *Public Service Act*; or
- b) A person employed to do skilled or unskilled manual, clerical, technical, operational or administrative work for the Government or a public agency.

Employer

For the purpose of FAM Directives 808 Government Contracts series, the employer is the Government or a public agency subject to the *Public Service Act* and Public Service Regulations.

Employment Contract

An employment contract exists where there is an employer/employee relationship between the employer and the worker performing the contract work. Only the Minister of Human Resources and individuals with delegated authority from the Minister may bind the Government to employment contracts. FAM Directive 808-5 Government Contracts – Personal Service Contracts provides direction on distinguishing between employment and personal service contracts.

Financial Instruments

Any contracts that give rise to financial assets of one entity and financial liabilities or equity instruments of another entity.

GN Contracting Procedures Manual

The operations manual providing procedural guidance to public officers in entering into contracts on behalf of the Government. This manual is maintained and updated from time to time by the Department of Community and Government Services (CGS).

Throughout this 808 series of Government Contracts directives, reference is made to the GN Contracting Procedures Manual as a source of procedural authority, information, reference and guidance with respect to government contracts. Except as set out in the *NNI Implementation Act*, the *FAA* and the Regulations prevail as higher authority if there is any conflict with FAM directives or the GN Contracting Procedures Manual.

Goods

Assets, equipment or materials whether in existence or not at the time of the contract, and intangible assets, such as intellectual property, leases and licenses, that include:

- office equipment and supplies including but not limited to furniture and fixtures, photocopiers and fax machines;
- computers, computer peripherals and accessories
- vehicles, mobile equipment and rentals; and
- promotional and printed materials.

Government Contract Regulations (Regulations)

The regulations enacted by the Commissioner on the recommendation of the Financial Management Board pursuant to s.107 of the *FAA* respecting procurement and contracting.

High Risk Proposal

A proposed contract with any of the following characteristics:

- When, due to the nature of the goods or services, the consequences of an error or failure during contract performance could reasonably be expected to expose the Government, the contractor, or any affected third party to harm, including but not limited to bodily harm, damage to reputation, financial loss, damage to or loss of property, and breach of privacy or data security would be catastrophic;
- Where the procurement is exempt from the application of the NNI Regulations or Article 24 of the Nunavut Agreement;
- When the proposal resulting from RFP is in fact more than one proposal, containing more than one option;
- When the proponent is seeking positive obligations for the Government in the contract which were not contemplated in the RFP;
- When the proposal cost or required payments are based on the future change in value of a defined index or other measure or may contain an embedded financial instrument;
- When the proposed “creative solution” resulting from the RFP really is creative (i.e., when it is not familiar to the Contract Authority and it is unclear how it would work);
- Different copyright terms than those specified in the RFP;
- Where the RFP or contract requires complex privacy and data security provisions;
- Where the RFP or contract requires additional provisions respecting conflicts of interest, non-disclosure agreements, and improper or illegal conduct;
- Where the RFP or contract contains provisions respecting prohibited corporate structures, mandatory licensing requirements, and any other additional corporate due diligence measures;
- Different insurance terms than those specified in the RFP;
- When the proposal requires the Government to indemnify the proponent;

- When it is a proposal for one of two or more inter-related contracts (e.g., preparing the specifications of the terms of reference for a future contract); or
- Where it is a proposal for any of the following services: air ambulance (medevac), bulk petroleum resupply and delivery, marine transportation (sealift), scheduled medical and duty travel, public-private partnerships, retail alcohol and cannabis, construction of secure facilities (e.g., correctional centres), service contracts for group homes, residential care and long-term care, and service contracts for the delivery of primary health care services.

Legal Services Contract

A legal services contract is:

- any contract for the provision of any services defined as the practice of law in the *Legal Profession Act* that may only be provided by members of the Law Society of Nunavut or another applicable provincial or territorial legal regulator;
- contracts for the services of expert witnesses or factual witnesses used in court or legal proceedings; and
- any other service contract with a lawyer, Canadian legal advisor, law firm, or legal professional corporation.

Local Contract Authority

Local Contract Authority (LCA) has powers and duties of a Contract Authority to enter into a contract for the local procurement of goods and services not exceeding \$5,000 (excluding GST).

Master Supply Service Agreement (MSSA)

A Master Supply Service Agreement can be for services, goods or a combination of goods and services. Its use is restricted to the specific established categories of services that are difficult to staff by full-time government employees and/or to assist the Government with long-term capacity issues. New MSSA categories that meet the criteria may only be established with the approval of the Central Accountability Committee (CAC).

Multi-year Contract

Any contract that requires an expenditure in more than one fiscal year.

Nunavummi Nangminiqaqtunik Ikajuuti Regulations (NNI Regulations)

The set of rules for preferential treatment in public procurement of Inuit firms, Nunavut businesses and contractors employing Inuit, local or Nunavut labour that applies to all procurement processes issued on or after April 1, 2017, and to all contracts resulting from those procurement processes.

Personal Service Contract

An agreement between the Government or a public agency and an individual to perform a specific task (e.g., writing a report), or to fill an unplanned and temporary capacity gap by performing functions which would normally be filled by an employee. Personal service contracts are made with self-employed individuals (also known as “sole proprietors”).

Personal service contracts cannot be made with corporations, including with professionals such as doctors and lawyers who self-incorporate as professional corporations.

Procurement

Procurement includes supply source research and the formation of contracts with external sources for the acquisition, supply and delivery of goods, services, and real property. Procurement does not include the acquisition of goods and services procured with for the purposes of commercial sale or resale, or for use in the production or supply of a good or service for commercial sale or resale.

Procurement Officer Signing Authority

CGS procurement officers, designated positions and agencies shall have the authority to sign purchase order contracts on behalf of client departments where a properly completed requisition has been authorized by the appropriate expenditure and accounting authorities.

Proponent

A person who submits a proposal in response to an RFP.

Proposal

A written offer to provide goods, services, real property or construction submitted to a Contract Authority in response to an RFP.

Request for Proposals (RFP)

The solicitation of a proposal by public advertisement or private invitation.

Request for Tenders (RFT)

An offer in respect of a proposed contract by public advertisement or private invitation.

Responsible

In relation to a bidder, responsible means the capability in all material respects to fully perform the contract requirements and the integrity and reliability to assure performance of the contract obligations.

Responsive

In relation to a bid or proposal, responsive means compliance in all material respects to the RFT or the RFP.

Services

Services other than the provision of goods and construction that include:

- architectural, engineering, legal and other professional services;
- consulting services;
- insurance, security, and investigation services;
- repair, maintenance and custodial services;
- communication services;
- computer services (including informatics);
- rental or lease of real property; and
- transportation services (including air charters, medevacs and scheduled medical travel, ground transportation and marine transportation).

Services do not include lease-to-purchase agreements. Such agreements are contracts for the purchase of goods.

Service Contract

A service contract exists if the person performing the work of the contract performs it independent of the Contract Authority and is not an employee of the Government or a public agency for the purposes of the contract. This includes independent contractors performing services pursuant to an agreement with a Government contractor (sometimes referred to as “Contractor’s Resources”).

Standardized and Non-standardized Contracts

A standardized contract is a contract that uses a standard template that has been developed by CGS and that has been reviewed and approved by the Department of Justice.

Standardized contracts remain unchanged except for the parties, price, description of property and matters of a like nature; and contain approved contract clauses, terms and conditions.

A non-standardized contract is any contract that is not based on an approved standard template, or that contains any changes to a standardized template that are not permitted.

See Appendix A for minimum requirements for government contracts.

Standing Agreement (SA)

A Standing Agreement is not a binding contract and no obligation exists on the Government to order any of the goods or services. However, the Government does have the obligation not to amend the conditions specified for governing the standing offer, or the terms and conditions specified for individual contracts. The supplier has the obligation to provide, upon the Government's demand, the specified goods or services under the specified conditions at the agreed prices or discount structure during the set period. This obligation is satisfied upon receipt and fulfillment of a call-up or individual contract award from the Government.

Standing Offer Agreement (SOA) or Standing Supply Arrangement (SSA)

SOAs and SSAs are price agreements between the Government and a supplier, wherein the supplier agrees to provide, on demand, specified goods or services under specified conditions during a set period at a defined price or discount structure.

An SOA is used for services and an SSA is used for goods. An SOA/SSA cannot be in place for more than three (3) years due to the Canadian Free Trade Agreement (CFTA).



Issue Date: March 1995	Amended Date: March 24, 2022	Responsible Agency: Office of the Comptroller General / Department of Community and Government Services	Directive No: 808-1
Chapter: Control of Expenditures			
Directive Title: GOVERNMENT CONTRACTS – TENDERS AND PROPOSALS			

1. POLICY

The Government's procurement and contracting processes for the purchase of goods and services are based on the principles of transparency and fair competition to ensure the best value is obtained for resources expended. Government contracts must comply with the Government Contract Regulations and the Nunavummi Nangminiaqtunik Ikajutti Regulations (NNI Regulations).

Competitive Request for Tenders (RFT) and Request for Proposals (RFP) processes are the primary tools for the achievement of these objectives.

3. DIRECTIVE

This directive explains the minimum requirements of the Government Contract Regulations with respect to requesting tenders and proposals and awarding government contracts. Detailed procedures and guidelines are provided in the GN Contracting Procedures Manual and Procurement Procedures.

All contracts for goods, services, or construction in excess of \$5,000 or for architectural or engineering services in excess of \$25,000 must be entered into as a result of a competitive RFT or RFP process, unless specifically exempted under the Government Contract Regulations. No person other than a Contract Authority may enter into a contract on behalf of the Government.

Except as permitted in the Government Contract Regulations or the NNI Regulations, a contract must be awarded through a competitive RFT or RFP process. All contract amounts are excluding GST.

The NNI Regulations apply to the design, award and interpretation of any contract to which the Government or any of its public agencies listed in *Schedule B* of the *Financial Administration Act* is a party. The NNI Regulations do not apply to contracts for insurance, contracts of employment, sole-source contracts as defined in the Government Contract Regulations, and contracts with another government or government agency. The NNI Regulations apply if the Government directly provides more than 51% of the total contract funds or 51% of the operating funds of one of the parties to the contract.

The definitions of terms used in Financial Administration Manual (FAM) Directives 808 Government Contracts series can be found in Appendix E of FAM Directive 808 Government Contracts – General.

This directive applies to all government departments and public agencies.

4. PROVISIONS

4.1. Responsibility

- 4.1.1. The Department of Community and Government Services (CGS) is primarily responsible for the GN Contracting Procedures Manual, and as such, is the department of expertise for the RFT and RFP processes described in Parts II and III of the Government Contract Regulations, and on the application of the NNI Regulations.
- 4.1.2. All government contract authorities are subject to the Government Contract Regulations and NNI Regulations when entering into contracts on behalf of the Government. The GN Contracting Procedures Manual and Procurement Procedures provide detailed guidance, procedures and other information that will assist all contract authorities with competitive procurement processes and in complying with their obligations under the Government Contract Regulations and the NNI Regulations.
- 4.1.3. CGS may administer a competitive RFT/RFP process on behalf of any other department, public agency or the Legislative Assembly. However, once a contract is awarded, it is the responsibility of the client to manage and administer the contract.
- 4.1.4. CGS may advertise a competitive RFT/RFP process on behalf of any other department, public agency, the Legislative Assembly, or a municipal corporation on its public tender website or in any other media where public advertising is required by the Canadian Free Trade Agreement, the Canada – European Union Comprehensive Economic and Trade Agreement, and the Comprehensive Trans – Pacific Partnership Agreement.

4.1.5. Where required, CGS may advertise a competitive RFT/RFP process on the single point of access procurement website operated by the Government of Canada.

4.2. Thresholds for Tenders and Proposals:

4.2.1. All contracts with total values exceeding \$5,000 for goods and services or \$25,000 for architectural and engineering services are subject to the Government Contract Regulations and the NNI Regulations, except as authorized under those regulations.

4.2.2. Where contracts are exempt from the NNI Regulations, all contracts with values exceeding the thresholds outlined in the Canadian Free Trade Agreement (CFTA) must be awarded pursuant to a public procurement process.

4.3. Determining whether to Request Tenders or Request Proposals

4.3.1. Where it is possible to develop detailed specifications and directions for the performance of the work, and the only evaluation factor to be considered is price, the contract should be awarded after conducting an RFT process as described in Part II (sections 10 to 14 inclusive) of the Government Contract Regulations. The resulting contract will be formed with the bidder entitled to the award pursuant to section 14 of the Government Contract Regulations.

4.3.2. If detailed specifications cannot be developed, or if marketplace proposals for goods or services are desirable, competitive proposals, as described in Part III (sections 15 to 18 inclusive) of the Government Contract Regulations, should be requested instead.

4.4. Advice on Preparing a Request for Proposals

4.4.1. A department may obtain advice and assistance from CGS when preparing the terms of reference, scope of work, proposal response guidelines and evaluation criteria and appropriate weights in anticipation of issuing an RFP. Detailed guidelines are provided in the GN Contracting Procedures Manual.

4.4.2. Departments should consult the GN Contracting Procedures Manual for guidance to determine whether other procurement options, in addition to the standardized RFT/RFP processes, would be suitable for them depending on the nature and complexity of the project or resulting contract, and the department's program objectives.

4.5. Importance of Confidentiality

4.5.1. Departments and public agencies must comply with the legal requirements and rules for maintaining confidentiality of the process whether requesting proposals or tenders. Evaluation committee notes, evaluation committee meeting minutes, and preliminary scores are confidential and must only be released as required by law. Refer to Access to Information and Protection of Privacy legislation, policies and procedures and the GN Contracting Procedures Manual for guidance. In certain procurement processes, comprehensive confidentiality and non-disclosure agreements may be necessary to ensure the integrity of the process.

4.6. Minimum Content of a Request for Proposals

4.6.1. The content of an RFP must be sufficient to promote competitive and sound proposals. Detailed guidance is provided in the GN Contracting Procedures Manual and Procurement Procedures. Each RFP shall contain:

- a) the instructions, to proponents and evaluators, governing the competitive process;
- b) project description, objectives and desired outcomes including deliverables; and
- c) proposal content requirements and manner of evaluation.

4.7. Requesting Tenders or Proposals by Private Invitation

4.7.1. Requests for Tenders and Proposals may be issued by invitation to a minimum of three vendors, and according to the NNI Regulations, wherever possible, should include companies selected from the Government's registry of approved local businesses and the list of Inuit firms maintained by the Nunavut Tunngavik Incorporated (NTI).

4.8. Public Advertisement of Requests for Tenders or Proposals

4.8.1. Where the value of the contract for goods or services is estimated to be in excess of \$25,000 or in excess of \$100,000 for construction, the RFT/RFP must be publicly advertised in the manner set out in the GN Contracting Procedures Manual.

4.9. Records to be Kept on the Procurement File

- 4.9.1. The following records must be kept for all RFTs and RFPs and for all bids received:
- a) certification of funds and expenditure and accounting authority to enter into the contract;
 - b) contract records to satisfy that the requirements of the Government Contract Regulations and this and any other relevant Financial Administration Manual directive were adhered to;
 - c) records to satisfy that the requirements of the Government's contracting procedures were adhered to;
 - d) records to satisfy that the requirements of the NNI Regulations were adhered to;
 - e) a copy of the issued RFT/RFP document including any addenda issued prior to closing;
 - f) a copy of all bids or proposals received; and
 - g) a copy of the resultant contract.
- 4.9.2. Where applicable, unless a contract is for architectural or engineering services that will not exceed \$25,000 in value, or is any other type of contract that will not exceed \$5,000 in value, a Contract Authority shall record:
- a) the reason for awarding a contract without using the competitive RFT or RFP process;
 - b) the reason for awarding a contract to other than the bidder with the lowest tendered contract price. For example, when the lowest priced tender is not responsive or the lowest priced bidder is not responsible;
 - c) the reason for awarding a contract to a proponent other than the proponent submitting the proposal which provides the best value to the Government; and
 - d) the impact of bid adjustments permitted under the NNI Regulations on the contract award.
- 4.9.3. Refer to the GN Contracting Procedures Manual for detailed procedures regarding maintaining a procurement file.

- 4.9.4. Refer to the Government's records management policies and procedures for appropriate operational and administrative records classification requirements.

4.10. Evaluating Tenders and Awarding Contracts

- 4.10.1. Tenders must be comparatively evaluated based on price only, provided the tenders compared are responsible and responsive. Except as permitted in the Government Contract Regulations, a contract must be awarded to the responsible bidder submitting the lowest priced responsive tender after application of bid adjustments permitted by the NNI Regulations.
- 4.10.2. Permission or direction to award a contract to anyone other than the responsible bidder submitting the most responsive tender must be given by the Executive Council in compliance with s.3 of the Government Contract Regulations (paramount authority of Executive Council) and section 3.2 of the NNI Regulations (consultation with NTI). The competitive tendering process imposes certain legal obligations upon the Government once bids have been opened and evaluated. Because of this, departments or agencies wishing to contract with a specific firm rather than with the winner of a competitive tender process should seek this permission from the Executive Council prior to, and instead of, issuing a competitive RFT.

4.11. Evaluating Proposals and Awarding Contracts

- 4.11.1. Proposals must be evaluated in a predetermined manner according to a predetermined formula including price and at least one other weighted criterion specified in a written RFP. Except as permitted in the Government Contract Regulations, a contract must be awarded to the responsible proponent submitting the proposal, which potentially will provide the best value to the Government. In the evaluation of proposals, the proposal achieving the highest overall score as determined by the predetermined formula stated in the request represents the best potential value and greatest probability for successful completion of the project according to the terms and conditions of the contract.

- 4.11.2. Permission or direction to award a contract to other than the responsible proponent submitting the proposal which potentially will provide the best value to the Government must be given by the Executive Council in compliance with s.3 of the Government Contract Regulations (paramount authority of Executive Council) and section 3.2 of the NNI Regulations (consultation with NTI). The competitive proposals process imposes certain legal obligations upon the Government once proposals have been received and evaluated. Because of this, departments or agencies wishing to contract with a specific vendor rather than to the successful proponent of a competitive proposals process should seek this permission from Cabinet prior to, and instead of, issuing a competitive RFP.
- 4.12. Paramount Authority of the Executive Council (Cabinet Prerogative)
- 4.12.1. In accordance with the Government Contract Regulations, the Executive Council may award or direct the award of any contract to any person or organization; the resulting contract is referred to as a “negotiated contract”. The power to enter into a contract includes the power to renegotiate the terms of the contract or terminate it.
- 4.12.2. Prior to departing from the application of the NNI Regulations, a contracting authority must consult with NTI to develop alternative means of achieving the Government’s obligations set out in Article 24 of the Nunavut Agreement. The consultation requirements are set out in sections 3.2 and 6.1 through 6.3 of the NNI Regulations.
- 4.12.3. The Financial Management Board may recommend that the Executive Council exercise its prerogative if the Financial Management Board believes it to be in the public interest.
- 4.12.4. Refer to the GN Contracting Procedures Manual for procedures and guidelines with respect to negotiated contracts.

4.13. Sole Sourcing

4.13.1. According to the Government Contract Regulations, a Contract Authority may enter into a contract without issuing an RFT or RFP if the Contract Authority reasonably believes that any of the following conditions are met:

- a) the goods, services, real property or construction at issue in the contract are urgently required and delay would be injurious to the public interest;
- b) only one party is available and capable of performing the contract; or
- c) the value of the contract will not exceed:
 - (i) \$25,000, in the case of a contract for architectural or engineering services, or
 - (ii) \$5,000, in the case of any other type of contract.



Issue Date: April 1997	Amended Date: March 24, 2022	Responsible Agency: Office of the Comptroller General/Department of Community and Government Services	Directive No: 808-3
Chapter: Control of Expenditures			
Directive Title: GOVERNMENT CONTRACTS – LOCAL CONTRACT AUTHORITY			

1. POLICY

The Government supports local Nunavut suppliers through the local procurement of goods and services and the efficient use of governmental resources. The Government uses a Local Contract Authority (LCA) system for direct procurement of goods and services from local suppliers within a set limit.

2. DIRECTIVE

The Department of Community and Government Services is responsible and accountable to provide a Local Contract Authority system for purchases of goods and services not exceeding \$5,000.

In accordance with the Government Contract Regulations and Financial Administration Manual (FAM) Directive 802-1 Financial Signing Authorities, Ministers and Deputy Ministers may delegate LCA authority to public officers who have expenditure authority. Contract authorities must exercise LCA within their delegated limit and LCA limit in accordance with the provisions of this directive.

The definitions of terms used in FAM Directives 808 Government Contracts series can be found in Appendix E of FAM Directive 808 Government Contracts – General.

This directive applies to all government departments.

3. PROVISIONS

- 3.1. LCA may only be exercised for direct procurement of goods and services from suppliers located in Nunavut.
- 3.2. A purchase under LCA must not exceed \$5,000. The purchases may not be split into separate contracts in order to circumvent this maximum value or the Contract Authority's delegated monetary limit.
- 3.3. Only a single LCA form may be used for any agreement or understanding involving LCA. That single form must identify all aspects of any such agreement and may not relate to any other agreement or understanding.
- 3.4. Contracts made under LCA may be made without competitive tender and shall not exceed 30 calendar days duration. All goods and services must be provided within this time period.
- 3.5. Purchases under issuing an LCA must be properly authorized by the expenditure authority. By signing the LCA purchase form the purchase authority provides the expenditure officer certifications required under s.44 of the *Financial Administration Act*.
- 3.6. The LCA form is the written purchase document for locally available goods and simply describable and performable services. A purchase made under LCA must be made in writing, on an accountable LCA form within a LCA contract form booklet.
- 3.7. Deputy Ministers must be stringent in delegating Contract Authority and must ensure a tight control over LCA forms to prevent unauthorized personnel from making purchases.
- 3.8. Every purchase under LCA includes the clauses listed in Appendix A. These clauses are printed on the back of the LCA form.
- 3.9. A short description of the goods or services procured under LCA (e.g., office supplies, computer training) must be written on the LCA form for all purchases. The supplier's invoice must be attached to the form used for data entry and payment authorization.
- 3.10. LCA and the corresponding forms must not be used to hire or pay employees.



FINANCIAL ADMINISTRATION MANUAL



- 3.11. If there is reason to believe that there may be a risk of bodily injury or property damage in the performance of a proposed contract, the Contract Authority must consult the Risk Management section of the Department of Finance.

- 3.12. The Office of the Comptroller General shall be consulted to resolve any issues with implementation, compliance, and interpretation of this directive.

APPENDIX A

CONTRACT CONDITIONS WHICH APPEAR ON THE LOCAL CONTRACT AUTHORITY (LCA) FORM

The parties to this contract covenant and agree as follows:

1. Statutory Condition: In compliance with s.46 of the *Financial Administration Act* as amended or re-enacted in successor legislation during the term of this contract, it is a condition of this contract that an expenditure pursuant to this contract will be incurred only if there is a sufficient uncommitted balance in the appropriated item for the fiscal year in which the expenditure is required under the contract.
2. The Contractor's obligations must be fully discharged within 30 calendar days of commencement of the contract.
3. The maximum amount payable under the contract must appear on the LCA form.
4. The Contractor agrees to indemnify and save harmless the Government of Nunavut (GN) from and against all claims, loss, damages, suits, or other proceedings, by whomsoever made, brought or prosecuted in any manner based upon, occasioned by or attributable to the activities of the Contractor under this contract.
5. LCA forms cannot be segregated (more than one) in order to circumvent the limit for a single contract. A separate LCA form must be issued each time a contract is made.
6. The various works or services are to be carried out and completed to the full satisfaction of the officer signing for the GN.
7. The Contractor may not assign or subcontract this contract or any part thereof without the written consent of the GN.
8. The GN reserves the right to terminate this contract at any time before completion for any reason whatsoever. In the event of such termination, the GN will pay to the Contractor an amount that, in the opinion of the officer signing for the GN, is equal to that portion of goods/services completed up to the day of termination.
9. The Contractor agrees to comply with the provisions of the *Workers' Compensation Act* and the *Labour Standards Act* of Nunavut.



10. The Contractor will pay all its employees performing work or services pursuant to this contract such fair and reasonable wages as are generally accepted as current for competent workers in the district in which the work or services are being performed for the character or class of work in which such employees are respectively engaged.

11. The total contract amount shall exclude the Goods and Services Tax (GST). However, the Contractor may invoice for GST and the GN will pay the GST.



Issue Date: March 1991	Amended Date: March 24, 2022	Responsible Agency: Office of the Comptroller General/Department of Community and Government Services	Directive No: 808-4
Chapter: Control of Expenditures			
Directive Title: GOVERNMENT CONTRACTS – STANDING AGREEMENTS			

1. POLICY

The Government may use Standing Agreements (SAs) where appropriate for the efficient and economical procurement of commonly used and frequently required goods or services.

There are three general categories of SAs:

- Standing Offer Agreement (SOA);
- Standing Supply Arrangement (SSA); and
- Master Supply Service Agreement (MSSA).

There is no obligation on government departments and public agencies to use the services of vendors on pre-established SA vendor lists. Where a department or public agency elects not to enter into a contract under an existing SA, the requirements of the Government Contract Regulations and the Nunavummi Nangminiqaqtunik Ikajuuti Regulations (NNI Regulations) must be followed.

2. DIRECTIVE

Where appropriate, and subject to the requirement for a competitive Request for Tenders (RFT) or Request for Proposals (RFP) processes as set out in the Government Contract Regulations, the Department of Community and Government Services (CGS) may establish and maintain non-exclusive SAs specifically designed for commonly used and frequently required goods and services.

SAs entered into by other jurisdictions may be used by the Government when allowed by the agreement and when approved by the appropriate authorities in the other jurisdiction. CGS will administer the use of these interjurisdictional SAs.

SAs established by CGS may be used by public agencies when allowed by the agreement and when approved by the appropriate authorities within the public agency. Where the public agency requires CGS to enter into a contract on its behalf, the public agency shall provide expenditure authority and accounting authority approvals by way of requisition to CGS.

A Contract Authority may order goods or services, to the maximum threshold contract limits set out herein, at the set prices provided for in an SA established by CGS.

The Government must report all contracts valued over \$5,000 which were awarded under SAs to Nunavut Tunngavik Incorporated (NTI) on an annual basis. The list shall contain, at a minimum, a brief description of the nature of the contract, the name of the selected vendor, and the value of the contract. Upon written request the Government shall, within thirty (30) days of the request, provide written justification and reasonable supporting information regarding a specific contract. Where the Government is unable to disclose details of certain contracts due to concerns based on confidentiality or privilege, the Government shall disclose the existence of the contracts and provide a general description of the contracting activities.

The definitions of terms used in Financial Administration Manual (FAM) Directives 808 Government Contracts series can be found in [Appendix E](#) of FAM Directive 808 Government Contracts – General.

This directive applies to all government departments and public agencies.

3. PROVISIONS

- 3.1. Where a clearly defined need to consolidate the procurement of frequently required, common use goods or services has been identified, CGS may initiate an RFT or RFP process for the purpose of establishing an SA. If the request for an SA originated from departmental/public agency program managers, CGS will consult with them to establish the scope of the requirements to be included in the RFT or RFP.
- 3.2. The RFT or RFP will be publicly advertised, and the request documents will clearly indicate that the resulting SA will be non-exclusive. SSAs for goods may be exclusive where the evaluation will be based exclusively on lowest price.

- 3.3. CGS, on behalf of the Government, shall establish non-exclusive SAs with the responsive and responsible bidders or proponents potentially providing the best value to the Government. CGS, on behalf of the Government and with the approval of the Executive Council, may enter into agreements with the Government of Canada to gain benefit of federal SAs for specific goods and services.
- 3.4. An MSSA shall be established through a competitive public procurement process. The supplier must honor the price categories established in the proposal for the duration of the MSSA. An MSSA contract must be reviewed and approved by the Department of Justice. MSSAs are specified in Appendix A.
- 3.5. An SA shall, at a minimum, contain a price structure for the goods or services specified in the RFT or RFP.
- 3.6. A Contract Authority may order goods or services under an established SA at the set price provided for in the SA by requisitioning them through CGS.
- 3.7. A Contract Authority is not bound to order goods or services under an established SA. Where deemed more appropriate, a Contract Authority may elect to enter into a contract through a separate competitive RFT/RFP process. In this case, the provisions of FAM Directives 808 Government Contracts - General and 808-1 Government Contracts – Tenders and Proposals shall apply.
- 3.8. Where an SOA exists with more than one approved, qualified vendor:
 - a) Contracts below \$150,000 one vendor may be contacted.
 - b) Contracts over \$150,000 but less than \$250,000, are subject to the Invited Request for Proposal (IRFP) competitive process where CGS will invite up to three vendors to submit a quote for the work. NNI Regulations will apply.
 - c) Contracts over \$250,000 are subject to the Public Request for Proposal (PRP) competitive process and must be advertised through the Nunavut Tenders public website. NNI Regulations will apply.
- 3.9. CGS may assist the Contract Authority to determine which vendor will potentially provide the best value and will provide access to any relevant information or records, subject to protection of the confidentiality of proposal pursuant to the RFT/RFP process, for further review and evaluation to make this determination.

- 3.10. All contracts entered into under an established SA require expenditure and accounting certifications prior to awarding the contract as per FAM Directive 808 Government Contracts – General.
- 3.11. Where several clearly defined common use goods or services have been requisitioned by one or more departments or public agencies, CGS may recommend consolidating the requisitions and awarding a single project contract or multi-item purchase order, as appropriate, under an existing SA to achieve efficient and economical procurement of such goods and services. Where such a consolidation is desirable, CGS will consult with requisition originators or program managers to establish the scope of the requirements to be included in the contract within the applicable contract limits.
- 3.12. On an annual basis, CGS may establish SSAs for the procurement of vehicles (including light vehicles, snowmobiles and all-terrain vehicles), and other mobile/heavy equipment which departments may purchase from through an authorized requisition. All vehicles will be purchased according to specifications. As vehicles fall under the definition of “goods” in the Government Contract Regulations, no department other than CGS may source vehicles directly from SOA suppliers. This section does not apply to public agencies.
- 3.13. The limits applying to individual contract awards under established SOA/SSA are listed in Appendix A.
- 3.14. Requisitions estimated to be in excess of the limits listed in Appendix A are subject to the RFT and RFP processes of the Government Contract Regulations.
- 3.15. Contract authorities shall not split requirements that exceed these limits and where services would normally be provided as one project in order to use the SOA arrangements.
- 3.16. The Government may enter into other SAs that make good business sense so long as the price is fixed and/or tied to a clear pricing formula. For example, a supply arrangement for fire trucks has been established for a period of three (3) years where the original price of the truck may be altered each year by inflation and or increase in steel cost or other factors that will be based on a clear pricing formula. These types of arrangements allow the Government to provide consistency in equipment parts and training on equipment use.

APPENDIX A

Standing Offer Agreements

Activity	Description	Individual Contract Limits
Services	Consulting Services (including Architectural/Engineering Services)	
	Direct contract to selected approved vendor	up to \$150,000
	Invitation Request for Proposals (invite up to 3 proponents)	over \$150,000
	Public Request for Proposals (advertise through Nunavut Tenders)	over \$250,000

Standing Supply Arrangements

Activity	Description	Individual Item Limits
Vehicles	Vehicles:	
	Light vehicles	up to \$75,000
	Passenger vans	up to \$75,000
	Wheel-chair accessible vehicles	up to \$150,000
	All-terrain vehicles (ATVs)	up to \$25,000
	Snowmobiles	up to \$25,000
	Manufacturer specified parts and accessories for mobile/heavy equipment	up to \$100,000
Other	Office equipment and supplies	up to \$25,000
	Furniture and fixtures	up to \$25,000
	Printed products	up to \$150,000

Master Service Support Agreements

Activity	Description	Individual Contract Limits
Nursing & Midwifery Services	Services only.	no \$ limits
Maintenance & Repair of Health-related Equipment	Goods & Services include parts and labour, and decision to repair is based on a maximum repair cost (MRC) and new item replacement cost.	no \$ limits
IM IT Professional Services Expertise	Services only include the following: <ul style="list-style-type: none">• network expertise;• systems expertise;• application & cloud expertise; and• project management & solutions delivery expertise.	no \$ limits
Video Conferencing	Goods & Services includes VC infrastructure consisting of CISCO & Tandberg Equipment + on-going technical support & maintenance, including the provision of new services. The primary applications supported by these services are Tele-health, Tele-justice & the Connect North Program.	no \$ limits
Telephony/Voice Support Services	Goods & Services include specialized services for the provision of MITEL PBX Telephony equipment, system upgrades and related specialized support services.	no \$ limits
Microsoft Enterprise Agreement	Goods & Services.	no \$ limits



Issue Date: March 1995	Amended Date: March 24, 2022	Responsible Agency: Office of the Comptroller General/Department of Community and Government Services	Directive No: 808-5
Chapter: Control of Expenditures			
Directive Title: GOVERNMENT CONTRACTS – PERSONAL SERVICE CONTRACTS			

1. POLICY

The Government uses Personal Service Contracts between the Government and an individual to complete a specific task.

Personal Service Contracts are not contracts of employment and must not inadvertently establish an employer/employee relationship between the Government and the individual.

2. DIRECTIVE

The Deputy Head of each government department or public agency is responsible for implementing a system designed to review each potential Personal Service Contract to ensure that it is used to complete a specific task and does not create an employer/employee relationship.

Appendix A provides details on the four primary common law tests used by the courts to determine if an employer/employee relationship exists.

Appendix B is a questionnaire on the characteristics of a proposed contract, designed to assist the Contract Authority in determining whether the proposed contract should be classified as a service contract or an employment contract.

The definitions of terms used in Financial Administration Manual (FAM) Directives 808 Government Contracts series can be found in Appendix E of FAM Directive 808 Government Contracts – General.

This directive applies to all government departments and public agencies subject to the *Public Service Act* and Public Service Regulations.

3. PROVISIONS

- 3.1. Personal Service Contracts are contracts between the Government and an individual to complete a specific task. They are not contracts of employment and an individual with a Personal Service Contract is not a person employed to perform work of a temporary or casual nature or in an emergency.
- 3.2. Personal Service Contracts must not directly or inadvertently establish an employer/employee relationship between the Government and the individual, which could result in the Government being liable for income tax, payroll tax, source deductions and other statutory liabilities, as well as related employment benefits.
- 3.3. Personal Service Contracts must not be used to circumvent the regular recruitment and hiring processes as described in the Human Resources Manual. It is an abuse of Contract Authority and a breach of government rules to use this process instead of building a staff by hiring employees through the proper processes.
- 3.4. Honorarium payments must not be used to circumvent the necessity to enter into a personal service contract in order to complete a specific task. Refer to FAM Directive 810 Honoraria that specifies who can be the recipient of an honorarium payment paid by department or public agency.
- 3.5. All Personal Service Contracts entered into by a Contract Authority must be in accordance with the *Financial Administration Act*, the Government Contract Regulations and the FAM.
- 3.6. Employment Contracts
 - 3.6.1. All employment contracts must be initiated as directed in the Human Resources Manual unless an exception is approved in advance by Executive Council.
 - 3.6.2. Persons working under an employment contract with the Government must be paid through a payroll system approved by the Comptroller General and must have statutory deductions made at source.

3.7. Review of Potential Personal Service Contracts

- 3.7.1. Before entering into a Personal Service Contract with a self-employed individual or contractor, the Contract Authority is required to ensure that the potential contract is not an employment contract. The Contract Authority must conduct the tests in Appendices A and B to determine the type of contract under consideration. For greater clarity, the completed Appendix B must be retained for review/audit purposes.
- 3.7.2. Before entering into a standing offer agreement or standing supply arrangement with a corporation under which the corporation will provide individuals to deliver services in departments and public agencies, the Contract Authority must ensure that both the standing offer agreement and the work order, contract, or call-up document do not create an employment relationship or the appearance of an employment relationship between the Government and the contractor's personnel.
- 3.7.3. The Contract Authority must also:
- a) Review the Human Resources Manual and discuss the requirements with Human Resources; and
 - b) Seek advice and assistance, and a legal review of the requirements and proposed contract with the Department of Justice.
- 3.7.4. If the above review does not determine whether the proposed contract is a service contract or an employment contract, the determination must be assessed by the Employee Relations and Job Evaluation division, Department of Human Resources.
- 3.7.5. Payment terms must comply with FAM Directive 803-3 Account Verification –Timing of Payments.
- 3.7.6. The Contract Authority must ensure that contractors where and when appropriate:
- a) Have a business number (BN);
 - b) Are registered for and remit payroll taxes and GST;
 - c) Are registered with the Department of Justice to legally carry on business in Nunavut;



- d) Are registered with Workers' Safety and Compensation Commission, where applicable; and
 - e) Have appropriate insurance coverage and indemnify the Government against actions arising from their negligence in the performance of the contract.
- 3.8. The Office of the Comptroller General shall be consulted to resolve any issues with implementation, compliance, and interpretation of this directive.

APPENDIX A

PERSONAL SERVICES CONTRACT OR EMPLOYMENT CONTRACT **THE FOUR PRIMARY TESTS**

The courts have developed the following four categories of tests to help distinguish between an employment contract and a service contract.

1. CONTROL

The foremost indicator of whether a contracted person is an employee, or a service contractor is the degree of control the employer exercises over the person carrying out the work. In an employment contract the employer has the authority to exercise control over what work or service will be done and over the manner of doing it, and this right of control exists whether exercised or not. If the skill required of the person is great, control may be less significant than other factors in determining if the person is an employee.

Control indicators include:

1.1 Hours of Work

The person must work during specified times. Where the nature of the work makes specified times impractical, a requirement that the person work during times determined by the nature of the work is still a form of control by an employer. A requirement that a person not work beyond a specified number of hours in a given time period can also be a form of control.

1.2 Hours of Service

The person must devote a significant portion of their time to the work. This implicitly restricts the person from doing other work, indicating that an employer has control over the work or service.

1.3 Premises and Equipment

The person does the work on the employer's premises or, if the work is done elsewhere, the employer has the right to designate a route or to require work at a specific location. The employer supplies the tools and equipment the person needs for performance of the work. These conditions are forms of control.

1.4 Continuing Services

The contract implies continuing or recurring work. The relationship may be considered permanent even if the work is part-time, seasonal, or temporary. Continuing or permanent service indicates an employer's control. The absence of a defined scope of work with a deadline for completion may be deemed a form of control.

1.5 Established Routines and Schedules

The person is required to follow established routines and schedules.

1.6 Accounting for Actions

The person must account to the employer for time spent on the work (e.g., through time sheets, regular written reports or regular verbal communication).

This test may not be conclusive and should be considered in relation to the other control indicators. An independent contractor may be required to submit reports or account for time spent working. For example, contract conditions for non-continuous professional services may call for progress billings based upon reported progress or time spent. In these cases, time sheets, reports and invoices do not indicate control, but rather substantiate progress on the work of the contract and justify payment for the services rendered.

1.7 Compliance with Instructions

The employer has control over how the work is performed. An employee is required to follow instructions and procedures laid out by the employer and does not have the authority to subcontract the work.

1.8 Training

The employer trains or requires the person to be trained for the work, indicating that the employer exercises control over the manner and means by which the work is performed. This indicator is more significant if the training is periodic or frequent.

1.9 Length of Service

The longer the time spent on the work, the greater the likelihood that the person doing the work could be considered an employee. The absence of a timeline for completion of a defined scope of work may also be deemed a form of control. Therefore, the contractor should have a deadline for completion of the project work.

1.10 Right to Discharge

An employer's right to discharge a worker may indicate control over the person doing the work, although this is not conclusive. A Contract Authority normally has the right to terminate the services of an independent service contractor if the work does not meet contract specifications or the contractor's performance is not satisfactory.

Therefore, it is important that the contract clearly sets out the objectives of the work, the standard of performance, and the material products and deliverables expected to be produced as a result of the contractor's performance of the work.

2. ECONOMIC REALITY – THE OPPORTUNITY FOR PROFIT OR RISK OF LOSS

Several economic reality factors indicate that an employer/employee relationship may exist between an employer and a person.

1. an absence of the person's opportunity for profit or risk of loss;
2. an absence of the person's investment in assets required for the performance of the work (e.g., equipment, furniture); and
3. payment to a person based on an hourly or other rate for time rather than on the completion of a specified project, product or deliverable, and completion by a required deadline.

The status of independent contractor is indicated by a person incurring expenses for the purpose of gaining or producing business income.

3. INTEGRATION

This test considers the employer's corporate organization as a whole and may indicate an employee relationship if the employed person and the work are integral parts of an established organization. For example, the person in question typically relies upon others in the organization for product or service and, in turn, they similarly rely upon the person.

The courts have applied this test by determining whose business it is from the perspective of the person doing the work, not the Contract Authority. If the person performs services for a number of unrelated employers, the work may not be an integral part of a particular employer's business as much as it is the contractor's, indicating a degree of independence by the contractor.

4. SPECIFIED RESULT

This test helps distinguish between an independent person performing specific work as an independent contractor and one in which a person's services as an employee are at the disposal of the employer without reference to a specific result. A main characteristic of an independent service contract is that the person works to a specified plan or intent and the contract ends when this plan or intent is completed or terminated by the contract terms. In an employment contract, the person is engaged and paid continuously and not necessarily toward a specified result. Accordingly, it is important that the contract clearly states the intent of the contract and the expected results, including deliverables to be produced as a result of the contract, as well as a timeline for completion.

Examples of specified results (deliverables) within service contracts are:

1. install software at [specified location], not to exceed 35 days commencing [start date] and completing all aspects of the work by [required deadline];
2. train the following five employees [identify them in the contract] in the new software to an intermediate level of software application including the following abilities [specify software operation capabilities upon completion of the training];
3. train only between 10:00 A.M. and 3:00 P.M. local time in [specify location], and produce and supply a software user manual in the following formats [specify program version soft copy specification and language requirements; and hard copy specifications and quantity] – 1 manual, printed double sided and bound in 3-ring binder for each employee being trained];
4. the minimum number and requirements for professional architect or engineer's site inspections on a specified construction contract;
5. a truck with specified class of driver provided for a specified period, or to carry a specified number of loads, or to move a specified tonnage, between specified locations.



Although these examples might appear to call for the primary test of control (hours of work and service), the specified dates and times express the nature of the service to be rendered, not the employer control typical in an employment contract. The employer has contracted for temporary hours or times as part of a specified end-result. For greater clarity, contracts should be specific about the end-product requirements and provide a deadline for completion. It should be up to the independent contractor to schedule the individual tasks necessary to achieve the contract objectives and deliver the specified results within the stipulated timeframe.

APPENDIX B

PERSONAL SERVICES CONTRACT OR EMPLOYMENT CONTRACT THE QUESTIONNAIRE

Before entering into a service contract, complete the following questionnaire in order to ensure that the proposed contract does not constitute an employment contract. If the answer to any of the questions is "yes", the proposed contract may be an employment contract.

Questions	Y/N
1. Is the contract with a person or a person operating under a proprietorship name?	
2. Will the Contract Authority determine the hours, methods and location of work? See Appendix A, 1.1 "Hours of Work" and 1.3 "Premises and Equipment"	
3. Will the Contract Authority supply the facilities, tools and/or equipment necessary to perform the work? See Appendix A, 1.3 "Premises and Equipment"	
4. Will the person be paid regularly according to a rate for time (hourly, weekly, or similar) and not an amount set by the contract? See Appendix A, 1.4 "Continuing Services"	
5. Do the contract terms imply a continuous relationship between the person and the Contract Authority? See Appendix A, 1.4 "Continuing Services" and 1.9 "Length of Service"	
6. Will the person performing the work be required to follow established routines and schedules? See Appendix A, 1.5 "Established Routines and Schedules" and 1.6 "Accounting for Actions"	
7. Will the Contract Authority train the person to perform the work? See Appendix A, 1.8 "Training"	
8. Will the person performing the work lack the power to delegate or sub-contract it? See Appendix A, 1.7 "Compliance with Instructions"	
9. Will the Contract Authority directly supervise the work? See Appendix A, 1.7 "Compliance with Instructions"	
10. Will the Contract Authority have the right to discharge the person? See Appendix A, 1.10 "Right to Discharge"	
11. Will the contractor be separated from opportunity for profit and risk of loss in the performance of the contract? See Appendix A, 2. "Economic Reality - The Opportunity for Profit or Risk of Loss"	
12. Is the work part of the Contract Authority's regular business routine more than it being the contractor's business? See Appendix A, 3. "Integration"	
13. Is there a reason to believe that the person doing the work is not acting as an independent contractor, given the tests in Appendix A?	
14. Do the facts indicate that an employer/employee relationship would be created?	



Issue Date: May 2008	Effective Date: May 20, 2008	Responsible Agency: Office of the Comptroller General	Directive No: 810
Chapter: Control of Expenditures			
Directive Title: HONORARIA			

1. POLICY

The GN will pay honoraria and reimburse certain expenses to individuals who provide a range of services to the GN and who have been authorized by ministerial, Executive Council or legislative authority to provide such services. These individuals include members of Boards, set up under the authority of specific Acts, as well as elders and other community members.

2. DIRECTIVE

Payments of honoraria and certain expenses are to be in accordance with the Provisions of this directive.

This directive does not apply to the Workers Safety and Compensation Commission.

3. PROVISIONS

3.1. Application

This directive applies to honorarium payments to elders and other community members and to all members of Boards, which includes: agencies, boards, committees, commissions, councils and tribunals, authorized to receive such payments.

Employees of the government are not eligible to receive honoraria unless they are serving in a private capacity outside of normal working hours. Should an employee receive an honorarium payment in error, it must be returned.

3.2. Authority

All honoraria rates require Financial Management Board (FMB) approval. The rates approved by the FMB are provided in Appendix A of this Directive.

Ministers (or their delegates) shall determine the appropriate rate of honoraria to be paid to eligible individuals by reference to Appendix A.

Should Ministers wish to propose rates that would exceed the maximums specified in Appendix A, approval of the proposed rates by the FMB is required before any payments may be made.

3.3. Rules for remuneration

- 1) Payment of honoraria will be made for:
 - a) actual attendance at meetings, hearings or events (verification of attendance must be provided);
 - b) time spent on official business, such as representing the Board at public functions or making presentations on behalf of the Board; and,
 - c) travel time related to Board business, other meetings or events.

- 2) Honoraria should not be paid where it is known that an individual is already receiving an honorarium from another source for the same event, or is receiving direct compensation from their employer for attending the event.

- 3) Travel expenses shall be paid according to GN duty travel allowances and limits.

- 4) Honorarium advances may be requested with spending authority approval. All advances are to be submitted through payroll and all honoraria payments are considered taxable income.

3.4. It is the responsibility of Ministers to classify Boards in accordance with the criteria identified in Appendix A and then obtain FMB Approval.

3.5. Subject to other Acts and Regulations, responsible Ministers can recommend to the FMB rates that are above the maximum in Appendix A.

Appendix A: Guidelines for Setting Rates

Criteria for Classification of Boards

There will be a distinction in rates among Boards that are classified by the responsible Ministers (or their delegates). The Boards will be classified as having:

- a) high responsibility;
- b) medium responsibility; or
- c) moderate responsibility.

The maximum rates are based on the responsibility level of the Board.

All Boards are assumed to have moderate responsibility only, unless specifically classified by the responsible Minister as having medium responsibility or high responsibility.

The conditions for classification as having high responsibility are:

The Board makes precedent-setting decisions of a quasi-judicial or judicial nature. They typically have a relatively high public profile. Complexities of judgment are present requiring special qualifications or technical expertise; decisions are made with limited precedent; and consequences of decisions are large in dollars, resources or human terms.

The conditions for classification as having medium responsibility are:

The Board makes non-precedent-setting decisions or provides senior level recommendations. They do not have a high profile. Membership tends to have a background in the discipline with which the board is primarily concerned.

The conditions for classification as having moderate responsibility are:

The Board makes routine decisions within clearly prescribed parameters or provides general advice. The membership tends to be composed of appointees selected to ensure that members of the general public are aware of and involved in the process of government.

Honorarium Rates Schedule:

	High Responsibility	Medium Responsibility	Moderate Responsibility
Uqaqtittiji//Chair	Up to \$500/day or 50% per half day	Up to \$300/day or 50% per half day	Up to \$200/day or 50% per half day
Katimaji/Member	Up to \$350/day or 50% per half day	Up to \$200/day or 50% per half day	Up to \$150/day or 50% per half day
Qaiqujaq/Meeting participant	Up to \$45/hour or \$350/day	Up to \$35/hour or \$200/day	Up to \$25/hour or \$150/day
Iliqqusilirinirmut ilauqataujuq/Ceremonial or cultural participant	Up to \$25/hour or \$150/day	Up to \$25/hour or \$150/day	Up to \$25/hour or \$150/day

Notes to Honorarium Rate Schedule:

- Meeting participant includes: elders, youth or other community members for focus groups or ad hoc consultation.
- Ceremonial or cultural participant includes: storyteller, drum dancer, throat singer, qulliq lighter, and classroom demonstrator, etc.

Factors to consider when setting rates for honoraria:

- a) the daily payroll cost for equivalent work done by staff;
the normal daily hours of sitting per meeting (i.e., full day, half day, evening etc);
- b) the degree of public exposure (and risk of public criticism);
- c) the degree of autonomy;
- d) the complexity of decisions;
- e) the requirement for technical expertise, special qualifications or knowledge (e.g., Inuit cultural knowledge or life experience);
- f) the experience of the individual;
- g) the decisions are made with limited precedent; and,
- h) the consequences of decisions in dollars, resources or human terms.



Issue Date: August 2007	Effective Date: August 29, 2007	Responsible Agency: Comptroller General/Financial Operations	Directive No: 811
Chapter: Control of Expenditures			
Directive Title: EXTENDING AND ACCEPTING HOSPITALITY, GIFTS AND TOKEN GIFTS			

1. POLICY

The provision and acceptance of hospitality, gifts and token gifts by GN personnel is permitted in the interest of facilitating GN business and representing the GN with appropriate courtesy.

2. DIRECTIVE

Ministers, Deputy Heads and delegates may extend and accept hospitality, gifts, and token gifts as provided for in this directive. Public officers may accept token gifts where appropriate.

Entertainment allowances, where provided to public officers, are not subject to this directive.

2.1. Provision of hospitality, gifts and token gifts

- 1) Provision of hospitality should be limited to significant public or internal GN occasions such as conferences, dedications, award presentations, ceremonies, exhibitions, commemorations, and working circumstances in which it is appropriate to extend hospitality to participants.
- 2) Formal or elaborate meals, paid entertainment and gifts should not be provided unless very special hospitality or the giving of gifts is appropriate, e.g., at events involving senior government visitors, or as provided for in the Human Resources Manual sections related to Long Service and Retirement Awards.
- 3) Alcoholic beverages should only be charged to an appropriation in exceptional circumstances. Approval is required from the Minister or Deputy Head.

- 4) Exemptions may be made with approval from the Minister or Deputy Head. Approval is to be made on an individual occurrence basis. This authority may not be delegated.
- 2.2. Authorization and payment for hospitality, gifts and token gifts
- 1) Ministers, Deputy Heads and their duly authorized delegates may have expenditure authority for hospitality, gifts, and token gifts. The expenditures must be charged to the hospitality code, and identify the recipient(s). All other public officers require advance authorization to make such expenditures.
 - 2) Every contract to purchase goods and services for hospitality, gifts and token gifts must be administered in accordance with the Government Contract Regulations and all other applicable directives in this manual.
- 2.3. Hospitality, gifts and token gifts extended to public officers
- 1) The provision of hospitality and gifts by the GN to public officers is not allowed, however exceptions may be appropriate in the following situations:
 - a) Where it is permitted in the Human Resources Manual for events such as Retirement and Long Service Awards;
 - b) In certain working situations:
 - i) Meals may be provided to staff within regular employment when it is practical and economical to require staff to work through meal times, e.g., at “working lunches”; and,
 - ii) Refreshments (non-alcoholic beverages, snacks, etc) may be provided to staff within regular employment, when the work is performed outside the normal work location of the majority of the participants, e.g., at staff conferences.
 - 2) Expenses for staff social events and gifts to staff must not be charged to an appropriation, except as permitted by the Human Resources Manual, or as approved by a Minister, Deputy Minister or delegate.
 - 3) Hospitality extended by parties outside the GN:
 - a) Public officers shall not accept hospitality or a gift that could be perceived as influencing or rewarding their public function, except

for gifts or benefits of small value, under \$100 (\$400 for members of the Legislative Assembly), which are received as a result of business protocol, or that normally accompany the duties or responsibilities of the employee, or unless it is extended to all interested parties, e.g., all parties participating at a conference.

- b) Ministers, Deputy Heads and their duly authorized delegates and service contractors may accept gifts on behalf of the Government but the benefit of such gifts must accrue to all of the people of Nunavut.

2.4. Exceptions

Any variance from this Directive must be justified for audit purposes by the responsible expenditure officer, whose written explanation must be attached to the related financial documents. The variance must be approved in accordance with Sec. 2.1.4 of this Directive.



Issue Date: March 2009	Effective Date:	Responsible Agency: Comptroller General/ Financial Operations	Directive No: 813
Chapter: Control of Expenditures			
Directive Title: CREDIT CARD EXPENDITURES			

1. POLICY

The Government may issue credit cards to public officers for use during duty travel or for the procurement of goods and services used for Government business.

2. DEFINITIONS

The Government employs the use of different types of credit cards. They are defined below:

- 2.1. **Departmental Credit Cards (Ghost Cards)** are virtual credit cards issued by a financial institution that are represented by a card number rather than a physical credit card. Users provide the card number to vendors rather than the physical card.
- 2.2. **Individual Credit Cards** are credit cards issued by a financial institution that may be used by public officers for the payment of expenditures incurred relating to duty travel.
- 2.3. **Purchase Cards** are credit cards that are issued by a financial institution for use by departments to facilitate the purchase of goods and services for the department. Purchase cards may be a virtual card or a physical card.

3. DIRECTIVE

The issuance, use, control, and accounting for credit cards must be administered in accordance with this and other directives in the 813 series.

The Comptroller General (or delegate) must authorize the issuance and procedures for the use of any Government credit card.

4. Provisions

- 4.1. Persons who are authorized to use a credit card for approved purposes must comply with the Government Contracting Regulations (Regulation 9904) under the *Financial Administration Act* and directives in the 808 series of this manual.
- 4.2. Public officers are responsible for safeguarding credit cards or ghost card numbers in their possession.
- 4.3. Government credit cards may not be used to obtain cash.
- 4.4. Any use of a Government credit card for purposes other than those outlined in the 813 series of Directives must be approved by the Comptroller General (or delegate) prior to there being any such charge to the credit card.
- 4.5. The Deputy Head in each department will designate an employee from within his/her department to act as credit card administrator for the department.
- 4.6. Department designated credit card administrators shall:
 - ensure that adequate records are maintained to account for credit card use;
 - ensure that the credit card is used only for the purpose for which it was issued;
 - ensure that all credit card transactions are charged to appropriated funds under their department's control; and,
 - ensure that only authorized transactions are charged to the credit card.
- 4.7. The Department of Finance will provide central monitoring and control over each credit card issued.
- 4.8. Department designated credit card administrators shall ensure that systems are in place to retrieve cards from employees who have terminated employment or who have abused their privileges. This will involve notifying the Department of Finance who will advise the financial institution that the card is to be canceled.
- 4.9. The departmental credit card administrator will work with the Department of Finance credit card administrator to ensure that the credit cards are used for their proper purpose and to prevent misuse.



Issue Date: March 2009	Effective Date:	Responsible Agency: Comptroller General/ Financial Operations	Directive No: 813-1
Chapter: Control of Expenditures			
Directive Title: CREDIT CARD EXPENDITURES - DUTY TRAVEL			

1. POLICY

The Government may issue credit cards to public officers for the purpose of paying for Duty Travel and related expenditures for their department.

2. DIRECTIVE

Public Officers using Government credit cards must comply with Government Contract Regulations (Regulation 9904) under the *Financial Administration Act* and Financial Administration Manual Directives in the 808 series, the 813 series and 820-1, as applicable. All expenditures must be chargeable against an appropriation of the department incurring the expense.

3. PROVISIONS

3.1. Departmental Credit Cards (Ghost Cards)

- 3.1.1. Departmental Credit Cards are represented by a credit card account number only. A physical card does not exist. These cards are also known as Ghost Cards.
- 3.1.2. The maximum credit limit allowed on Departmental Credit Cards is \$200,000. The Deputy Head may authorize a lower limit.
- 3.1.3. The Departmental Credit Card is to be used to purchase airline fares and hotel accommodations for employees or agents acting on behalf of the department. Approval from the department's Deputy Head must be obtained prior to charging any other type of travel related expenses.
- 3.1.4. Hospitality charged to a Departmental Credit Card must be in accordance with Directive 811 of this manual, and must have Deputy Head approval as per 3.1.3 above.
- 3.1.5. Expenditures that are covered by the per diem meals and incidental expense allowance, described in Directive 820-1 of this manual, must not be charged to a Departmental Credit Card, either directly or indirectly through hotel or other invoices. Exceptions may be granted

by the Deputy Head of the related department. Should an exception be granted, the Deputy Head must ensure that the expenses have not also been claimed as a per diem allowance on the individual's travel claim.

- 3.1.6. The limit for a Departmental Credit Card may be increased, on the authority of the Comptroller General, to a maximum of \$1,000,000, on a temporary basis, to deal with special circumstances.
- 3.1.7. The Government is responsible for the payment of all legitimate charges made to Departmental Credit Cards.

3.2. Individual Credit Cards

3.2.1. Individual Credit Cards are issued to public officers for the purpose of paying for reimbursable costs related to their own duty travel.

3.2.2. Public officers who have been issued Individual Credit Cards are responsible for:

- payment of all charges on the account (including interest charged for late payments);
- preparing an expense statement for reimbursements of credit card charges;
- ensuring safe custody of the card; and,
- reporting immediately to the Department of Finance Credit Card Administrator, the loss or theft of the card.

3.2.3. The maximum allowable credit card limits on Individual Credit Cards are as follows:

- | | |
|---|----------|
| • Cabinet Ministers | \$25,000 |
| • Executive Assistants to Cabinet Ministers | \$15,000 |
| • Deputy Heads | \$25,000 |
| • Assistant Deputy Heads | \$15,000 |
| • Other approved Public Officers | \$15,000 |

3.2.4. The spending limits contained in 3.2.3 above are maximum card limits. The Deputy Head in each department may establish lower limits for approved Public Officers.

3.2.5. The Individual Credit Card should not be used to pay for travel expenses of other persons on Government duty travel. Exceptions must be approved in advance by the Deputy Head. For further clarity, except for travel costs that are charged to Departmental Credit Cards, each public officer on duty travel is responsible for paying and accounting for their individual travel expenditures.



- 3.2.6. The procurement of transportation and accommodation for other persons travelling on Government duty travel are the responsibility of that individual and must be arranged using the Departmental Credit Card or through the individual's own personal credit card.



Issue Date: August 2007	Amended Date: December 5, 2019	Responsible Agency: Community and Government Services	Directive No: 815
Chapter: Control of Expenditures			
Directive Title: AIRCRAFT CHARTERING			

1. POLICY

The purchase of aircraft charter services by the Government is permitted where economic and/or logistical justification can be provided.

2. DIRECTIVE

The purchase of aircraft charter services by the Government must be conducted in accordance with the [Government Contract Regulations](#) and the Nunavummi Nangminiqaqtunik Ikajuuti ([NNI Regulations](#)).

This directive applies to all government departments.

3. PROVISIONS

3.1. Economy and Practicality

Air charters may be used only when more economical travel (e.g., scheduled air service) is unavailable or impractical. The most economical and practical air charter available must be used. Minister or Deputy Head approval is required when there is scheduled service to the community on the day of the intended charter.

3.2. Authority to Contract

- 3.2.1. The Department of Community and Government Services (CGS) purchases and coordinates all chartered aircraft services required by the Government.

Exceptions to this are as follows:

- a) CGS (for search and rescue operations); and
- b) The Speaker of the Legislative Assembly.

3.3. Sharing of Governmental Aircraft Charters

- 3.3.1. To ensure cost effectiveness and with the approval of the Minister or Deputy Head of the requisitioning department, CGS may arrange for sharing of charters with other departments or incidental passengers.
- 3.3.2. The incidental passenger will travel under rules governing incidental traffic in the selected carrier's tariff. The carrier will assume responsibility for incidental passengers and/or freight and will directly bill the incidental party for its share of the associated costs.
- 3.3.3. Where the Government adds passengers or cargo, or changes flight plans for the benefit of an incidental party, the Government's charter cost should be reduced by the proportion of costs attributable to that party's use of the aircraft, unless it is in the public interest for the Government to pay those costs. Such determination of public interest is to be made by the Minister or Deputy Head of the chartering department. This authority may not be delegated.
- 3.3.4. The Government assumes no liability for such incidental traffic; however, all incidental passengers must sign an insurance waiver absolving the Government from any liability from their using the Government's charter.



Issue Date: Feb 2008	Effective Date: Feb 5, 2008	Responsible Agency: Office of the Comptroller General	Directive No: 817
Chapter: Control of Expenditures			
Directive Title: ACCOUNTABLE ADVANCES			

1. POLICY

The recipient of an accountable advance must account for all expenditures and must reimburse the GN for any unexpended or unaccounted for portion of the advanced funds on or before the specified date. An accountable advance must be issued under *S.54* of the *Financial Administration Act (FAA)*, which deals with accountable advances, and must be administered in accordance with *S.55* and *S.56* of the *FAA* which deal with interest, and receipt of refund or repayment respectively.

2. DIRECTIVES

The Comptroller General may issue accountable advances. The accounting for and repayment of accountable advances must be administered in accordance with the directives in the 817 series.

3. PROVISIONS

3.1. Issue of accountable advances

- a) Petty cash funds (which are temporary accountable advances) must be administered in accordance with FAM Directive 817-2.
- b) Temporary advances for duty travel must be administered in accordance with FAM Directive 817-3.
- c) Contributions must be recorded as accountable advances and administered in accordance with FAM Directive 817-4.
- d) Advances to a third party agency must be approved by the Comptroller General or delegates and recorded as accountable advances.
- e) In exceptional circumstances, advances may be made under a pending agreement for a contribution, block funding or grant; the Minister or delegates may authorize the transfer before the agreement is signed.

Section 49 of the *FAA* outlines the disbursement control, which must be followed before the disbursement of the advance is made.

- 3.2. *S. 54(3)* of the *FAA* outlines the accounting for accountable advances.
- a) Due to differing rules for different types of accountable advances, the monitoring and administration of accountable advances is addressed separately in each of the directives referenced in section 3.1 of this directive.
 - b) Deputy Heads or delegates shall ensure that each accountable advance issued by their departments are properly authorized, issued, tracked, and recovered when required.
 - c) Deputy Heads or delegates shall provide such reports and certifications as required by the Comptroller General or delegate to monitor the outstanding accountable advances.

3.3. Repayment

- a) The Comptroller General or delegate under *S. 54(3)* of the *FAA* may, at any time, by written notice to the recipient of an accountable advance, demand an accounting of the advance and request repayment of any portion of the advance not accounted for in accordance with the directives. The recipient must comply with such a notice.
- b) An accountable advance or any part thereof not accounted for must be repaid in full by the recipient.
- c) An accountable advance that has not been repaid within 30 days of the notice to repay will be invoiced and may be subject to interest charges, set-off and collection. Refer to Regulation 9913, Interest Rate Regulations and Directive 915 Interest on Money Owing to the Government.
- d) An accountable advance that has not been invoiced after the payment due date must be justified by the Executive Finance Officer (EFO) of the issuing department in writing to the Comptroller General explaining the circumstances that prevent an invoice being generated.
- e) If a refund or accounting has not been received and set-off is unavailable, the file must be transferred expeditiously for collection in accordance with Directive 908, Collection of Outstanding Receivables.
- f) The EFO of the issuing department shall verify that the recipient fulfills its obligations as stipulated in this directive under which the accountable advance is issued.



Issue Date: Feb 2008	Effective Date: Feb 5, 2008	Responsible Agency: Office of the Comptroller General	Directive No: 817-2
Chapter: Control of Expenditures			
Directive Title: ACCOUNTABLE ADVANCES - PETTY CASH			

1. POLICY

Petty Cash Funds must be accounted for as accountable advances and must be established under S. 52(2) of the *FAA* and used in accordance with this directive.

2. DIRECTIVE

Petty cash purchases must comply with Regulation 9904 - Government Contract Regulations and Directive 808 - 2 Delegation of Purchasing Authority on Government Contracts.

3. PROVISIONS

3.1. Under S.52(2) of the *FAA*, the Comptroller General may authorize the establishment of Petty Cash Funds.

3.1.1. Establishing a Petty Cash Fund and appointing a custodian

- a) Departmental Executive Finance Officers (EFO) may request approval from the Comptroller General to establish a petty cash fund or cash register float, the appointment of a temporary, permanent, or replacement petty cash custodian, the changing of the approved amount, the changing of the single transaction maximum limit, or the closing of an existing petty cash fund using the Petty Cash Approval Form (See Appendix A).
- b) Such requests must be submitted to the Director, Financial Operations of the Office of the Comptroller General (OCG) or to the Regional Directors of Financial Services, Department of Finance.
- c) The initial cheque to establish the fund, and subsequent reimbursements, will be issued to the individual named as the

custodian on the Petty Cash Fund Approval form (example, John Smith / custodian of petty cash).

3.1.2. Allowable uses of petty cash

Petty cash may be used only for:

- a) floats used by designated GN cashiers; and,
- b) essential and immediately required purchases for which the use of Local Contract Authority is impractical.

3.1.3. The amount of a petty cash fund

The following should be considered in setting the amount of a petty cash fund:

- a) the size and location of the GN operation to be served;
- b) the security available for the cash box at various times;
- c) how the fund will be used;
- d) the practical maximum value of single transactions;
- e) frequency of replenishment (not more frequently than bi-weekly); and
- f) the amount of a float should be adequate to support business needs.

3.2. Monitoring and Administration of Petty Cash Funds

3.2.1. Custody and Control

- a) The custodian named on the Petty Cash Fund Approval form shall have sole custody and control, and shall be personally liable for the full amount of the fund. At the discretion of the Comptroller General the custodian may be required to repay any cash lost due to negligence.
- b) The custodian shall maintain the fund in a locked box and no other person shall be authorized to make disbursements from the fund. The locked box shall be kept inside a locked area when not in use.
- c) No advances for personal use shall be permitted.

- d) Advances for business purposes shall be authorized in advance by an expenditure officer and must be supported by signed temporary receipts.
- e) All disbursements from the fund must be supported by original receipts.
- f) Petty cash reconciliations must be done on a regular basis and periodic surprise cash counts should be verified and confirmed by a supervisor.
- g) Theft or other loss of petty cash must be reported immediately in accordance with Directive 913, Loss of Cash or Other Assets.
- h) To close a petty cash fund the appropriate departmental EFO shall return the fund to the Director, Financial Operations of the OCG, or to the Regional Directors of Financial Services of the Department of Finance for deposit back to the Consolidated Revenue Fund (CRF), with the completed Petty Cash Fund Approval Form (Appendix A).

3.2.2. Reconciliation and Replenishment

- a) The cash on hand plus the verified approved disbursements (receipts and advances) must always equal the approved petty cash fund balance.
- b) The fund balance must be reconciled whenever it is near depletion, on the last day of the fiscal year, or when the custodian is temporarily or permanently replaced.
- c) A reconciled balance need not be replenished before being transferred to a temporary or new custodian.
- d) The fund must be replenished at the end of each fiscal year to record expenses in the financial system.
- e) To replenish the fund, the custodian shall submit to the departmental expenditure officer, a completed Expense Voucher (payable to the custodian) with approved receipts attached, and the reconciliation form showing the fund in balance. Any discrepancies must be explained and approved.

3.2.3. Recovery of Petty Cash Fund balance



The Comptroller General or delegate may at any time, by written notice to the custodian of a petty cash fund, demand an accounting of the advance and repayment of any unexpended balance.

3.2.4. Goods and Services Tax

Petty cash fund purchases are subject to the Goods and Services Tax (GST). To facilitate recovery of the GST by the Government, the GST must be charged to the GST Recovery account and not included in the total amount charged to an appropriation.



APPENDIX A

PETTY CASH FUND APPROVAL FORM

All applicable parts of this form must be completed and signed in order to establish, amend or close a petty cash fund or to replace the custodian.

1. REQUEST FOR APPROVAL TO (CHECK APPLICABLE BOXES):

- Establish a fund Amend a fund Close a fund Change of custodian

Location:
Justification for the use of the petty cash fund:
Proposed amount of fund: \$..... Justification for the amount:
Proposed maximum value of single transactions using the fund: \$..... Justification for the amount:
Proposed <input type="checkbox"/> temporary custodian or <input type="checkbox"/> permanent custodian (check one) to sign: I certify by my signature that: I have read and understand the <i>Financial Administration Manual</i> Directive 817-2, Accountable Advance -Petty Cash and will adhere to its requirements; I will be personally liable and responsible for the petty cash and all related documentation placed under my care; and I understand that, at the discretion of the Comptroller General, I may be required to repay to the Government any loss of cash due to my own negligence. Name: Position: Employee No. Signature: Date:

Reconciliation Form

Existing custodian to sign if custodian is to be replaced or fund is to be closed: I certify by my signature that the following items make up the petty cash fund at transfer (to new custodian) or at closing of the fund:	
Cash on hand	\$
Receipts and approved invoices (list all details on a separate sheet)	
Total receipts and approved invoices	\$ _____
Total approved petty cash fund balance	\$ _____



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Name of custodian..... Position: Signature: Date:
Program Manager or Regional Director responsible for the fund replenishment budget: Name: Position: Signature: Date:
Director of Corporate Services: Name: Position: Signature: Date:

2. APPROVAL OF PETTY CASH FUND, CUSTODIAN, AMENDMENT OR CLOSURE

Approval to be signed by one of the following: Director, Financial Operations, Finance or Regional Director of Financial Services Name: Position: Signature: Date:

3. APPOINTMENT OF NEW PETTY CASH CUSTODIAN

New custodian to sign below upon appointment or upon amendment of petty cash fund amount: I hereby acknowledge receipt of cash and disbursement documents totaling \$....., which is the approved amount of the petty cash fund. Name of custodian: Position: Signature: Date:
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Issue Date: Feb 2008	Effective Date: Feb 5, 2008	Responsible Agency: Office of the Comptroller General	Directive No: 817-3
Chapter: Control of Expenditures			
Directive Title: ACCOUNTABLE ADVANCES-TEMPORARY TRAVEL ADVANCES			

1. POLICY

The Comptroller General or delegate may authorize a temporary advance to pay expenses incurred for government business by any public officer, service contractor, or other person temporarily employed or engaged in Government business.

2. DIRECTIVE

Temporary advances must be authorized and administered in accordance with *section 54* of the *Financial Administration Act (FAA)* which deals with accountable advances and Appendix A of Directive 802 – Delegation of Powers and Duties.

3. PROVISIONS

3.1. Administration and Monitoring of Temporary Advances

3.1.1. Issuing Temporary Advances

- a) A temporary advance may be issued for travel, business expenses, relocation and in other situations approved by the Comptroller General or delegate.
- b) A traveler may have only one outstanding travel advance at any one time except with the approval of the Deputy Head or delegate.
- c) A public officer may submit a request for a travel advance of up to 80% of anticipated allowable travel costs, excluding airfare and accommodation expenses, on a Travel Authorization and Expense Claim form. A personal credit card, GN individual travel card or

purchase card should be used whenever appropriate for airfare and accommodation expenses.

- d) The issue of temporary advances to non-public officers should be avoided due to the limited means of recovery. Under normal circumstances, the advance is limited to 80% of the anticipated meals and incidental expenses. A personal credit card, GN individual travel card or purchase card should be used whenever appropriate for airfare and accommodation expenses.

3.1.2. Custody

The recipient of a temporary advance is personally responsible and liable for the safe custody of the advance.

3.1.3. Reimbursement

- a) For a travel advance, the traveler must submit a Travel Authorization & Expense Claim form for reimbursement within 10 working days after the completion or cancellation of the trip.
- b) Failure to repay unused or excess advances at the time of submission of the travel expense claim may result in a payroll recovery or disciplinary action, depending on the circumstances.

3.1.4. Review

- a) The departmental Executive Finance Officers (EFO) and the Regional Director of Financial Services, Department of Finance, shall ensure that temporary advances are cleared in a timely manner.
- b) Notwithstanding 3.1.3(a) above, the Comptroller General or delegate may require an accounting and/or reimbursement of a temporary advance at any time.
- c) Departments shall ensure claims for travel, business and relocation expenses are submitted prior to the year-end cut-off date to ensure any associated accountable advances are cleared, and expenses are charged to the proper year.
- d) EFO's and Regional Directors of Financial Services, Department of Finance are to review outstanding travel advances periodically to ensure these temporary advances are cleared on a timely basis.



3.2. Recovery

- 3.2.1. When the holder of a temporary or standing advance terminates employment or changes position, the advance must be accounted for immediately.
- a) If the temporary advance is not accounted for, nor repaid by the recipient, the respective Departmental EFO or Regional Director of Financial Services, Department of Finance shall make disclosure of the outstanding debt on the Employee Clearance Form.
 - b) Any outstanding advance must be deducted from the employee's pay or from any other amount owing to the employee.



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Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Comptroller General	Directive No: 817-4
Chapter: Control of Expenditures			
Directive Title: ACCOUNTABLE ADVANCES – CONTRIBUTIONS			

1. POLICY

Disbursements made as a result of a contribution agreement must be recorded as accountable advances at the time the funds are released.

2. DIRECTIVE

Each request for an accountable advance must be pursuant to an approved contribution policy or payment directive that meets the requirements contained in Directive 801 – Grants and Contributions and the following provisions.

3. PROVISIONS

- 3.1 A contribution agreement signed by both the Government and the recipient must be in place prior to the disbursement of an accountable advance.
- 3.2 Where a contribution exceeds \$25,000 annually, departments must cash flow the contribution agreement disbursements based on the working capital requirements of the recipient. Contributions of this size should not be disbursed in one lump sum at the start of the agreement.
- 3.3 Departments are responsible to monitor the recipient organization and determine if eligibility criteria have been met.
- 3.4 Accountable advances must be cleared on a timely basis where eligibility requirements have been met.
- 3.5 Where the eligibility criteria have not been met, or a portion of the advance has not been expended, the department is responsible for recovering the amount due in accordance with the contribution agreement and the provisions of Directive 908 – Collection of Amounts Owing to the Government.



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- 3.6 Annually, in accordance with the timelines established in the Department of Finance year-end procedures, the Executive Finance Officer for each department must provide the Comptroller General with a signed report confirming the amount and status of all outstanding accountable advances.



Issue Date: Feb 2008	Effective Date: Feb 5, 2008	Responsible Agency: Comptroller General/Compensation and Benefits	Directive No: 819-1
Chapter: Control of Expenditures			
Directive Title: CONFIDENTIALITY OF PAYROLL INFORMATION			

1. POLICY

The Government has the responsibility to protect the confidentiality of personal payroll information contained in the government's payroll and human resources information system. The release of this information must respect the employee's right to privacy, must be appropriate to each specific case and be consistent with the *Access to Information and Protection of Privacy Act*.

2. DIRECTIVE

No employee or agent of the Government shall release personal payroll information obtained as a result of their relationship with the government, except in those circumstances indicated in Section 3, Provisions.

2.1. Forms of Communication

Releasing personal payroll information includes all forms of communication (e.g., verbal, e-mail, fax, photocopy, etc.).

2.2. Information Particulars

Personal payroll information contained within the government's payroll and human resources information system includes, but is not limited to the following:

- a) salary, wages, or any other type of remuneration paid or payable to an employee,
- b) benefits provided to an employee,
- c) marital status,
- d) dependent status,
- e) health status,
- f) age, and

g) social insurance number.

3. PROVISIONS

- 3.1. Where legislation, a court order or the terms of a collective agreement require the release of personal payroll information, the information shall be released in accordance with directions established within such documents. The Deputy Minister of Human Resources or delegate shall review and provide approval of all such requests from the human resources information system. The Deputy Minister of Finance or delegate shall review and provide approval of all such requests from the payroll system.
- 3.2. An employee may request in writing that the Director of Compensation and Benefits, or the appropriate Regional Director of Finance release his/her personal payroll information. The nature of information to be released, and the party to whom the release shall be made, is to be identified in the written request.
- 3.3. The foregoing restrictions shall not apply to personal payroll information that the Deputy Minister of Human Resources or the Deputy Minister of Finance may deem necessary or beneficial to provide to government departments, the federal government, or contractors requiring information to conduct government business.



Issue Date: August 2007	Revised Date: April 1, 2022	Responsible Agency: Office of the Comptroller General/Financial Operations	Directive No: 820-1
Chapter: Control of Expenditures			
Directive Title: DUTY TRAVEL			

1. POLICY

Public officers will be reimbursed for costs incurred while on authorized duty travel at rates set out in Appendix A of this directive.

Non-public officers who travel at the request of the GN for approved activities including staffing interviews, or for participation in committee, board or other decision making processes, also will be reimbursed in accordance with this directive.

2. DIRECTIVE

Duty travel and related cash advances, expenses, and reimbursements must be authorized and administered in accordance with this Directive.

2.1. Application

This directive applies to all duty travel and must be made available to all duty travellers (including non-public officers).

A public officer may not be treated as “in travel status” if he/she is appointed to the establishment of one headquarters area, but his/her duties are carried out at another location during the major portion of the time or continuously.

This Directive is subject to any collective agreements entered into by the GN.

2.2. Authorization of Duty Travel and Related Expenses

The authorization for duty travel and requests for travel advances must be authorized in advance on a Travel Authorization and Expense Claim form with detailed travel plans and an estimate of expenses outlined thereon or attached thereto. The authority for approval of duty travel is as follows:

- 1) Ministers may authorize their own duty travel and expenses within Canada.

- 2) Deputy Heads have the authority to approve the initiation of their own duty travel, however, must advise their Minister in writing of their intention to travel within a reasonable time prior to departure, and their Minister must approve the expenses before payment is made.

When annual leave is to be combined with duty travel, the travel request will be reviewed and signed off by the Minister. The travel request must be accompanied by the Travel Authorization & Expense Claim form, the Southern Travel Authorization form (If applicable) and a signed leave form.

- 3) Deputy Heads are responsible for the duty travel and expenses of staff in their departments and may delegate to other public officers the authority to approve the duty travel and expenses of subordinate staff. Such delegation of authority must be specific and in writing.
- 4) Duty travel for travellers other than Ministers and Deputy Heads must be pre-authorized, on the Travel Authorization & Expense Claim form, by the traveller's supervisor and a public officer more senior with delegated travel authority, if the traveller's supervisor does not have delegated travel authority.
- 5) In exceptional circumstances, if it is not in the public interest to delay a trip in order to obtain approval, the approval may be obtained subsequent to the trip.
- 6) Travel outside Nunavut must be authorized by the traveller's Deputy Head (or delegate).
- 7) Ministers wishing to travel outside of Canada at government expense must seek the Premier's approval prior to departure.
- 8) Duty travel outside Canada, other than by the Minister, must be authorized by the traveller's Minister (or delegate).

2.3. Reimbursement of Expenses

As provided for in FAM 813-1, it is the policy of the GN to use credit cards where possible for the procurement of travel and accommodation.

Out of pocket expenses for meals, incidentals and other expenses will be reimbursed upon submission of the Travel Authorization & Expense Claim form, as follows:



- 1) Travel and accommodation expenses paid with personal funds or by personal credit card, will be reimbursed subject to Subsections 2.4 & 2.5.
- 2) Meal expenses will be reimbursed at rates set out in Appendix A, except as otherwise provided for in this directive (Receipts not required).
 - a) If the per diem meal allowance is insufficient in a particular community, the traveller may claim actual expenses for all meals (Receipts required). If receipts cannot be provided, then reimbursement will be made for meal allowances set out in Appendix A.
 - b) The cost of meals is not to be included on a hotel bill.
 - c) Costs for alcohol will not be reimbursed.
 - d) Generally when meals are provided at conferences or on courses, no meal allowance is to be claimed for those meals. Reimbursement may be made if a meal was purchased and supporting receipts are provided.
 - e) It is generally expected that travellers can eat before departing from and after arriving back at their home or work site. Reimbursement should not be paid when the actual flight departure time:
 - i) does not prevent the traveller from eating breakfast at home between 06:30 and 08:30 hours;
 - ii) is later than 13:30 hours and allows time for lunch at home;
 - iii) is later than 18:30 hours and allows time for dinner at home.Reimbursement should not be paid when the actual flight arrival time:
 - iv) is earlier than 07:30 hours and allows time for breakfast;
 - v) is earlier than 12:30 hours and allows time for lunch; or
 - vi) is earlier than 18:30 hours and allows time for dinner.
- 3) Other appropriate duty travel expenses (see Appendix A) will be reimbursed, including the following:
 - a) an "Incidental" allowance to cover tips, personal phone calls, and other minor personal expenses will be paid, at rates set out in Appendix A, for each day in travel status - if in travel status for more than one day;
 - b) government business telephone calls (Receipts required);



- c) child care expenses (that exceed those which normally would be incurred) resulting from the duty traveller's absence, at rates set out in Appendix A (Receipts required);
 - d) reasonable costs (e.g. porters, taxis, etc.) of special assistance for physically handicapped travellers (Receipts required);
 - e) for storage and excess baggage charges where this is in the performance of duty and a satisfactory explanation is provided (Receipts required); and
 - f) laundry – after two (2) consecutive days on duty travel, at rates set out in Appendix A, (Receipts required).
- 4) Certain employees on duty travel may offer hospitality, but must do so in compliance with Directive 811, Hospitality. Such expenses must be charged to the hospitality code.
 - 5) Taxis may be used (Receipts not required for fares of \$8 or less). The use of taxis must be explained except where the purpose is self-evident.
 - 6) Receipts are required (unless specifically exempted by this directive) to justify travel expense claims, and duty travellers must make every reasonable effort to comply with this requirement. However, if it is impossible to obtain an original or replacement receipt, it should be so noted on the claim form. The approving officer shall initial the note if he agrees that it is appropriate to pay the claim despite the missing receipt.
 - 7) Travel claims should not be accepted for expenses related to additional hotel accommodation, meals, incidentals, etc. beyond scheduled, approved travel without a detailed explanation approved by the signing authority.
 - 8) If government and personal travel are combined, only the expenses that would have been incurred if the personal travel had not taken place will be reimbursed.
 - 9) Within ten (10) working days of completing a trip, the duty traveller shall submit his/her claim for expenses on the pre-authorized Travel Authorization & Expense Claim form, with required supporting documents and receipts, for approval by the GN.
 - 10) When there is an outstanding travel advance, failure to file an expense claim within ten (10) working days of completing a trip may result in a payroll deduction.

2.4. Related Issues

1) Travel Advances:

- a) A duty traveller may request a travel advance of up to 80% of anticipated travel costs excluding airfare and accommodation expenses (See Directive 817-3).
- b) Travel Advances should not be issued for transportation or accommodation as the individual or departmental credit card or GN travel card should be used.
- c) For those employees who have received a travel advance that exceeds their claim, they are to provide, within ten (10) working days of completing the trip, a personal cheque or money order to cover the balance.
- d) No employee is allowed to have more than one travel advance outstanding at any one time, unless more are approved by the Minister, Deputy Head or delegate.

2) Transportation:

- a) Air travel must be at the lowest practical fare, with the following exceptions:
 - i. A Minister, Deputy Head, or Clerk of the Legislative Assembly may travel by business class or first class when total in-flight duty travel time of all flight segments in the same day exceeds four hours.
 - ii. All staff may be approved for travel by business class where continuous air travel exceeds eleven hours, if authorized in advance on the Travel Authorization and Expense Claim form.
- b) For the purposes of this directive, continuous travel time begins one hour before the scheduled departure time and ends one hour after arrival at the trip destination or community of overnight stop.
- c) Duty travellers shall not volunteer to be “bumped” from their seats with commercial carriers. In the event where a duty traveller is involuntarily “bumped” by the commercial carrier, any compensation the carrier offers for imposed “bumping” shall be used to minimize GN expense.
- d) A traveller may not count as duty travel time any delay due to personal choice.

1) Vehicles for Duty Travel:

- a) Rental vehicles (mid-size car, unless specific prior approval for larger vehicle) may be used if practical, economical, and authorized in advance. Government rates are available for duty travel; higher rates must be justified. The traveller must decline supplementary insurance (collision damage waiver - CDW) coverage since the GN is insured against this risk.
- b) As a general rule, use of personal vehicles for GN use is discouraged. No reimbursement will be provided for use of private vehicles for duty travel unless specifically approved by the Minister or Deputy Head, and only then upon provision of proof of "Business Use" insurance on the vehicle. The cost of obtaining this special coverage will be at the expense of the employee. Reimbursement for approved use of private vehicles will be at rates set out in Appendix A.

2) Off-Road Vehicles for Duty Travel:

- a) Duty travel using off road vehicles (including snowmobiles and all-terrain vehicles) and small vessels must be authorized in advance, whether the vehicles or vessels are commercially rented or privately owned.
- b) All-terrain vehicles must have four or more wheels. The traveller must wear an approved safety helmet when riding on an off road vehicle, and an approved personal floatation device at all times in a small vessel.
- c) Reimbursement for GN use of personal off-road vehicles will be at rates set out in Appendix A (Receipts required). Insurance, repairs and other ownership costs for privately owned off-road vehicles and vessels are the owner's responsibility.
- d) If a privately owned vehicle is used, proof of adequate public liability insurance coverage must be provided to Risk Management before travel commences.

3) Private Aircraft

A duty traveller shall not travel by privately owned aircraft, or any aircraft that is not commercially licensed and specifically engaged for the purpose (See directive 815 - Aircraft Chartering). A duty traveller shall not pilot any aircraft on duty travel. Ministers and any accompanying staff are exempt from this provision.

2.5. Accommodation

1) Commercial Accommodation:

- a) The duty traveller shall minimize the cost to the GN by using accommodations and government discount rates listed in the white pages of the Hotel and Car Rental Directory for Government Employees where available. Exceptions require prior approval by the individual authorizing the duty travel. The Directory is posted at <http://www.njc-cnmc.gc.ca/directive/travel-voyage/s-td-dv-a3-eng.php>. A duty traveller who ignores this provision is not eligible for reimbursement above the posted government discount rate.
- b) For periods not exceeding twenty-five (25) calendar days, public officers will be reimbursed for actual costs of authorized accommodation.
- c) For periods exceeding twenty-five (25) days, normally the duty traveller will be expected to make appropriate arrangements for suitable rental accommodation at weekly or monthly rates.
- d) The duty traveller is personally responsible for cancelling any unused reservations by the agreed acceptable time and paying any resulting penalty for neglecting to cancel on time. This provision may be waived if circumstances prevented the traveller from cancelling the reservation and a satisfactory explanation is provided.

2) Non-Commercial or Private Accommodation:

- a) A duty traveller may use private accommodations and will be reimbursed at rates set out in Appendix A (Receipts not required).
- b) Use of other types of accommodation, such as tents and trailers, must be pre-authorized and will be reimbursed to a maximum of the private accommodation rate at rates set out in Appendix A (Receipts Required).

2.6. Headquarters Travel

Duty travellers will be reimbursed for unusual transportation expenses necessarily incurred while carrying out their duties within their headquarters area. Subject to GN approval, payment shall be made for transportation in the headquarters area of the duty traveller in the following circumstances:

- a) for a taxi between place of duty and home where the duty traveller is required to work after normal hours and circumstances such as a combination of late hours, weather and distance make it unreasonable to use his/her normal means of getting to or from work; or



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- b) where transportation is necessary for such reasons as the carrying of bulky documents, or because of the time factor and the method chosen is the most economical under the circumstances.



APPENDIX A

The Government of Nunavut will reimburse duty travellers for expenses incurred while on approved duty travel. The rates for meals, incidentals and mileages are tied to those set by the federal government Treasury Board. These rates are reviewed semi-annually and published, to be effective April 1 and October 1 of each year. The Comptroller General on behalf of the Government of Nunavut will review and implement any changes to the GN rates.

RATES (Effective – April 1, 2022)

Duty Travel

Meals and Incidental Expenses Allowance when traveling within the following areas:

For periods of duty travel not exceeding twenty-five (25) calendar days, per diems below will be paid. An employee in travel status for part of a day may claim only the individual meals and incidentals as applicable.

	Nunavut	NWT	Yukon/Alaska	Canada/USA
Breakfast	\$28.35	\$25.10	\$23.20	\$21.90
Lunch	\$34.45	\$30.45	\$21.30	\$22.15
Dinner	\$91.75	\$65.15	\$61.45	\$54.40
Incidentals	\$17.30	\$17.30	\$17.30	\$17.30
Total per day	\$171.85	\$138.00	\$123.25	\$115.75

Except in communities where housekeeping units or reasonable room and board are not available, when travel status extends beyond twenty-five (25) calendar days in one location, the maximum amount claimable for **meals** (see shaded area above) shall be reduced to twenty dollars (\$20.00) per day inclusive for all days in excess of twenty-five (25) calendar days.

Private Accommodation

Within Nunavut - \$75.00 per night (Receipts not required)

Outside Nunavut - \$50.00 per night (Receipts not required)

Child Care

\$45.00 per day, per child (Receipts required)

Laundry

After two (2) consecutive days on duty travel, a maximum of three dollars (\$3.00) per day for each subsequent day (Receipts required)



Mileage

Motor Vehicles:

The rate payable in cents per kilometre for the use of privately owned vehicles driven on authorized government business travel is \$0.57/km (taxes included).

This rate applies to both travel in and outside of Nunavut.

Off-Road Vehicles:

GN convenience \$7.50 per hour of use

(Plus \$5.00 per day or part day of use)

Duty traveller convenience \$7.50 per hour of use

Duty Travel Internationally:

Daily rates internationally are to be calculated using the international allowance rates as listed on the Government of Canada's National Joint Council web-site. This web-site provides Travel Allowance rates for a specific city in the currency of the applicable country. The web-site link is listed below:

http://www.njc-cnm.gc.ca/directive/app_d.php?lang=eng

The exchange rates to be used in calculating the Canadian dollar equivalent of the National Joint Council's Travel Allowance rates are those provided by the Bank of Canada. The web-site link is listed below:

<https://www.bankofcanada.ca/rates/>

Duty travelers should also reference 2.3 – Reimbursement of Expenses of this directive, wherein 2) a), states “*if the per diem meal allowance is insufficient in a particular community, the traveler may claim actual expenses for all meals (Receipts required). If receipts cannot be provided, then reimbursement will be made for meal allowances set out in Appendix A*”.



Interpretation Bulletin Number IB 820-1/01

Effective Date: January 2, 2020

Applicability: All government departments and public agencies

Applicable FAM Directive: FAM Directive 820-1 Duty Travel provision 2.4. Related Issues, section 2) Transportation

a) Air travel must be at the lowest practical fare.

INTERPRETATION

The lowest practical fare for duty travel is the fare booked with duty travel codes.

The GN has signed new contracts with Calm Air and Canadian North for particular routes. The contractual agreement stipulates all GN duty travel on those routes must be booked in the Duty Travel Class even if a less expensive class is available. There are no exceptions to this rule.

Travel coordinators will continue to use the existing duty travel codes.

These new contract conditions require advance planning of duty travel in order to avoid unnecessary change and cancellation fees.

All air travel on routes that does not fall under those contracts must be at the lowest practical fare as per FAM Directive 820-1 Duty Travel, provision 2.4., section 2.



Issue Date: June 25, 2021	Effective Date: Immediate	Responsible Agency: Department of Community and Government Services	Directive No: 830
Chapter: Control of Expenditures			
Directive Title: EMERGENCY EXPENDITURES			

1. POLICY

The Government may provide financial assistance when a state of emergency has been declared in all or part of Nunavut in accordance with the *Emergency Measures Act*. All emergency expenditures must be properly authorized.

2. DEFINITION

Emergency

A present or imminent situation or event that is seriously affecting or could seriously affect the health, safety or welfare of persons or is substantially damaging or could substantially damage property.

3. DIRECTIVE

The Government may provide financial assistance in accordance with Inuit Societal Values and Inuit Qaujimajatuqangit when a state of emergency has been declared by the Minister of CGS or a municipal council. The assistance must be provided in accordance with the *Emergency Measures Act* and the relevant policies formulated by CGS. All expenditures that are directly attributable to a state of emergency or a state of local emergency are subject to this directive.

This directive applies to all government departments and public agencies.

4. PROVISIONS

- 4.1. The Minister responsible for Community and Government Services (CGS) may, in writing, declare a state of emergency in all or part of Nunavut in accordance with s.11 of the *Emergency Measures Act*.

- 4.2. S.12 of the *Emergency Measures Act* stipulates that the Minister of CGS must be satisfied that all the factors for declaration of an emergency are met to determine that an emergency exists or may exist.
- 4.3. A declaration of a state of emergency expires 14 days after it is made unless it is sooner extended or terminated. The Minister of CGS may extend a declaration of a state of emergency for further periods of up to 14 days each.
- 4.4. Under s.13 of the *Emergency Measures Act*, the Minister of CGS may, for the duration of the emergency, do any act and take any measure he or she considers necessary. Providing emergency funding may be necessary to implement these measures.
- 4.5. When the Legislative Assembly is in session, CGS must obtain an emergency appropriation bill to create an appropriation for the emergency funding if the department is unable to fund from an existing appropriation in accordance with s.44 of the *Financial Administration Act (FAA)*. When the Legislative Assembly is not in session, CGS must obtain a special warrant in accordance with s.33(1) of the *FAA* and Financial Administration Manual (FAM) Directive 303 Special Warrants.
- 4.6. S.45(2) of the *FAA* addresses the exemption for emergencies and gives the Deputy Minister of CGS the authority to enter into a contract requiring an immediate disbursement to protect public property or to provide for an emergency.
- 4.7. Any funds spent out of appropriation to respond to the emergency prior to the implementation of the special warrant must be charged to the emergency funding appropriation.
- 4.8. All emergency expenditures must be recorded in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board of Canada and must follow all proper financial reporting procedures.
- 4.9. Where emergency funding is provided by a third party, it must be treated in accordance with FAM Directive 880 Third Party Funded Agreements.
- 4.10. Emergency funding provided by a special warrant or an emergency appropriation bill for a specific state of emergency or local state of emergency must not be used for any other purpose.

- 4.11. Various costs as well as any planned borrowings and other liabilities associated with some of the indirect, long-term implications arising from the emergency are not subject to this directive. These costs should be addressed in the budget development process. All planned new or revised borrowings, contracts or other financial arrangements that may affect the Government's borrowing limit must be submitted to the Financial Management Board for approval in accordance with FAM Directive 890 Management and Control of Government's Borrowing Limit.
- 4.12. Government procurement and contracting procedures as set out in the *Nunavummi Nangminiqagtunik Ikajuuti Implementation Act*, the Nunavummi Nangminiqagtunik Ikajuuti Regulations, the Government Contract Regulations and FAM Directive 808 series continue to apply during a state of emergency. Goods and services which are urgently required, and where delay would be injurious to the public interest, may be awarded without a competitive procurement process pursuant to section 8 of the Government Contract Regulations.
- 4.13. The Office of the Comptroller General shall be consulted for resolution of any issues that arise in determining proper accounting classification of expenditures in accordance with PSAS (e.g. liabilities, capital expenditures).



Issue Date: June 25, 2021	Effective Date: Immediate	Responsible Agency: Department of Health	Directive No: 831
Chapter: Control of Expenditures			
Directive Title: PUBLIC HEALTH EMERGENCY EXPENDITURES			

1. POLICY

The Government may provide financial assistance when a state of public health emergency has been declared in all or part of Nunavut in accordance with the *Public Health Act*. All expenditures related to a public health emergency must be properly authorized.

2. DEFINITION

Public Health Emergency

An occurrence or imminent threat that poses a serious risk to public health.

3. DIRECTIVE

The Government may provide financial assistance in accordance with Inuit Societal Values and Inuit Qaujimajatuqangit when a state of public health emergency has been declared by the Minister of Health in accordance with the *Public Health Act*. All expenditures that are directly attributable to the declared state of public health emergency are subject to this directive.

This directive applies to all government departments and public agencies.

4. PROVISIONS

4.1. Under s.40 of the *Public Health Act*, the Minister of Health, on the recommendation of the Chief Public Health Officer, may declare a state of public health emergency to exist in all or a part of Nunavut if the Minister is satisfied that

- a) a public health emergency exists; and

- b) the public health emergency cannot be sufficiently mitigated or remedied without the implementation of special measures.
- 4.2. A declaration of a state of public health emergency expires 14 days after it is made unless it is sooner extended or reduced. On the recommendation of the Chief Public Health Officer, the Minister of Health may extend the state of public health emergency for additional periods of up to 14 days each or reduce the period or the area to which it relates.
- 4.3. Providing public health emergency funding may be necessary to implement special measures implemented by the Chief Public Health Officer under s.41 of the *Public Health Act*.
- 4.4. S.45(2) of the *Financial Administration Act (FAA)* addresses the exemption for emergencies and gives the Deputy Minister of Health the authority to enter into a contract requiring an immediate disbursement of funds to provide for an emergency.
- 4.5. When the Legislative Assembly is in session, the Department of Health must obtain an emergency appropriation bill to create an appropriation for the emergency funding if the department is unable to fund it from an existing appropriation in accordance with s.44 of the *FAA*. When the Legislative Assembly is not in session, the Department of Health must obtain a special warrant in accordance with s.33(1) of the *FAA* and Financial Administration Manual (FAM) Directive 303 Special Warrants.
- 4.6. Any funds spent out of appropriation to respond to the public health emergency prior to the implementation of the special warrant must be charged to the public health emergency funding appropriation.
- 4.7. All expenditures related to the public health emergency must be recorded in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board of Canada and must follow all proper financial reporting procedures.
- 4.8. Where public health emergency funding is provided by a third party, it must be treated in accordance with FAM Directive 880 Third Party Funded Agreements.
- 4.9. Emergency funding provided by a special warrant or an emergency appropriation bill for a specific public health emergency must not be used for any other purpose.

- 4.10. Various costs as well as any planned borrowings and other liabilities associated with some of the indirect, long-term implications arising from the public health emergency are not subject to this directive. These costs should be addressed in the budget development process. All planned new or revised borrowings, contracts or other financial arrangements that may affect the Government's borrowing limit must be submitted to the Financial Management Board for approval in accordance with FAM Directive 890 Management and Control of Government's Borrowing Limit.
- 4.11. Government procurement and contracting procedures as set out in the *Nunavummi Nangminiqagtunik Ikajuuti Implementation Act*, the Nunavummi Nangminiqagtunik Ikajuuti Regulations, the Government Contract Regulations and FAM Manual Directive 808 series continue to apply during a state of public health emergency. Goods and services which are urgently required, and where delay would be injurious to the public interest, may be awarded without a competitive procurement process pursuant to section 8 of the Government Contract Regulations.
- 4.12. The Office of the Comptroller General shall be consulted for resolution of any issues that arise in determining proper accounting classification of expenditures in accordance with PSAS (e.g., liabilities, capital expenditures).



Issue Date: August 2007	Effective Date: August 29, 2007	Responsible Agency: Comptroller General	Directive No: 850
Chapter: Control of Expenditures			
Directive Title: INSURANCE - DAMAGE CLAIMS BY STUDENTS			

1. POLICY

Students attending school in Nunavut may incur losses to personal belongings damaged or destroyed as a result of insurable risks in Government operated schools and residences, resulting in claims for reimbursement of such losses. This policy applies to all government operated schools in Nunavut, including all primary, secondary, post secondary and adult learning institutions. (The Government does not pay its employees for similar claims unless it is legally liable.)

2. DIRECTIVE

Subject to the following Provisions, the Government shall pay reasonable student claims for personal belongings damaged or destroyed as a result of insurable risks such as fire in Government schools and student residences.

3. PROVISIONS

- 3.1. Student claims for personal belongings damaged or destroyed as a result of insurable risks such as fire in Government schools and student residences must be approved by the Minister or Deputy Head or delegate of the Department of Education (President where claim is with Nunavut Arctic College). Claims must be processed and paid by The Department of Education or Nunavut Arctic College as appropriate.
- 3.2. Claims must be made within one year of the date of loss.
- 3.3. Claims must include sufficient detail to assess replacement value, e.g., manufacturer, model, serial number, date of manufacture, purchase receipt, etc., where available. The student, a parent or a legal guardian, as the case may be, shall certify by statutory declaration that:
 - a) the loss or portion of loss claimed is not covered by the student's personal insurance, or,

- b) if the loss or portion claimed is covered by the student's personal insurance, the claim against the Government is limited to the lowest of the following amounts:
 - i) the deductible amount of the student's personal insurance;
 - ii) the difference between the amount of insurance paid to the student and the cost of repair, and,
 - iii) the difference between the amount of insurance paid to the student and the cost of replacement.
- 3.4. The claim amount paid must not exceed the difference between:
- a) the lesser of the cost to repair or the cost to replace; and
 - b) the amount paid by the student's personal insurance.
- 3.5. The maximum payable per student per incident is \$1000.



Issue Date: August 2007	Effective Date: August 29, 2007	Responsible Agency: Comptroller General	Directive No: 851
Chapter: Control of Expenditures			
Directive Title: WORK EXPERIENCE PROGRAMS – DAMAGE CLAIMS			

1. Policy

Employers of students on work experience programs are expected to have their own insurance coverage for damages that may be caused by a student. However, to prevent the negative impact of losses on a participating business, the Department of Education or Nunavut Arctic College as appropriate will provide reimbursement for the losses for all reasonable claims for damages up to a maximum of \$1,000. This policy applies to all government operated schools in Nunavut, including all primary, secondary, post-secondary, and adult learning institutions.

Reimbursable damages are limited to damages to tangible assets. Other damages such as the loss of business revenue consequential to the damage of a tangible asset are not covered.

2. DIRECTIVE

The Government shall provide reimbursements for losses of all reasonable claims up to a maximum of \$1,000 for damages caused by students when on work experience as part of their school program.

3. PROVISIONS

- 3.1 A business making a claim shall certify by statutory declaration that no portion of the claim is eligible for insurance coverage reimbursement.
- 3.2 Any student involved in a claim shall provide a written description of the circumstances which resulted in the claim being made.
- 3.3 Approval



- 3.3.1 All claims must be reviewed by Risk Management, Department of Finance prior to submission to the Deputy Head of the Department of Education (President where claim is with Nunavut Arctic College).
- 3.3.2 All claims must be approved by the Minister or Deputy Head of Education (President where claim is with Nunavut Arctic College).
- 3.4 The Government may review the insurance coverage of the business claiming a loss.
- 3.5 Claims under this directive shall be processed and paid by the Department of Education or Nunavut Arctic College as appropriate.
- 3.6 Claimants shall be paid the lesser of replacement or repair value.
- 3.7 Claims must include sufficient detail to properly assess the replacement value of the item.
- 3.8 Limitations
 - 3.8.1 The maximum payable on a claim is \$1,000.
 - 3.8.2 Where loss or damage is covered by other personal insurance, payment shall be limited to the amount deductible under the other insurance.



Issue Date: August 2007	Effective Date: August 29, 2007	Responsible Agency: Comptroller General	Directive No: 860
Chapter: Control of Expenditures			
Directive Title: DEPARTMENTAL CHEQUE ISSUE SYSTEMS			

1. POLICY

When, for reasons of efficiency, public benefit, or legal necessity the use of department cheque issue systems is deemed appropriate, such systems shall be implemented.

2. DIRECTIVE

Pursuant to the provisions of this directive, a request for establishment of a departmental cheque issue system must be authorized by the Deputy Head of the requesting department. The Comptroller General must approve the request prior to the system beginning operation, except where specific authority is granted by statute to other persons or bodies such as Territorial Corporations, Boards, or Commissions to operate such systems.

3. PROVISIONS

- 3.1. The request for a departmental cheque issuing system must provide the following information:
- the purpose and intended recipients of the payments, and the reason(s) why such payments cannot be handled by the existing cheque issuing system(s);
 - the expected parameters of the payments to be issued, i.e.: maximum amounts, frequency, numbers of payees;
 - the authority, legislative or otherwise, for the disbursements, and the budgetary limit of expenditures;
 - the source of the funds to be disbursed;
 - the source of funding for system development;



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- the identity (position/name) of the employee(s) responsible to manage the account, and the identity (position/name) of the employee(s) with signing authority on the account.
- 3.2. The public officer responsible for operation of a departmental cheque issue system is accountable for compliance with all relevant sections of the *Financial Administration Act*, including S.27, S.30, S.32, S. 44, and is subject to the provisions contained in this directive. The public officer is also accountable to develop appropriate procedures to control payments and to ensure effective control of the banking/cheque handling activities. The financial and accounting controls developed within the department shall be established and exercised in a manner approved by the Comptroller General.
 - 3.3. The cheque issuing system must be approved by the Comptroller General prior to implementation, as well as any and all subsequent changes.
 - 3.4. The delegation of cheque signing authority must be granted and rescinded in accordance with the Comptroller General's direction.
 - 3.5. An immediate refund to the Consolidated Revenue Fund of additional funds provided to meet seasonal expenditure requirements is necessary once the need has passed, where this process is permitted.
 - 3.6. Overdrafts are not permitted in departmental cheque accounts.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Comptroller General/Financial Operations	Directive No: 870
Chapter: Control of Expenditures			
Directive Title: SET-OFFS, THIRD PARTY DEMANDS AND ASSIGNMENTS – GENERAL			

1. POLICY

Set-offs, third party demands and assignments are actions which may be taken by the Comptroller General to settle government accounts owing, as authorized by the *Financial Administration Act (FAA)*, S.22 and 69. The Comptroller General may determine whether:

- A debt which the Government owes to a person may be set off against a debt which that person owes to the Government;
- A debt which the Government owes to a person may be paid to a statutory authority in respect of a third party demand;
- The right to receive payment of a debt the Government owes to a person may be transferred by that person to another person through an assignment.

2. DIRECTIVE

Requests for set-offs, third party demands, and assignments received by the Comptroller General shall be administered subject to S.22 and S.69 of the *FAA*, the Assignment of Government Debt Regulations, the Provisions of this Directive and Directives 871, 872 and 873 of the Financial Administration Manual.

3. PROVISIONS

- 3.1. The Comptroller General must settle any concurrent claims against a debt owed by the Government in the following order:
 - a) set-offs of overdue amounts owing to the Government;



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- b) third party demands; and,
 - c) assignments.
- 3.2. The Comptroller General shall consult with the responsible departments and the department of Justice, as appropriate.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Comptroller General/ Financial Operations	Directive No: 871
Chapter: Control of Expenditures			
Directive Title: SET-OFFS			

1. POLICY

The Government of Nunavut (GN) will use all available means, including the right of set-off, to collect outstanding amounts owing to it for accounts receivable, overpayments, unpaid accountable advances, or amounts previously written off.

2. DIRECTIVE

The Comptroller General, pursuant to S.22 of the *Financial Administration Act* (FAA), the provisions of this directive and of Directive 870, may set off a debt owed to a person by the GN against a debt owed to the GN by that person.

3. PROVISIONS

- 3.1. For the purposes of this directive, "person" has the meaning as given by the *Interpretation Act*: "person includes a corporation and the heirs, executors, administrators or other legal representatives of a person".
- 3.2. The Comptroller General may invoke the right of set-off when:
 - a) payment of a debt, including accountable advances and overpayments made to a person by the government, is overdue and has not been forgiven;
 - b) fulfillment of a non-monetary obligation is overdue (the value to be determined);
 - c) a person has commenced bankruptcy or liquidation proceedings;
 - d) an employee has resigned and owes a debt to the GN;

- e) an employee voluntarily agrees to deductions from salary;
 - f) an employee has an unfulfilled obligation or debt due to the GN;
 - g) an amount was previously written off pursuant to s.24(4) of the *FAA*.
- 3.3. The Comptroller General may decide whether to obtain a full or partial recovery and whether a one time or continuous recovery is to be made.
- 3.4. The Office of the Comptroller General shall, in writing, notify the debtor of a set-off and shall provide the details of the debt settlement.
- 3.5. A set-off should neither cause a debtor undue hardship nor risk the debtor's well-being or ability to pay the debt.
- 3.6. The Comptroller General may waive the right of set-off under S.22 (2) of the *FAA*.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Comptroller General/Financial Operations	Directive No: 872
Chapter: Control of Expenditures			
Directive Title: THIRD PARTY DEMANDS			

1. POLICY

Third party demands received from a Federal or Nunavut statutory authority against a debt owed by the Government will be honoured where required by legislation or court order.

2. DIRECTIVE

Pursuant to applicable legislation, the Provisions of this directive and of Directive 870, the Comptroller General (or delegate) shall action specific third party demands received from a Federal or Nunavut statutory authority against a debt owed by the Government.

3. PROVISIONS

- 3.1. All third party demands must be approved by the Comptroller General (or delegate). Most third party demands received are issued from one of the following sources:
 - a) Canada Revenue Agency;
 - b) Workers' Safety and Compensation Commission;
 - c) Labour Standards Board;
 - d) maintenance enforcement demands; and,
 - e) court ordered garnishments (garnishee summons) against salary or wages.
- 3.2. The Comptroller General (or delegate) may accept or reject a third party demand against a grant or contribution payable, or third party demands received from sources other than those detailed in clause 3.1.
- 3.3. A department receiving a third party demand shall ensure that it is forwarded to the Comptroller General (or delegate).



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- 3.4. The Comptroller General (or delegate) may exercise the right of set-off under Directive 871 prior to accepting any third party demand.
- 3.5. The Comptroller General shall forward all rejected third party demands or garnishments to the Department of Justice for review. The Comptroller General shall act upon the advice of the Department of Justice with respect to rejected demands.
- 3.6. In the event that total third party demands exceed the amount of the debt owing by the Government, the Comptroller General shall request advice from the Department of Justice.
- 3.7. The Comptroller General shall, in writing, provide details of third party demand payments to the person to whom the Government would otherwise pay the debt.



Issue Date: July 2006	Effective Date: June 30, 2006	Responsible Agency: Comptroller General/ Financial Operations	Directive No: 873
Chapter: Control of Expenditures			
Directive Title: ASSIGNMENTS			

1 POLICY

Pursuant to Section 69 and 107 of the FAA and Directive 9902 Assignment of Government Debt Regulations, the Comptroller General (or delegate) has the authority to accept or reject an application for an assignment of a debt owed by the GN. The approval is subject to review and recommendation of the Department of Justice and submission of appropriate backup documentation as outlined in Appendix A.

2 DIRECTIVE

Normally, except where compelled by another enactment, the GN rejects requests by *public officers* or *service contractors* for *assignment* of amounts owed to them by the GN. The GN is under no legal obligation to honor requests that a payment or payments be assigned to another supplier.

Therefore, departments should complete Request for Assignment with necessary facts and documentation to Department of Justice for their review.

After the review by the Department of Justice, the requesting Department will forward the Request for Assignment and backup documentation with the recommendation from Dept. of Justice to the office of the Comptroller General, whereupon a determination to effect the assignment will be made.

2.1 Care must be taken not to give assurances to suppliers, sub-contractors or the contractor that payment will be assigned. Contractors should be advised that approval, if accepted, may take several weeks.

2.2 Requests for Assignment

- 1) must be in writing to the Comptroller General (or delegate) in the manner stipulated in Directive 9902 Assignment of Government Debt Regulations;
- 2) must specify the particular GN transaction from which the proposed assignment arises (e.g. lease, contract, purchase order); and
- 3) must pertain to an owed payment for which funds have been committed to an expenditure within the Government's financial information system unless

expenditure and disbursement are intended for a future fiscal year (e.g., as in a multi-year lease contract).

- 4) must include appropriate backup documentation as outlined in attached Appendix A: Due Diligence Checks and Recommendation for Acceptance or Rejection.

2.3 Response to Request for Assignment

- 1) The Comptroller General (or delegate) shall in writing, notify the *assignor*, *assignee*, and the department responsible for the payment, of the acceptance or rejection of a request for assignment.
- 2) A notice of acceptance must state:
 - a) that acceptance by the Comptroller General (or delegate) does not necessarily ensure payment to the assignee;
 - b) that if payment of any debt the assignor owes to the GN becomes overdue, assigned funds are subject to being deducted or withheld by the GN to set off the overdue payment, or to honor *third party demands*;
 - c) the amounts and payment due dates of any debts owed by the assignor to the GN; and,
 - d) any intended *set-off*, or third party payment.
- 3) Requests for a general assignment of all debts owed by the GN will normally be rejected.
- 4) Proponents of assignments who contact departments should be advised to submit the request to the Comptroller General (or delegate) in the manner stipulated in Directive 9902 Assignment of Government Debt Regulations.
- 5) The Comptroller General (or delegate) shall reject assignment of any amount greater than the net debt owed by the GN after set-off and settlement of third party demands.
- 6) An application for a conditional assignment may be accepted where assurance of payment to the assignee is in the interest of the Government.
- 7) The Comptroller General may accept an assignment on the understanding that the Government will withhold for its own protection any remaining payment to the assignor after paying the assignor's debt to the assignee.
- 8) Payments by the Government under an assignment must be restricted only to the amount the assignor owes the assignee.



**Appendix A
Request for Assignment of Debt
Due Diligence Checks and Recommendation for Acceptance or Rejection
As Recommended by Department of Justice**

Name of Assignee

Name of Assignor

Assignment Amount

The following due diligence checks have been completed and/or performed and are on file for reference (X) or are not applicable (N/A)

- A copy of the Signed Assignment of Debt between the General and Sub Contractors;
- Signed Form 1 & 2 package (i.e. Form 1 & 2 FAM Directive 9902);
- Solicitor’s enforceability opinion;
- Officer’s Certificate from the company;
- Certificate of Status of the Assignor company - corporate registry;
- Bankruptcy Insolvency Act search – corporate registry;
- Writs of execution search – corporate registry.
- Evidence of surety bonding (Performance Bond or Payment Bond), if applicable
- Reason for assignment request documented on file.

Accept
 Signature, Director of Finance or Date
 Chief Financial Officer of requesting Department

No legal impediments to approval of Assignment

.....
 Signature, Department of Justice Date

Accept Reject
 Signature, Comptroller General Date
 or Delegate



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Comptroller General	Directive No: 880
Chapter: Control of Expenditures			
Directive Title: THIRD PARTY FUNDED AGREEMENTS			

1. POLICY

The Government receives funding from third parties that is used to administer and/or deliver various programs and services. This funding is classified as either special purpose funding or cost shared funding, and must be approved in accordance with the requirements of Directive 950, Revenue and Trust Authorization.

Special purpose funding refers to activities that are wholly funded by a third party and are optional activities to the Government. If the funding is accepted, the funding is used to fulfill only that purpose on behalf of the third party. S.20(1) of the *Financial Administration Act (FAA)* allows disbursements from such funding without an appropriation, so long as the disbursements are made for the special purpose intended.

Cost shared funding refers to activities where funding is provided by a third party in support of a government approved program of expenditures. The authority of an appropriation is required for the total amount of the expenditures covered by the agreement, as stated in S.30(1) of the *FAA*. The third party funding provided is considered revenue to the Government in support of the government approved program.

2. DEFINITIONS

2.1. Third party funding

Money transferred to the Government by another party as either a special purpose funded agreement, or as part of a cost shared agreement. The Government uses the funding in accordance with the terms of the agreement.

Third party funding does not include funds ordinarily transferred within the formula financing agreement with Canada.

3. DIRECTIVE

Ministers and their delegates may enter into and administer third party funded agreements subject to the provisions of this directive.

4. PROVISIONS

- 4.1. An agreement to accept third party funding must be completed in accordance with Directive 950, Revenue and Trust Authorization.
- 4.2. To implement a cost shared agreement, an appropriation for the total annual activity must be in place. Where no appropriation exists, departments must seek approval for a supplementary appropriation, or request the Financial Management Board to reclassify an existing appropriation to cover the total cost of the proposed cost shared agreement.
- 4.3. All third party funding received must be spent for the purpose identified in the agreement.
- 4.4. Where an agreement allows for discretionary spending choices, spending decisions are to be made as follows:
 - a) For allocations of funds which are department specific:
 - i) up to \$500,000, approval by the Deputy Minister is required with notice to FMB, prior to finalization of allocations;
 - ii) over \$500,000, approval by FMB is required; with notice to the Legislative Assembly at the discretion of FMB.
 - iii) Where the agreement is a multi-year agreement, the spending threshold applies to the total value of the agreement.
 - b) For allocation of funds which may be used by multiple departments, for multiple purposes, spending allocation decisions shall be made by FMB, with notice to the Legislative Assembly at the discretion of FMB.
- 4.5. No disbursement shall be made in respect of a third party funding agreement until the initial transfer of funds has been received by the Government and deposited into the appropriate account or special purpose fund established for that purpose unless:

- a) a written agreement, made and approved as stipulated in these Provisions, provides for money to be transferred to the Government at a future date in an amount equal to or greater than the amount of the disbursement;
 - b) the agreement has been signed by duly authorized officers of the third party and the Government; and,
 - c) the disbursement is made specifically for the purpose intended in the agreement.
 - d) if multiple parties are involved, all funding agreements must be signed before any disbursements are allowed.
- 4.6. If a third party funding agreement is primarily for the benefit of the funding organization, an administration fee may be negotiated as part of the agreement with the organization in order to offset any direct and/or indirect costs incurred by the Government.
- 4.7. The disposition of unexpended balances will depend on the terms included in the third party funded agreement. The funding agreement may specify that the unexpended balance be carried over to be used in a renewal term of the agreement; it may specify that the unexpended balance must be returned to the third party; it may specify that the unexpended balance may be retained by the Government. If any unexpended balance may be retained, it must be considered general revenue, available for appropriation.
- 4.8. For multi-year cost sharing agreements, a new appropriation for the total estimated annual expenditure must be obtained each year.
- 4.9. Where a third party funding agreement provides for the acquisition of infrastructure, upfront consideration must be given to any ongoing operating and maintenance costs that will be required to use the asset. Where these costs are not provided for in the funding agreement, departments must request additional appropriations through FMB, or identify funds within their existing budget.
- 4.10. The department responsible for managing the agreement must ensure that appropriate financial systems and internal controls are used and that all requirements of the agreement are completed, including that the revenue is fully accounted for, promptly billed (using advances as necessary) and properly recorded, and that the reporting requirements are adhered to.
- 4.11. The department responsible for managing the third party funding agreement must provide quarterly reporting to Expenditure Management in a format to be specified.



- 4.12. Cost shared funding agreement values must be included within the expenditure and revenue sections of the Main Estimates and the Public Accounts.

- 4.13. Special purpose funded agreement values must be disclosed in the Main Estimates and the Public Accounts, if material.



Issue Date: August 15, 2019	Amended Date: September 20, 2020	Responsible Agency: Expenditure Management, Office of the Comptroller General	Directive No: 890
Chapter: Control of Expenditures			
Directive Title: MANAGEMENT AND CONTROL OF GOVERNMENT'S BORROWING LIMIT			

1. POLICY

The Government must not exceed the authorized borrowing limit that represents the maximum amount of the aggregate of all borrowings set by the Governor in Council pursuant to subsection 27(4) of *Nunavut Act*, and must comply with the *Borrowing Authorization Act* and the Nunavut Borrowing Limit Regulations under the *Nunavut Act*.

The Government, through the Financial Management Board (FMB), must adequately manage and control the approval of all planned use and the available balance of the borrowing limit. The Expenditure Management division of the Department of Finance and the Office of the Comptroller General assist the FMB in carrying out these duties.

Organizations included in the government reporting entity must identify and report to Expenditure Management all their current borrowings and other arrangements that fall under the scope of the borrowing limit and must obtain the FMB approval for all planned new or revised borrowings, contracts or other financial arrangements that may affect the Government's borrowing limit.

2. DEFINITIONS

Borrowing

Based on section 2 (1) of the Nunavut Borrowing Limits Regulations, each of the following constitutes or is deemed to constitute borrowing by the Government:

- a) an obligation incurred as a result of any loan of money received, including a loan made by the issuance and sale of bonds, debentures, notes or any other evidence of indebtedness;

- b) an obligation incurred as a result of any capital lease entered into where the initial value of obligation, exceeds the tangible capital asset threshold used for Public Accounts reporting;
- c) a liability incurred as a result of any sale-leaseback transaction if the Government acquires a leased tangible capital asset; and
- d) a contingent liability incurred as a result of any loan guarantee provided by the Government.

Capital lease

Capital lease is a lease of a capital asset that transfers substantially all the risks and benefits of ownership to the government. The asset is recorded as an asset of the government, and the obligation to pay is recorded as a liability.

Government Reporting Entity

The government reporting entity, as defined in the CPA Canada Public Sector Accounting Standards, comprises government components and organizations controlled by government.

The government reporting entity, for the purpose of the annual consolidated financial statement, includes all government departments, revolving funds and the public agencies listed in *Schedule A* and *Schedule B* of the *Financial Administration Act* (i.e., all territorial corporations and other public agencies, except for the Workers' Safety and Compensation Commission).

3. DIRECTIVE

The Government is required to ensure that it is fulfilling its responsibility of not exceeding the authorized borrowing limit. In order to accomplish this, it requires all organizations included in the government reporting entity to identify and report to Expenditure Management all current and proposed capital leases and borrowings, as defined in this directive, and obtain the FMB approval for planned and revised borrowings, capital leases, financial transactions or arrangements prior to incurring any obligation that may fall under the scope of the borrowing limit.

This directive applies to all government departments, public agencies or other reporting bodies that are part of the government reporting entity for the purposes of Public Accounts.

4. PROVISIONS

- 4.1. All organizations included in the government reporting entity (i.e., departments, revolving funds, territorial corporations and other public agencies) must:
- a) identify and report to Expenditure Management all capital leases and other arrangements that fall under the scope of the borrowing limit (including interest-free loans, capital leasing, financing, guarantees, indemnities, alternative financial arrangements or other transactions); and
 - b) submit all planned and revised capital leases, borrowings and other transactions or arrangements that may affect the borrowing limit to the FMB for review and approval in advance of the related contractual or other arrangements being signed. All planned and revised borrowings of territorial corporations whose borrowings are guaranteed by the Government must be approved by the FMB.
- 4.2. Expenditure Management shall define and communicate to all organizations included in the government reporting entity the nature, extent and timing of information to be submitted in order to prudently manage and control the use and balance of the borrowing limit.
- 4.3. All organizations included in the government reporting entity shall provide appropriate information to Expenditure Management on their planned and current use of the borrowing limit, and report any changes in a timely manner.
- 4.4. Expenditure Management is responsible for updating information on the use and available balance of the borrowing limit and providing this information to senior management of the Department of Finance as and when needed.
- 4.5. The *Borrowing Authorization Act* stipulates that the Commissioner may borrow money to ensure that the Consolidated Revenue Fund is sufficient to meet disbursements lawfully authorized to be made from it. Borrowing under this Act is intended as short-term financing to meet operational cash flow requirements and not long term capital financing as defined in Section 2 (1) of the Nunavut Borrowing Limits Regulations. The borrowed amount may not exceed \$175 million at any time. If the Government borrows money under the *Borrowing Authorization Act*, the borrowed amount must be included under the borrowing limit set pursuant to subsection 27(4) of



Nunavut Act. The current amount of the borrowing limit is indicated in Appendix A.

- 4.6. The Office of the Comptroller General shall be consulted for resolution of any issues that arise in determining what constitutes a planned or actual use of the borrowing limit (e.g., capital leases, guarantees, and alternative financial arrangements).
- 4.7. The Public Accounts shall include summary disclosure of the use and availability of the borrowing limit as at the fiscal year-end.



Appendix A

On September 20, 2020, the Governor General in Council, pursuant to subsection 27(4) of the *Nunavut Act*, set the maximum amount of the aggregate of all borrowings at **\$750 million**; [P.C. 2020-0662].



FINANCIAL ADMINISTRATION MANUAL



Revised Date: April 2022	Effective Date: Immediate	Responsible Agency: Office of the Comptroller General	Directive No: 900
Chapter: CONTROL OF REVENUES			
Directive Title: CHAPTER INDEX			

- 901 Fees, Licenses, Administrative Penalties and Fines
- 905 Taxes – General
- 907 Credit Granting and Control
- 908 Collection of Amounts Owing to the Government
- 909 Receipt and Deposit of Public Money
- 910 Accountable Forms
- 911-1 Loans and Advances
- 912 Privatization of Government Programs, Services or Enterprises
- 913 Loss of Cash or Other Assets
- 913-1 Loss of Cash or Other Assets – Write-off of Loss of Public Assets or Assets Held in Trust
- 914 Recording Revenues
- 915 Interest and Administrative Charges on Money Owing to the Government
- 917 Write-off, Forgiveness and Remission – General
- 917-1 Write-off
- 917-2 Forgiveness
- 917-3 Remission
- 950 Revenue and Trust Authorization



Issue Date: May 2008	Amended Date: June 25, 2021	Responsible Agency: Office of the Comptroller General	Directive No: 901
Chapter: Control of Revenues			
Directive Title: FEES, LICENSES, ADMINISTRATIVE PENALTIES AND FINES			

1. POLICY

S.4 of the *Financial Administration Act (FAA)* permits the Financial Management Board (FMB) to act on all matters related to the financial management and financial administration of the Government.

S.18 of the *FAA* permits a fee to be charged for any service provided by a department or public agency in the amount and in the circumstances as the Minister responsible for a department or public agency directs or the regulations require.

The Minister responsible shall submit all proposed fees and licenses to be charged for any service provided by a department or public agency, and all proposed fines or administrative monetary penalties in respect of the contravention of any law, to the FMB for approval.

2. DIRECTIVE

Where economically and administratively feasible, or to promote social goals, and after review by the FMB, the Minister responsible for a department or public agency may charge a fee for any goods supplied or services rendered to the public, unless there are provisions for specific exemption.

The Legislature may create summary offences, which are punishable by fine or imprisonment. The Minister of Justice may make regulations designating certain offences as ticket offences and setting fines for those offences pursuant to the *Summary Conviction Procedures Act*.

The Legislature may also create systems of administrative monetary penalties as a mechanism for enforcing compliance with regulatory legislation. These are monetary penalties assessed and imposed by a regulator without recourse to a court or independent administrative tribunal. They do not result in imprisonment or a criminal record.

This directive applies to all government departments and public agencies.

3. PROVISIONS

- 3.1. The Minister responsible must submit all proposed fees, charges for services, fines and administrative monetary penalties as well as their proposed modifications to the FMB for consideration and approval.
- 3.2. All Deputy Heads shall review their operations periodically to ensure the fee charged for goods supplied or for services rendered to the public is appropriate and advise their Minister accordingly.
- 3.3. Departments and public agencies shall designate an individual to be responsible for the accounting, control and collection of revenue derived through fees, licenses, administrative monetary penalties and fines.
- 3.4. Where the fee, license, administrative monetary penalty or fine is collected by an external agency, the program manager must ensure that:
 - a) a contract or agreement is signed, the duties and responsibilities are clearly defined by the contracting department or public agency and all necessary controls are in place; and
 - b) all contracts are reviewed by the Office of the Comptroller General and by the Legal and Constitutional Law division of the Department of Justice.
- 3.5. Charges for a service to the public may be on a full or partial cost recovery basis (including all direct costs and indirect costs incurred both by the department or public agency itself and by other departments or public agencies on its behalf).
- 3.6. It may be desirable to set prices at levels that promote social or economic goals (either greater or less than actual costs, depending on the objective).



FINANCIAL ADMINISTRATION MANUAL



- 3.7. Departments and public agencies shall review the offence provisions and determine whether increases to the fine amounts are required when developing or amending legislation.

- 3.8. Departments and public agencies shall consider replacing the offences with administrative monetary penalties where appropriate. Fines and administrative penalties should be set at the appropriate levels to promote specific and general deterrence.



Issue Date: May 2008	Amended Date: August 15, 2019	Responsible Agency: Office of the Comptroller General	Directive No: 905
Chapter: Control of Revenues			
Directive Title: TAXES - GENERAL			

1. POLICY

Section 23 (j) of the Nunavut Act gives the Legislature power to make laws in relation to direct taxation within Nunavut in order to raise revenue for territorial, municipal or local purposes.

2. DIRECTIVE

The Minister of Finance, with the approval of the Executive Council and the recommendation of the Financial Management Board, shall present to the Legislature all requests for new taxes or the repeal of existing taxes. Existing taxes may be modified either by legislation, or where permitted, through regulation.

This directive applies to all government departments and public agencies.

3. PROVISIONS

- 3.1. Any requests to the Legislature relating to taxes must contain clear and complete details of the nature of the tax, any exemptions, applicable rates, penalties and remittance requirements.
- 3.2. The Deputy Head of the Department of Finance shall ensure that procedures are in place to collect all taxes and penalties that are due to the Government in an efficient and effective manner.
- 3.3. The following are the acts under which taxation is presently levied and collected by the Government:



- a) *Income Tax Act*;
- b) *Property Assessment and Taxation Act*;
- c) *Tobacco Tax Act*;
- d) *Payroll Tax Act*;
- e) *Petroleum Products Tax Act*;
- f) *Insurance Act (Nunavut)*.

These acts are administered by the Department of Finance.

- 3.4. Nunavut's share of the excise tax under the *Cannabis Act* is levied and collected on behalf of the Government by the Government of Canada. These taxes are then remitted back to the Government.
- 3.5. The Government of Canada levies and collects taxes in Nunavut under the *Greenhouse Gas Pollution Pricing Act*. These taxes are then remitted back to the Government.
- 3.6. The taxation aspect of any act that may be approved by the Legislature shall be administered by the Department of Finance.
- 3.7. Where authorized by an act, the Department of Finance may enter into information sharing agreements with the Canada Revenue Agency and with provincial and territorial governments to enable reciprocal enforcement of laws respecting taxation.



FINANCIAL ADMINISTRATION MANUAL



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Comptroller General	Directive No: 907
Chapter: Accounting and Control of Revenue			
Directive Title: CREDIT GRANTING AND CONTROL			

1. POLICY

Under the authority granted by S.4 (1) and S.54 of the *Financial Administration Act (FAA)*, the Government may grant credit when it is necessary to fulfill the policy objectives of the Government or where the repayment and other conditions are set out in legislation, regulations or an agreement.

2. DIRECTIVE

In cases where separate legislation does not apply, the Government may grant credit to individuals and organizations when there is a reasonable expectation that repayment will occur or where it is required to meet the policy objectives of the Government.

The granting of credit is to be avoided whenever possible. The Government may refuse to provide credit unless it is required by legislation.

3. PROVISIONS

3.1. Types of credit

- 3.1.1. Programs that grant credit are generally covered under separate legislation. The policies of the program will determine who will qualify for credit.
- 3.1.2. When not specifically covered under separate legislation, the Government has complete discretion in determining whether or not it will provide credit and under what terms it will be granted.

3.2. Credit Information

- 3.2.1. Program Managers are responsible to determine the credit worthiness of organizations or individuals prior to granting them credit.
- 3.2.2. In determining credit worthiness, the relationship between the Government and the recipient is to be considered. This includes

assessing the history of the recipient in meeting the terms of previous arrangements.

- 3.2.3. In determining the credit worthiness of individuals and organizations, due diligence must be carried out before credit is granted. Some factors to consider are:
- a) the financial strength of the individual or organization including current debt load and perceived ability to repay;
 - b) the qualifications and character of the individual, board members or other key decision makers;
 - c) the appropriateness of the project in relation to the department's business plan;
 - d) whether government assistance is appropriate or are there other sources of funding that would be more appropriate; and
 - e) whether the organization has unpaid amounts or past amounts written-off owing to the Government or others.
- 3.3. Documentation
- 3.3.1. Departments are responsible for documenting the information used in determining the credit worthiness of individuals or organizations to which credit is granted.
- 3.3.2. In situations where credit is granted because it is essential to fulfill the policy objectives of the department, an explanation of the circumstances surrounding the granting of credit must be documented.
- 3.4. Credit Terms
- 3.4.1. Unless provided for in legislation, interest rates and credit terms should comply with Directive 915 and the Interest Rate Regulations (Regulation 9913).
- 3.4.2. All loans granted must comply with the provisions of FAM Directive 911-1 Loans and Advances
- 3.5. Monitoring
- 3.5.1. Departments are responsible for collecting amounts owing to the Government and must follow the provisions of Directive 908.



Issue Date: August 2008	Effective Date: July 10, 2008	Responsible Agency: Comptroller General	Directive No: 908
Chapter: Accounting and Control of Revenue			
Directive Title: COLLECTION OF AMOUNTS OWING TO THE GOVERNMENT			

1. POLICY

The Deputy Head of each department is responsible for establishing an accounts receivable collection strategy that takes advantage of the full range of available collection methods, tools and specialists. The collection strategy should complement program needs and statutory requirements.

Departments are responsible for collecting amounts due to their departments, whether owing from persons or organizations outside of the Government, employees or other Government departments.

Where the accounts receivable of a department are of an incidental nature rather than a normal course of business, an agreement may be negotiated with the Office of the Comptroller General to act as the collection agent on behalf of the department.

2. DIRECTIVE

Each Department will vigorously and actively pursue the collection of amounts owing to their department. This activity shall use all of the tools and collection methods that are available and that are appropriate in the individual circumstances, subject to this directive.

Collection strategies must provide consistent and equitable treatment to debtors.

3. PROVISIONS

3.1. Departmental Responsibilities

3.1.1. All collection action taken by the Government must respect the privacy and confidentiality of the parties involved.

3.1.2. A Public Officer within the department must be given the primary responsibility for collecting accounts receivable.

- 3.1.3. Collection strategies established by departments must have the following minimum elements:
- the ability to produce an accurate, aged listing of all outstanding amounts owing to the department. Where possible, control accounts are to be used and balanced monthly with the subsidiary ledger;
 - the ability to produce and deliver to the debtor, where warranted, periodic (at least monthly) statements for each amount owing, showing details making up the balance and an aging of the amount due;
 - a procedure whereby there is a monthly review of the aged accounts receivable listing by an employee with authority higher than the person responsible for maintaining the accounts receivable and a quarterly review by senior management;
 - a system to ensure that collection action is commenced at an early date and before the debt becomes too large relative to the debtor's ability to pay;
 - a systematic approach to collections whereby higher levels of departmental authority become involved as the account becomes older;
 - a system to follow up on commitments or promises made by the debtor or the department;
 - a system to communicate and liaise with the Department of Finance for files turned over to them in order to avoid duplication and to assure effective collection action is maintained;
 - a procedure to recommend for write-off those accounts where further collection action would no longer be cost effective; and
 - an evaluation mechanism for determining the performance of the collection function, including performance indicators which place accountability on the individuals responsible for the various functions.
- 3.1.4. Departments may negotiate extended payment plans with creditors. All such plans must be approved by the Deputy Head of the department involved. The Public Officer responsible for collections in the department must monitor the payment plan and notify any other Public Officer or departments that may be involved in the collection process so that such action may be suspended.

- 3.1.5. Departments are to consider the cost of collection action and may decide not to continue such action, or to peruse alternative means, if they conclude that the costs would exceed any likely recovery. The decision to suspend or cease collection action must be fully documented and the information made available to the Comptroller General, upon request.
- 3.1.6. After the department has exhausted all of the means available to it to collect the debt, the file is to be transferred to the Department of Finance. This does not relieve the department from its responsibility to collect the debt and any direct costs of further collection action will be charged to the department, as will any write off.
- 3.1.7. Inter-departmental debts are not to be transferred to the Department of Finance but are to remain in the department involved.
- 3.1.8. Departments may decide to suspend collection action if there is evidence that such action would create or compound financial hardship. The approval of the Comptroller General, in consultation with the Deputy Head of the department involved, is required before collection action is suspended. The department must monitor the suspension to determine if the hardship conditions continue.

3.2. Collection Tools

- 3.2.1. Standard tools and collection methods available to departments are as follows: These are minimum requirements and departments are free to employ other collection actions that may be available:
 - periodic statement of account, showing aging of amount due and any interest applied;
 - friendly reminder of amount past due attached to, or included with, the periodic statement;
 - more serious reminder of amount due attached to, or included with, the periodic statement;
 - letter from program manager or main government contact person, requesting payment and outlining future action contemplated, if any; and
 - phone call, and/or email, from senior department personnel to their peers in the debtor organization, if the amount warrants.
- 3.2.2. Additional tools available to the Government are as follows:
 - payroll deduction from employees of the Government;

- set-off against amounts owing to debtors by the Government;
 - the use of outside collection agencies;
 - legal action through the courts; and
 - set-off against Income Tax refunds available through an agreement between the Canada Revenue Agency and the Government.
- 3.2.3. Departments are to avail themselves of the tools listed in 3.2.1 and 3.2.2 above that they consider necessary and appropriate in the circumstances surrounding each amount owing. The actions listed in 3.2.2 will be carried out with the assistance of the Department of Finance.
- 3.2.4. The collection tools listed in 3.2.2 above are not to be used for debts owing from other departments or other governments.
- 3.2.5. The Department of Finance will pursue vigorously the collection of accounts transferred to it and will use all of the collection tools available to it.
- 3.2.6. The Department of Finance may return files to departments, with suggestions for additional collection action, in cases where they consider that actions are available to Departments that have not been explored.
- 3.2.7. Any action involving payroll deductions from employees must follow the provisions of the Human Resources Manual.
- 3.2.8. The approval of the Deputy Head of the department involved and the Deputy Minister of Finance is required before using collection agencies, legal action, or set-off against Income Tax owing. The Department of Justice must be consulted prior to taking legal action.
- 3.2.9. In cases where collection agencies or set-off action has been initiated and the account is paid in full, the collection action must be ceased immediately. Any overpayment received must be returned promptly.
- 3.2.10. Employees involved in collection action must ensure that all possible collection action has been taken before the provisions of the *Limitation of Actions Act* come into effect. The basic provision of this act is that collection action cannot be taken after six years from the latest of:
- the creation of the debt;
 - the discovery of fraud;

- the last payment on the account; or
- the last written acknowledgment by the debtor of the existence of the debt.

For debts involving land (rent, leases, mortgages etc.) the time period is 10 years. Departments are to consult with the Department of Justice should the application of this act become a factor in collection actions.

3.3. Records

3.3.1. Departments are to maintain completely documented files containing written evidence of all collection action taken. This file will contain, at a minimum:

- clear evidence establishing the debt;
- copies of all correspondence, including emails, between the department and the debtor dealing with the debt;
- owing from other departments or other governments.
- a record of all activity on the account including payments, interest charges, adjustments or write offs, etc;
- memos concerning all phone calls or verbal communications with the debtor indicating the date, parties involved, and nature of the discussion; and All other pertinent documents that would assist in collecting the account.

3.3.2. Departments must submit an annual report to the Comptroller General of all amounts that are more than 90 days in arrears and have not been transferred to the Department of Finance. This report must indicate the collection action taken and the action anticipated in the future. This report must be submitted within 90 days of the year end.



Issue Date:	Effective Date: March 2009	Responsible Agency: Office of the Comptroller General	Directive No: 909
Chapter: CONTROL OF REVENUES			
Directive Title: RECEIPT AND DEPOSIT OF PUBLIC MONEY			

1. POLICY

The Comptroller General has the responsibility for ensuring that all public money is collected and accounted for, under s.12(2) of the *Financial Administration Act (FAA)*. Departments must have adequate controls in place to ensure that all public money is collected and deposited in an authorized Government bank account in a timely manner.

2. DIRECTIVE

Deputy Heads shall ensure that proper controls are in place, and are working, to ensure that all public money is received, stored and deposited in an authorized Government bank account in a timely manner. The controls must be in accordance with Directives in the 605 series.

3. PROVISIONS

3.1. Custody and Handling of Cash and Cash Equivalents

- 3.1.1. Any public officer who has control of public money must ensure that the public money is deposited into a Government bank account in accordance with an established system of controls. The public officer must also ensure that the money is credited to the appropriate account.
- 3.1.2. Departments who receive public money in communities that do not have access to banking facilities must have controls in place to properly safeguard the money until it can be securely transferred to Department of Finance offices that have access to banking facilities.
- 3.1.3. Under no circumstances are cash or negotiable securities to be sent through the mail. Procedures must be in place to convert cash and negotiable securities into an instrument that may only be deposited

into a Government bank account (cheque, money order, etc.) prior to sending it to the Department of Finance.

3.1.4. Public money must not be allowed to accumulate in Government offices.

- Those offices that have access to banking facilities must make deposits as frequently as necessary (daily recommended).
- Departments in non-banking communities must convert cash and negotiable securities into cheques or money orders as frequently as is necessary to avoid an accumulation of cash in the department (daily recommended).
- The departmental policy covering the handling of public money must specify the amount of cash (\$500 at a maximum) that may accumulate at individual locations and the frequency of deposits or transfers to the Department of Finance.

3.2. Internal Control

3.2.1. The Deputy Head, through the Executive Finance Officer, in each department that receives public money must ensure that fully documented controls are in place to properly safeguard and record public money. Segregation of duties is a key element of any control system. In locations where segregation of duties is not possible, greater management supervision is required. The control system should contain the following elements, as is appropriate to the circumstances of the department:

- incoming mail is opened by two persons, where possible and all public money received is promptly recorded;
- cash received must be balanced against the recorded amount on a daily basis;
- a receipt must be issued when currency is received;
- all cheques and negotiable instruments are endorsed upon receipt in a manner that prevents them from being deposited in other than a Government bank account;
- cash receipts must be deposited daily, if feasible;
- cash on hand must be kept in a secure location, out of the public view;
- cash receipts must be deposited intact. Disbursements must not be made from cash receipts;

- a proper segregation of duties must be in place. The person receiving the cash must be different from the person entering the transactions in the accounting records. One person must not be responsible for handling a transaction from beginning to end;
- petty cash funds must not be combined with cash receipts;
- cash floats must be assigned to a specific custodian who is responsible for it;
- cash short must not be paid from a cash float; and
- the receipt of funds must be centralized whenever possible.

3.2.2. Departmental controls and procedures must indicate the circumstances under which the custodian of money is responsible to repay shortages and the level of cash over and short that is tolerable.

3.3. Electronic Payment

- 3.3.1. To minimize the handling of cash, departments are encouraged to make use of electronic means of receiving payment. These may be by the use of Debit or Credit cards or by electronic transfer from the individual's or organization's bank account. The *Electronic Commerce Act* governs the use of electronic payments.
- 3.3.2. In order to ensure that electronic payments are properly controlled and recorded, the Comptroller General's approval is required before a department may establish facilities that enable electronic payment within their department.
- 3.3.3. The cost of using electronic payments must be charged against an expenditure appropriation of the department using the facility.
- 3.3.4. Cash withdrawals from Debit or Credit card machines are strictly prohibited.
- 3.3.5. A public officer may refuse to accept payment in electronic format. The Executive Finance Officer in the department involved must approve all instances where the use of electronic payment is refused. Full details of the refusal must be documented, including the amount involved, reasons for the refusal and alternate payment method accepted.



Issue Date:	Effective Date: March 2009	Responsible Agency: Office of the Comptroller General	Directive No: 910
Chapter: Accounting and Control of Revenue			
Directive Title: ACCOUNTABLE FORMS			

1. POLICY

The Financial Management Board is responsible for evaluating the efficiency, economy and effectiveness of Government programs under s.4(1) of the *Financial Administration Act (FAA)*. It is the policy of the Government to use standardized forms to capture, record and store financial data whenever the use of such forms is economically feasible and practical.

Whenever possible, these accountable forms will be in electronic format.

The use of electronic forms is governed by the provisions of the *Electronic Commerce Act*.

2. DIRECTIVE

Deputy Heads, in consultation with their Executive Finance Officer (EFO), will be responsible for the control, use and storage of accountable forms used within their department.

3. PROVISIONS

3.1. Types of Forms

- 3.1.1. Accountable forms are defined as forms that have the potential to confer a benefit on someone or some organization internal or external to the Government.

Accountable forms may be manual or electronic, and may be department specific or for Government wide use.

3.2. Control of Forms

- 3.2.1. Deputy Heads shall assign a public officer to be responsible for distributing and storing paper accountable forms that are used within their department. Departments are responsible for the controls over accountable forms. Pre-numbered forms, or sequentially numbered

- computer generated forms, are to be used whenever their use is practical and cost effective.
- 3.2.2. The public officer responsible for accountable forms in each department will store and distribute these forms in a manner that provides proper security to ensure that they are used only for their intended purpose. The security provided will be dependent on the risk associated with a misuse of the form.
 - 3.2.3. Deputy Heads will ensure that proper controls are in place, and are working, to prevent the misuse of electronically produced accountable forms within their department. These controls must ensure that modifications to electronic forms cannot be made without proper authorization and that specialized stock paper is properly safeguarded.
 - 3.2.4. Deputy Heads, in consultation with their EFOs shall conduct a review periodically, of both paper and electronically produced forms used by their department and consider those paper forms that are candidates for conversion into electronic format. This review must also identify forms that no longer serve the purpose for which they were created. Any such form identified must be considered for removal from service.
 - 3.2.5. Prior to removing a form from service the, EFO is responsible for ensuring that the users of the form are consulted and that the stock of unused forms is properly destroyed. The removal of electronic forms from service must be accomplished in such a way that its future use is prevented.
 - 3.2.6. The Office of the Comptroller General (OCG) may review the procedures used by any department to control accountable forms and departments are to provide any information requested.
 - 3.2.7. Any public officer who suspects that accountable forms have been misused must follow the provisions of FAM Directive 913 – Loss of Assets and *S. 105* of the *FAA*.
 - 3.2.8. Electronically produced accountable forms must be stored on the Government's centralized computer system that is protected with passwords, user ID or other security restrictions. The storage of accountable forms on personal or stand-alone computers is prohibited.
 - 3.2.9. Accountable forms that have been utilized and now contain Government data must be retained, stored and disposed of in accordance with the Information Records Classification System maintained by Community and Government Services (CGS) as well

as the provisions of the *Archive Act* and the rules established by the Public Records Committee under that Act.

3.3. Developing and Approving Forms

- 3.3.1. The creation of new accountable forms must be carefully considered to avoid proliferation. Departments must consult with CGS and work in conjunction with the OCG to ensure proper standards are followed.
- 3.3.2. The Comptroller General is responsible for the development and approval of all government wide common use financial accountable forms.
- 3.3.3. Departments are responsible for the design and development of departmental specific accountable forms. The Comptroller General must approve the use of all departmental specific accountable forms that interact with the Government's accounting records.
- 3.3.4. CGS maintains a revolving stock inventory of common Government wide accountable forms. This inventory must be consulted before a new form is developed to ensure that an existing form will not serve the purpose.
- 3.3.5. Departments are responsible for justifying the need for any new form and must consider the cost and benefit of producing the new form. Government wide forms must be used whenever possible.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Office of the Comptroller General	Directive No: 911-1
Chapter: Accounting and Control of Revenue			
Directive Title: LOANS AND ADVANCES			

1. POLICY

S.27 (1) of the *Nunavut Act* allows the Government to make laws for the lending of money to any person in Nunavut. Persons are deemed to include corporations by virtue of the *Interpretation Act*.

All loans made by the Government must be made pursuant to an act of the Legislative Assembly. The act may provide for ongoing loan programs or may be for specific loans.

2. DEFINITIONS

Loans and accountable advances are a special category of accounts receivable and require records and procedures similar to those used for the normal accounts receivable of a Department.

2.1 Accountable advances are payments made for expenses to be incurred (i.e. before the service is received). Examples include petty cash advances, travel advances, and contribution agreements which are authorized under s.54 of the *Financial Administration Act (FAA)*, and are dealt with in the 817 series of Directives.

2.2 Loans are payments made to or on behalf of a borrower pursuant to a written agreement or contract which specifies the repayment terms, interest rate and other conditions. They are authorized under S.27 (1) of the *Nunavut Act* and must be pursuant to an act of the Legislative Assembly.

3. DIRECTIVE

Loans made by the Government must comply with the provisions of this directive and must be for the purposes specified in the applicable legislation and departmental policy governing the loans.

4. PROVISIONS

4.1. Authorization

Departments that operate loan programs must have policies in place to govern the operation of these programs and to provide sound financial management over the funds being disbursed.

4.2. Accounting

- 4.2.1. When an amount is advanced with forgivable conditions, it should be accounted for as a grant unless it meets the definition of a loan receivable and there is sufficient evidence of a reasonable expectation of its recovery.
- 4.2.2. Forgivable loans may be treated as a loan receivable if the Government expects repayment, except under specific conditions. On the other hand, if repayment is not required unless certain events take place, or conditions are not met, the amount is treated as a grant. Grants and contributions are dealt with in Directive 801.
- 4.2.3. Where loans are made with terms that are so concessionary that all or a portion of the transaction is in the nature of a grant, the grant portion is to be recognized as a grant expense when the loan is made.

4.3. Write down and Write-off

- 4.3.1. Loans are reflected on the statement of financial position of the Government and are not charged to an appropriation, thus any disbursement of public money for the purpose of making loans must comply with the provisions of S.49 of the *FAA*.
- 4.3.2. If a loan or a portion of the disbursement is considered a grant, as provided for in 4.2.1 through 4.2.3, the grant portion must be charged against an appropriation.
- 4.3.3. When the value of loans carried in the financial records of the Government is higher than their expected recoverable value, the loans must be written down to the expected recoverable value by the use of a valuation allowance. Write-downs must not be reversed and must be charged against an appropriation of the department responsible for the loan.



- 4.3.4. When loans are no longer recoverable, they must be written off. Write-offs must follow the provisions of S.24 of the *FAA* and Directives in the 917 series.

4.4. Control

Departments must monitor and control loans receivable in the same manner as other amounts owing to the Government. The provisions of Directive 908 are to be applied to loans receivable.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Office of the Comptroller General	Directive No: 912
Chapter: Accounting and Control of Revenue			
Directive Title: PRIVATIZATION OF GOVERNMENT PROGRAMS, SERVICES OR ENTERPRISES			

1. POLICY

S. 4(1) of the *Financial Administration Act (FAA)* requires the Financial Management Board (FMB) to evaluate the efficiency, economy and effectiveness of Government programs. Under this authority, the FMB may recommend the privatization of certain programs and services to strengthen Government and to support and encourage the expansion of a strong northern private sector.

The goals of privatization of government service are as follows:

- to increase the effectiveness which government programs and services are delivered;
- to increase the efficiency which government programs and services are delivered;
- to increase the economy of government programs and services; and
- to curb the growth of the public sector and increase the growth of the private sector.

2. DEFINITIONS

- 2.1. Economy – thrifty management of money, materials, etc.
- 2.2. Effectiveness – comparison of actual results to expected levels of achievement in terms of objectives.
- 2.3. Efficiency – comparison of output with the resources consumed to produce it. How well resources are being used.
- 2.4. Private Sector - the aggregate of all Nunavut businesses, as defined in the Nunavummi Nangminiqaqtunik Ikajuuti Policy (NNI Policy). – other than those owned or controlled by governments.
- 2.5. Privatization - a process where Government programs, services or enterprises are turned over to the private sector for delivery. The delivery

may be carried out completely by the private sector or on a shared basis with Government.

- 2.6. Public-private partnerships (P3) - contractual agreements between a Government and a private sector entity that allows for greater private sector participation in the delivery of Government services.

3. DIRECTIVE

The approval of the Legislative Assembly, upon the recommendation of the Executive Council and the FMB, is required before the privatization of any Government activity or business, or a P3 arrangement, can take place. Plans presented for approval must be approved by the Minister responsible for the activity or business and follow the provisions of this Directive.

This directive does not apply to assets which are determined to be surplus to the department's requirements. The disposal of these assets is covered in Directive 917-1.

Also, this Directive does not apply to normal contractual arrangements where the Government acquires goods or services that are required to carry on its operations, but it does apply to assets that are part of a privatization plan.

4. PROVISIONS

- 4.1. Any proposal to privatize government services, or enter into P3 arrangements, must demonstrate that the goals of privatization, as set out in the Policy section of this Directive, will be achieved.
- 4.2. Any P3 arrangements must comply with the Department of Finance Public-Private Partnership Policy.
- 4.3. Proposals to privatize government services or enter into P3 arrangements must demonstrate that they meet the following objectives:
 - a) a reduction in the cost of government services and provide for more efficient service delivery, where possible;
 - b) to provide an appropriate quality and level of service to meet the needs of consumers;
 - c) to stimulate economic development, competitiveness and initiative;
 - d) to promote growth in the private sector; and
 - e) to assure that all risks are identified and shared among the participants who are best able to minimize, manage and mitigate them.
- 4.4. The following must be addressed in any proposal for privatization or P3 arrangement:
 - a) objectives of NNI policy;
 - b) continuation of the delivery of service;

- c) how meeting of government policy and its legislative and regulatory responsibilities will be ensured;
 - d) how the quality and level of service can be monitored and maintained or improved;
 - e) that the privatization or P3 arrangement will be cost effective;
 - f) that economic development opportunities will be created or enhanced;
 - g) that the competitiveness environment with customers will be sustainable over the long term;
 - h) that the impact on the immediate and long term implications to other government services can be determined and is acceptable;
 - i) that the government will be able to obtain or retain the required levels of specialized expertise at a reasonable cost; and
 - j) that suitable arrangements can be made to deal with employees' rights and benefits and that the provisions of any collective agreements will be honored.
- 4.5. Prior to completing any privatization or P3 arrangement, the Department responsible for the related service must present a detailed implementation plan to the FMB for approval. This plan must identify the roles and responsibilities of the parties involved in implementing the arrangement and set out, in detail, how the goals, objectives, risks and other criteria contained in the approved proposal will be achieved, managed and monitored. Copies of all proposed contracts and agreements must be included in the plan.



Issue Date: May 2008	Effective Date: May 20, 2008	Responsible Agency: Office of the Comptroller General	Directive No: 913
Chapter: Accounting and Control of Revenue			
Directive Title: LOSS OF CASH OR OTHER ASSETS			

1. POLICY

The Minister of each department, through their Deputy Head, has the responsibility to implement and maintain adequate internal controls and procedures to safeguard and protect government cash and other assets.

2. DIRECTIVES

- 2.1. All cases of suspected offences and loss of public money or property must be reported, through the supervisory chain of command, to the Deputy Head of the department where the incident has occurred.
- 2.2. The Deputy Head, in consultation with the Executive Finance Officer of the department, shall conduct any investigations and make any enquires that he/she considers necessary to determine the validity of the suspected offence. They will also take all necessary actions to recover any loss and make the required improvements to the system of controls.
- 2.3. In conducting the enquiry mentioned above the Deputy Head shall advise and consult with the Deputy Minister of Finance, the Comptroller General and any other source that is considered necessary.
- 2.4. The Deputy Head must advise the Comptroller General of all such cases where the suspected loss exceeds \$20,000, or where the suspected loss involves a weakness in the internal controls.
- 2.5. Deputy Heads shall report all instances of robbery, break-in, property damage or other loss or destruction to government assets to the Risk Management Section of the Department of Finance in accordance with the provisions of this directive.

3. PROVISIONS

- 3.1. This directive does not cover losses due to fire, flood and act of god. These losses should be referred to the Risk Management Section of the Department of Finance.
- 3.2. This directive also does not apply to losses of property on Government Premises that belong to employees. These losses are dealt with by the department involved in accordance with their own policies.
- 3.3. A loss under this directive includes:
 - 3.3.1. a loss of public money or property (including that which is held in trust);
 - 3.3.2. revenue not received;
 - 3.3.3. those offences contained in Part X of the *Financial Administration Act (FAA)* (e.g., fraud, theft, bribery, collusion, negligence, etc.);
 - 3.3.4. disbursements made without proper authority;
 - 3.3.5. unauthorized use of privileged information;
 - 3.3.6. unauthorized use of government assets;
 - 3.3.7. a robbery, break-in or willful property damage;
 - 3.3.8. damage to any public asset, including real property, vehicle, mobile equipment, marine and aviation assets, whether government owned, leased or rented.
- 3.4. The Deputy Head may assign any of the tasks contained in this directive to the Executive Finance Officer of the department.
- 3.5. The Executive Finance Officer will, in consultation with the Comptroller General, conduct an investigation in any case that involved a breakdown of the internal controls to determine what changes to the controls are required.
- 3.6. The Executive Finance Officer will assist the Deputy Head and the Comptroller General in determining the amount of any loss, where the amount involved is not obvious.
- 3.7. In the event of a break-in or theft of physical assets, the Royal Canadian Mounted Police (RCMP) should be contacted immediately by the senior person on the scene. The Deputy Head, in consultation with the Legal Division of the Department of Justice, and the Comptroller General, will determine if and when the RCMP should be advised of any other offence.



- 3.8. Should the RCMP be involved the Deputy Head will instruct the employees of the department to cooperate fully with the police investigation.
- 3.9. The Deputy Head, in consultation with the Executive Finance Officer and the Comptroller General may request the assistance of the Internal Audit Services Branch of the Department of Finance, an outside auditor or consultant in determining the extent of the loss or the changes that may be required to the controls.
- 3.10. Any suspicions, allegations or recovery action involving an employee of the Government must be handled in accordance with the Human Resource Manual.
- 3.11. Deputy Heads shall ensure that all departmental employees are advised of their obligation under Part X of the *FAA* to report in writing to a supervisor any knowledge or information of a suspected fraud or a violation of the *FAA*. Where it is suspected the supervisor may be involved a report must be made to a more senior supervisor.
- 3.12. Deputy Heads shall ensure that all department employees are advised of their obligation to report property losses in accordance with this directive and the Code of Conduct in the Human Resources Manual.
- 3.13. All incidences listed in *S.51 (b)* of the *FAA* must be reported to the Comptroller General. *S. 51(b)* refers to irregular or unlawful acts or cases where funds were disbursed for more than was appropriated or for purposes not consistent with the appropriation.
- 3.14. In order to protect the reputation of individuals and not jeopardize any future action that may be required, any public officer must take all reasonable precautions to keep confidential all records, information and the identity of individuals related to or dealing with an allegation of a loss or an offence.
- 3.15. Losses of cash and other assets must be written off by charging the department in which the loss was suffered. Any asset written off must be in accordance with *S.24* of the *FAA* and Directive 913-1 Loss of Cash or Other Assets – Write-off of Loss of Public Assets or Assets held in Trust.
- 3.16. Any loss written off that exceeds \$500 must be reported to the Comptroller General so that it may be reported in the Public Accounts as is required by *S.26* of the *FAA*.



- 3.17. The recovery of any loss, from insurance proceeds, the individual involved or by any other means, are credited to an appropriation of the department to whom the loss was charged, if the recovery is in the same fiscal year as the loss. Recoveries in years subsequent to the loss are credited to revenue of the department to whom the loss was charged. All recoveries must be handled in accordance with Directive 909 – Receipt and Deposit of Public Money.

- 3.18. Any potential recovery of a loss through a court order, collection action or similar document, shall be immediately recorded by the department sustaining the loss as an accounts receivable. If there is doubt about the collectability of the account, the department, in consultation with the Comptroller General, will use professional judgment in determining the necessity for an allowance for doubtful accounts.

- 3.19. All communications to the press or media agencies regarding a loss or offence covered under this directive shall be made under the direction of the minister responsible for the department involved.



Issue Date: May 2008	Effective Date: May 20, 2008	Responsible Agency: Comptroller General	Directive No: 913-1
Chapter: Accounting and Control of Revenue			
Directive Title: LOSS OF CASH OR OTHER ASSETS – WRITE-OFF OF LOSS OF PUBLIC ASSETS OR ASSETS HELD IN TRUST			

1. POLICY

Public Assets that are lost, and appear to be non-recoverable, are to be written off and charged to an appropriation of the department that was responsible for custody of the asset.

This directive does not cover the write-off of debts (see Directive 908) or the write-off of inventories (see Directive 704-4). It is also not intended to cover situations where assets are covered by insurance and the loss is by reason of fire, flood, Act of God, etc. These losses should be referred to the Risk Management Section of the Department of Finance.

2. DIRECTIVE

Losses of cash or other assets that are not recoverable must be written off by charging an appropriation in the department who had control of the asset. All write-off of assets must be in accordance with S.24 of the *Financial Administration Act (FAA)*.

Any subsequent recovery of assets that had been written off must be credited to the department that was charged with the loss and be handled in accordance with Directive 909 – Receipt and Deposit of Public Money.

3. PROVISIONS

- 3.1. Any loss due to fraud, embezzlement, misappropriation or theft or due to an offence under Part X of the *FAA* (either suspected or proven) must be dealt with under Directive 913.
- 3.2. Whenever a loss is determined not to be recoverable through insurance or other means, the employee having custody of the asset involved shall inform the Executive Finance Officer(EFO) in the department involved.

3.3. Loss Reports and Requests for Reimbursement

3.3.1. The custodian shall:

- a) prepare a loss report detailing the circumstances of the loss if the loss is an asset; or
- b) prepare a cheque requisition for reimbursement for the loss if the loss is cash.

3.3.2. If the loss of cash is of a minor nature (i.e. under \$5) and is part of a continuing cash over/under situation, then the preparation of a loss report or a request for reimbursement may be delayed until:

- a) a total loss of at least \$10 is incurred; or
- b) three months have passed.

3.3.3. All loss report must be forwarded to the Risk Management Section of Department of Finance and their responsible EFOs. All loss reports over \$20,000 must be forwarded to the Comptroller General and Financial Management Board.

3.4. The EFO described in 3.2 shall investigate the circumstances of the loss and institute procedures to eliminate or minimize future losses.

3.5. Annually, each EFO shall submit to the Office of the Comptroller General a list of all losses detailing amounts, circumstance of each loss, and corrective action undertaken.



Issue Date:	Effective Date: March 2009	Responsible Agency: Office of the Comptroller General	Directive No: 914
Chapter: Accounting and Control of Revenue			
Directive Title: RECORDING REVENUES			

1. POLICY

The Financial Management Board (FMB) has the responsibility for controlling and recording revenue under s.4(1) of the *Financial Administration Act* (FAA).

2. DIRECTIVE

Revenues, including gains, are recognized in the period in which the transactions or events occurred that gave rise to the revenues. Gains are generally recognized when realized. Items not practically measurable until cash is received are accounted for at that time.

3. PROVISIONS

3.1. Revenue Recognition

- 3.1.1. The recognition of certain self-assessed tax revenue and government grants can be difficult to determine. In order to obtain a complete measure of revenue, estimates should be made where reliable information, based on past experience and other data, is available. If it is not practical to measure this type of revenue, it is accounted for when the cash is received.
- 3.1.2. Revenue must be recorded at its gross amount and costs must not be offset against it.
- 3.1.3. Revenue must be recorded in a manner that allows the significant types of revenue to be identified. These types include, as a minimum, taxes, non-tax sources and transfers from other Governments.
- 3.1.4. Refunds of revenue, regardless of the year in which the revenue was earned, must be charged to a separate revenue account that identifies the type of revenue involved, in the year in which the liability is recognized. It is not to be charged against an expense appropriation.

- 3.1.5. Recoveries of prior year's expenditures must be credited to a revenue account in the year in which the recovery takes place.
- 3.1.6. Recoveries of current year expenditures are to be charged to a revenue account, except in the following instances:
- a refund of an overpayment;
 - a refund resulting from the return of goods or the reduction of a service;
 - recovery of current year expenditures where the Comptroller General has consented to the charge against an expenditure;
 - a refund of an amount paid as a result of a contract cancellation; or
 - a refund of a duplicate payment.
- 3.1.7. Revenue from the sale of items previously charged as expenditures must be charged to a revenue account and not to the related expenditure.
- 3.1.8. Transfers received from other governments are recorded as revenue in the period the transfer is authorized. Authorization occurs when the paying government has authority to make the transfer either through legislation, regulation or by-law and has exercised that authority.
- 3.1.9. Notwithstanding 3.1.7 above, transfers that have performance and repayment conditions attached are recorded as a liability and only recognized as revenue as the transfer stipulations are met. Transfers of tangible capital assets, or contributions towards the acquisition of tangible capital assets, that have performance and repayment stipulations, are recorded as a liability and brought into income on the same bases as the amortization of the asset.

3.2. Geographic Assignment of Revenue

- 3.2.1. Revenue must be assigned to the geographic area in which the revenue is earned. The geographic area must be from within Nunavut and the following areas are used:
1. Community within Nunavut
 2. Region within Nunavut
 3. Territory of Nunavut

If, after following the provisions of this Directive, the area in which the revenue is earned is not apparent, the advice of the Office of the Comptroller General should be sought.



FINANCIAL ADMINISTRATION MANUAL



- 3.2.2. When revenue is paid to the Government at a location outside of Nunavut, the record of the receipt of the revenue must show the first location in Nunavut at which the Government receives the revenue.
- 3.2.3. Repayment of prior year revenue must be geographically coded to where the original revenue was coded.
- 3.2.4. Revenue that is earned in more than one community is charged to the region in which the communities are located. If it is earned in more than one region, it is charged to the Territory of Nunavut.
- 3.2.5. Professional judgment is required in determining the appropriate geographic area. In situations where the area involved is not apparent, the cost of determining the proper code must be weighed against the benefit to be derived.



Issue Date: September 2009	Revised Date: April 2022	Responsible Agency: Office of the Comptroller General	Directive No: 915
Chapter: Accounting and Control of Revenue			
Directive Title: INTEREST AND ADMINISTRATIVE CHARGES ON MONEY OWING TO THE GOVERNMENT			

1. POLICY

S.17(1) of the *Financial Administration Act (FAA)* allows the Financial Management Board, subject to the *Income Tax Act*, to direct that interest be charged at the prescribed rate on any late payment owing to the Government.

The rate and compounding frequency is prescribed in Interest Rate Regulations under the *FAA*. The current rate in effect is shown in Appendix A.

It is the policy of the Government to charge interest on amounts owing to the Government, subject to the provisions of this directive.

2. DIRECTIVE

Except where another agreement, enactment or contract specifically provides the interest rates for payment of interest to the Government, interest will be charged at the prescribed rate on all monies owed to the Government for taxes levied and for goods or services provided.

3. PROVISIONS

3.1. Charging of interest

- 3.1.1. The Minister of Finance or delegate may direct interest to be charged on monies due from the Federal, Provincial or Territorial governments on an item-by-item basis.
- 3.1.2. Departments charging interest must be able to identify the interest charged to each debtor and show this amount separately in each debtors account.

- 3.1.3. Departments must advise debtors of all interest charged to their account either by separate invoice or through a regular monthly statement of account.
- 3.1.4. All payments received for interest charged must be deposited to the consolidated revenue fund in accordance with Directive 909.
- 3.1.5. No interest is to be charged on the following monies owing to the Government:
- a) inter-department balances;
 - b) amounts due from Public Agencies or other governments, unless directed by the Minister of Finance;
 - c) amounts established through assistance programs;
 - d) amounts owing under agreements, legislation or regulation that preclude the charging of interest;
 - e) amounts prohibited under a court judgment;
 - f) accountable advances to individuals or organizations within the Government reporting entity;
 - g) accounts which have been identified as doubtful for collection by the Department of Finance;
 - h) from persons undergoing bankruptcy proceedings; or
 - i) where the charge for interest is the result of administrative or accounting errors by the Government.
- 3.1.6. Interest must be calculated at the rate and compounding frequency specified in Interest Rate Regulations under the *FAA*.
- 3.1.7. Interest earned must be recorded as revenue and not charged against an expense account.
- 3.1.8. Unless another enactment provides otherwise, interest received must be credited to the Department that generated the revenue.
- 3.1.9. Interest will cease to be accrued on any debt that is classified as Allowance for Doubtful Accounts.

- 3.1.10. Interest charges that have ceased to be accrued because an account has been considered uncollectable, or is undergoing bankruptcy proceedings, must be recommenced should the account subsequently be deemed collectable.
- 3.1.11. Interest that must be written off because of an administrative or accounting error, may be removed from the account and is not considered a write-off for purposes of s.24 of the *FAA* or Directives in the 917 series.
- 3.1.12. The appropriate Minister of a department or any public officer authorized in writing by that Minister may waive or reduce interest provided for in this directive where the administrative costs of accessing, billing and collecting the interest would exceed the amount owing.
- 3.2. Administrative Charges for Dishonored Items
- 3.2.1. Where an instrument tendered in payment or settlement of an amount due to the government is, for any reason, dishonored, an administrative charge of \$25 is payable by the debtor to the government.
- 3.2.2. Notwithstanding the above, no administrative charge becomes payable as a result of any error made or delay caused by the government in processing a payment or an instrument used to make a payment.
- 3.2.3. Administrative charges payable to the government are in addition to any interest payable to the government.
- 3.2.4. Where an instrument is tendered in payment, in whole or in part, of an amount owing to the government, including any interest payable, and that instrument is dishonored, the interest continues to accrue without taking into account the purported payment.



APPENDIX A

The interest rate to be charged on amounts owing to the Government, as established by regulation, is reviewed annually on April 1 of each year. The Comptroller General, on behalf of the Government of Nunavut will review and implement any changes to the Government of Nunavut rate.

Rate (Effective April 1, 2022) 3.73%

Prior period rates:

The rates below are provided for calculation of interest to be charged on receivables outstanding from prior years. The applicable interest rate should be used for calculation of interest for the period during which that interest rate was effective.

Effective Date	PODD Rate
April 1, 2021	3.50%
April 1, 2020	4.21%
April 1, 2019	5.00%
April 1, 2018	4.50%
April 1, 2017	3.75%
April 1, 2016	3.75%

Public Works and Public Services Canada website:

<http://www.tpsgc-pwgsc.gc.ca/recgen/txt/tipp-ppir-eng.html>



Issue Date: May 2008	Effective Date: May 20, 2008	Responsible Agency: Financial Operations, Department of Finance	Directive No: 917
Chapter: Control of Revenues			
Directive Title: WRITE-OFF, FORGIVENESS AND REMISSION - GENERAL			

1. POLICY

All write-offs of assets, debts or obligations must comply with S.24 of the *Financial Administration Act (FAA)*. Any forgiveness of debts or obligations must comply with S.25 of the *FAA*. The remission of any taxes or penalties must comply with S.26 of the *FAA*.

2. DEFINITIONS

2.1. Allowance for Doubtful Accounts

An allowance for doubtful accounts is an account established to offset expected bad debts. It is the best estimate of the amount of a debt, for which there is not reasonable assurance of collection considering all relevant factors. The allowance provides for a valuation of receivables at their net realizable value. It does not represent a write-off of the accounts receivable.

2.2. Debt

Debt is an obligation or liability to pay or render something to the Government. It represents amounts owing to the Government.

2.3. Forgiveness

An agreement by the Government to cancel all or part of a debt that is rightly due to the Government. Forgiveness cancels the debt and the Government's right to collect. It may be conditional or unconditional.

Forgiveness shall not apply to a debt resulting from a tax or penalty. For a tax or penalty, remission is required.

2.4. Penalty

A payment imposed or incurred for a violation of law or rule. i.e. penalty imposed for late or non payment of taxes.

2.5. Remission

Remission is waiving of the liability to pay or the refunding of a tax or penalty imposed or authorized to be imposed pursuant to an Act. Similar to forgiveness, a remission extinguishes the debt and the right to collect. It may be conditional or unconditional.

2.6. Tax

A tax, interest, fee, impost or toll payable under any enactment.

2.7. Write-off

A write-off of assets occurs when the asset can no longer provide any economic benefit to the Government. This may be because it has been damaged, lost, stolen, become obsolete or for some reason no longer has any economic value. The asset may or may not physically exist. Write-offs tend to be caused by involuntary acts and usually do not involve any judgment on the part of the public official.

A write off does not include the revaluation of financial assets, allowances for doubtful accounts or recording impairment in value of a tangible capital asset.

Unlike forgiveness or remission, a write-off of a receivable does not cancel the debt or the Government's right to collect.

3. DIRECTIVE

The 917 series of directives applies to all departments of the Government. Public Agencies listed in Schedule A, B or C of the *FAA* are governed by the appropriate sections under Part IX of the Act; or other enabling legislation.

4. PROVISIONS

- 4.1. Any change to an allowance for doubtful accounts must be allocated to an appropriation in the department that generated the receivable. The allocation of the change among departments must be determined on a basis that is fair and equitable.
- 4.2. A change to an allowance for doubtful accounts is not considered a write-off for the purpose of S. 24 of the *FAA*.
- 4.3. The reduction in the carrying value of a tangible capital asset to reflect the estimated future economic benefit of the asset is not considered a write-off and the 917 series of directives does not apply to these situations.



- 4.4. Directive 917-2 - Forgiveness and Directive 917-3 - Remission do not apply to those student loans which are forgiven or remitted in accordance with the *Student Financial Assistance Act* and the Student Financial Assistance Regulations.

- 4.5. Directive 917-2 – Forgiveness does not apply to amounts owing under S.10 of the *Social Assistance Act* that are under \$500 and have been forgiven by the Minister responsible for administering the *Social Assistance Act*.



Issue Date: May 2008	Effective Date: May 20, 2008	Responsible Agency: Financial Operations, Department of Finance	Directive No: 917-1
Chapter: Control of Revenues			
Directive Title: WRITE-OFF			

1. POLICY

Any write-offs of an asset of the Government of Nunavut or a debt or obligation owing to the Government of Nunavut must be in accordance with S.24 of the *Financial Administration Act (FAA)*.

2. DIRECTIVE

- 2.1 The write-off of an asset of the Government or a debt or obligation owing to the Government that exceeds \$20,000 requires the express authority of an Act for that write-off.
- 2.2 The write-off of an asset of the Government or a debt or obligation owing to the Government that does not exceed \$20,000, must be approved as follows:
 - Up to \$20,000 - The Minister of the Department who owns the asset or to whom the debt is owed.
 - Up to \$10,000 – The Deputy Head of the department who owns the asset or to whom the debt is owed.
- 2.3 The financial limits referred to in this directive relate to the carrying value of the asset in the accounts of the GN.

3. PROVISIONS

- 3.1. Collection Action
Departments are to take all reasonable steps to collect an amount or obligation receivable before considering the account for write-off. Collection of accounts receivable must be in accordance with Directive 908 – Collection of Amounts Owing to the Government.

3.2. Charging the Write-Off

Any debt or obligation owing to the Government or non-capital asset belonging to the Government that has been written off will be charged against an appropriation of the department controlling the asset, debt or obligation owing in the year that the debt has been written off.

3.3. Public Agencies

S. 82 of the *FAA* prohibits Public Agencies from writing off an asset of the Agency or debt or obligation owing to the agency that exceeds \$20,000 without the expressed authority of an Act of the Legislature. Amounts not exceeding \$20,000 may be approved by the Board of the Agency.

3.4. Whole or Part of an Asset or Debt

A debt, asset or obligation may be written off in whole or in part. Parts of an item being written off cannot be segregated into smaller portions to render them beneath the thresholds contained in this directive. The item being written off consists of the whole of each type of asset or amount owing. That is, the amount owing from an organization would be the sum of the amounts owing from its different divisions, and not the amount owing from each individual division. The same principal applies to assets.

3.5. Timing of write-off

The thresholds contained in this directive relate to the item being written off and not to the timing of the write-off. Part of an asset, debt or obligation cannot be written off in one year and part in another year to keep them within the thresholds. Write-offs may occur over a period of time if the circumstances surrounding the asset, debt or obligation justify this action.

3.6. Deletion of Inventory

This directive does not apply to the deletion of inventory from a Revolving Fund covered in S. 64 of the *FAA*. These deletions are covered under Directive 704-4 of this manual.

3.7. Amounts Owing that are Statute Barred

Certain statutes and court orders prevent creditors from collecting amounts owed by debtors. When these situations arise, the removal of the amounts from the accounting records is not considered a write-off but merely an accounting entry to remove the amount or adjust the former receivable. This accounting entry must be completed by the Office of the Comptroller General. Any such accounts so removed, that exceed \$20,000, must be reported to the Financial Management Board at the earliest opportunity following the act of removal or adjustment.

The main situations when this situation occurs are as follows:

- 3.7.1. Discharged Bankrupts - The Canada *Bankruptcy and Insolvency Act* provides that upon discharge, a bankrupt is released from all debts, except for certain debts relating to student loans, court orders, fraud, alimony and the like.
- 3.7.2. Judgments or Court Orders – when it is determined that the Government can only collect a lesser amount than the recorded debt the Comptroller General must adjust the account on the basis of the recoverable amount and it must be charged to an appropriation..
- 3.7.3. Restrictions Imposed by Statute – where a statute restricts the amount of a debt (e.g. the *Limitation of Actions Act*), the Comptroller General must adjust the account on the basis of the recoverable amount.
- 3.8. Valuation of Receivables and Inventories
Generally Accepted Accounting Principals require that accounts receivable and inventories be valued at no higher than their net realizable value. Allowances created to value accounts receivable or adjustments to inventories are not considered write-offs and this directive is not applicable to allowance for doubtful accounts and write down of inventories.
- 3.9. Write-down of Tangible Capital Assets
Public Sector Accounting Standards requires that the carrying value of tangible capital assets be no greater than the value of the future economic benefits associated with the tangible capital asset. Adjustments to the cost of the tangible capital asset to reflect the decline in the asset's value are not considered write-offs and this directive does not apply to them.
- 3.10. Reporting Requirements
All write-offs and remissions that exceed \$500 must be reported to the Comptroller General so that they may be recorded and included in the Public Accounts, as is required under S. 26 of the *FAA*. Public Agencies are required to include all write-offs in excess of \$500 in their Annual Report.
- 3.11. Conditional Write-Off or Settlement
Debts or obligations receivable may be written off subject to certain conditions. The approvals required by this directive are needed prior to committing to the conditional write-off or settlement but the actual write-off is not recorded until all of the conditions have been fulfilled. The department to whom the debt is owed is responsible for monitoring the conditions.



- 3.12. Amounts receivable from another Government department
Transactions between departments are created for administrative and management purposes and do not create true accounts receivable or payable. They may be adjusted with agreement of the departments involved and the provisions of this directive do not apply.
- 3.13. Accounting Errors
The provisions of this directive do not apply to adjustments required to correct accounting errors. In these instances, the amount recorded against the asset was incorrect and the adjustment is required to reflect the true value of the asset. This situation also applies to amounts recorded as receivable that do not have sufficient documentation to support the right to collect.
- 3.14. Estimates and Professional Judgment
The preparation of financial statements involves professional judgment, reasonable estimates and accruals. Adjustments to correct these judgments, estimates or accruals are not considered write-offs and the provisions of this directive do not apply to them.



Issue Date: May 2008	Effective Date: May 20, 2008	Responsible Agency: Financial Operations, Department of Finance	Directive No: 917-2
Chapter: Control of Revenues			
Directive Title: FORGIVENESS			

1. POLICY

The forgiveness of any debt owing to the Government of Nunavut must be in accordance with S.25 of the *Financial Administration Act (FAA)*. This section provides that the Financial Management Board may forgive debts or obligations that do not exceed \$1,000. Debts or obligations that exceed \$1,000 may only be forgiven by express authority of an Act.

2. DIRECTIVE

2.1 Forgiveness of a debt will be considered when one or more of the following apply:

- a) contractual obligations have been fulfilled;
- b) the debtor is incapable of repaying in whole or in part and is not reasonably expected to have the capacity to repay the debt in the foreseeable future, and does not own assets that could be reasonably expected to be applied toward discharging the debt in whole or in part;
- c) it is in the public interest to forego collection and to forgive the debt, in whole or in part, by reason that the collection of the debt would likely cause severe hardship, suffering or privation due to the debtor's limited income or incapacity;
- d) where a compromise settlement of debt is arranged with the concurrence of all parties;
- e) where the forgiveness will contribute to an objective or initiative that the Government wishes to accomplish or undertake; and
- f) any other reason approved by the Financial Management Board.

2.2 In certain cases forgiveness of a debt may be authorized even though the debt is collectable. Such cases would normally arise when any of the following three conditions are met:

- a) the debt arose as a result of an administrative error made by a public officer in the process of making payment or conferring a benefit to the

- debtor and the recovery from the debtor would likely result in severe hardship, suffering or privation;
- b) the debtor was not advised of the debt within a reasonable period of time; or
 - c) the demand for payment at such a late date would be inequitable, or cause undue hardship to the debtor.

- 2.3 Any forgiveness of debt must be approved by the Financial Management Board, except for that which has been delegated, under Regulation 9918 of the *FAA*, to the Minister responsible for administering the *Social Assistance Act* or to those loans under the *Student Financial Assistant Act* that the Commissioner may forgive or remit.

3. PROVISIONS

- 3.1. Finality of Forgiveness
The forgiveness of an amount owing to the Government extinguishes the right of the Government to collect that debt.
- 3.2. Charging the forgiveness
Any forgiveness of an amount owing to the Government must be charged against an appropriation of the department to whom the debt is owed.
- 3.3. Approval by Comptroller General
All requests for forgiveness of debt submitted to the Financial Management Board must first be approved by the Comptroller General.
- 3.4. Consultation with Department of Justice
The Comptroller General may consult with the Department of Justice prior to approving any request for forgiveness of debt. If such consultation has taken place, a copy of any opinion or advice received from the Department of Justice must accompany the Financial Management Board request.
- 3.5. Forgiveness requiring Legislative approval
The submission to the Financial Management Board must distinguish between those requests that require legislative approval and those that do not.
- 3.6. Reporting requirements for the Public Accounts
- 3.6.1. The Executive Finance Officer (EFO) in the department responsible for administering the *Social Assistance Act* must provide the Comptroller General with a list of all accounts forgiven by his/her Minister during the year under the *Social Assistance Act*. This list

must be provided within the time limits established by the Comptroller General as part of the year end closing procedures.

- 3.6.2. The EFO in the department responsible for administering the *Student Financial Assistance Act* shall provide the Comptroller General with a list of all accounts forgiven or remitted by his/her Minister during the year under the *Student Financial Assistance Act*. This list must be provided within the time limits established by the Comptroller General as part of the year end closing procedures.
- 3.6.3. The Comptroller General shall report in the Public Accounts, all forgiveness of debt under S.21 of the *FAA* that exceeds \$500.
- 3.7. Conditional Forgiveness
Amounts receivable may be forgiven conditionally. The approval of the Financial Management Board and/or the Legislature is required before any commitment to forgive an amount owing can be made. The forgiveness does not take effect until the conditions have been fulfilled. The department to whom the debt is owed is responsible for monitoring the conditions attached to the forgiveness.



Issue Date: May 2008	Effective Date: May 20, 2008	Responsible Agency: Financial Operations, Department of Finance	Directive No: 917-3
Chapter: Control of Revenues			
Directive Title: REMISSION			

1. POLICY

The remission of tax or penalty owing to the Government of Nunavut must be in accordance with S.21 of the *Financial Administration Act (FAA)*.

2. DIRECTIVE

All requests to remit tax or penalty must be submitted to the Financial Management Board for approval.

The Financial Management Board will submit all requests for remission, which it has approved, to the Executive Council for their consideration and submission to the Commissioner for final approval.

3. PROVISIONS

3.1. Remission charged against an appropriation

All remissions of tax or penalty must be charged against an appropriation of the department responsible for the tax or penalty in the year in which the remission takes place.

3.2. Conditional Remission

A conditional remission does not become effective until the conditions have been met. The department responsible for the tax or penalty is responsible for monitoring the conditions.

The approval of the Commissioner, through the Financial Management Board and Executive Council, must be obtained before committing to a conditional remission.

If the conditions are not met the remission is void and the tax or penalty may be collected as if the remission had never been granted.

3.3. Reporting to the Comptroller General

The Executive Finance Officer (EFO) in any department who has had a tax or penalty remitted must report the details of those remissions to the Comptroller General so that they may be included in the Public Accounts and the records required under S.26 of the *FAA*. This section requires that all amounts in excess of \$500 must be reported in the Public Accounts and in records maintained by the Comptroller General. The reporting must be provided within the time limits established by the Comptroller General as part of the year end procedures.

- 3.4. Remissions under the *Students Financial Assistance Act*
The EFO in the department that administers the *Student Financial Assistance Act* must report to the Comptroller General any remissions granted by his/her Minister during the year under that act. The reporting must be provided within the time limits established by the Comptroller General as part of the year end procedures.
- 3.5. Partial Remissions
A remission may be for all or part of a tax or penalty owing, or that will become owing, to the Government.
- 3.6. Finality of Remission
The granting of a remission for tax or penalty owing to the Government extinguishes the Government's right to collect that tax or penalty.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Comptroller General	Directive No: 950
Chapter: Control of Revenues			
Directive Title: REVENUE AND TRUST AUTHORIZATION			

1. POLICY

S. (4)1 of the *Financial Administration Act* provides that the Financial Management Board (FMB) has authority to act on all matters relating to financial management and financial administration with respect to accounting and budgeting policies. The Government requires that all revenue generating activity must be properly authorized before implementation.

2. DIRECTIVE

Revenue generating activities not otherwise authorized by legislation, regulation, directive or Executive Council must be authorized according to the provisions of this directive prior to their introduction.

Trust agreements for funds received from third parties which are administered by the government on behalf of the beneficiaries are subject to the conditions of this Directive.

3. PROVISIONS

- 3.1. All revenue generating activities must be consistent with government goals and objectives.
- 3.2. All agreements and contracts used to initiate revenue generating activities must be authorized according to the following approval limits:
 - a) up to \$500,000, the Deputy Minister (DM) must authorize, with notice to FMB prior to implementation.
 - b) over \$500,000, FMB must authorize, with notice to Executive Council at FMB discretion. FMB may refer agreements to Executive Council for approval.

- 3.2.1. A department proposing a revenue agreement must provide to the DM or the FMB an analysis providing details of the proposed agreement. Each analysis, which must be retained by the department, must clearly identify the source of the funding, detail what the expected benefits will be, and identify the recipients of the benefits. In addition, the analysis of the proposed agreement should indicate:
- a) how the proposal relates to Government objectives;
 - b) the proposed use for the funding;
 - c) the expected benefits including duration and significance;
 - d) significant additional Government spending requirements, whether one time only or ongoing;
 - e) the terms and conditions of the funding, including any contractual requirements;
 - f) any conditions which are onerous or which could create future expenditures, liabilities, or other issues of concern; and
 - g) details of any financial or legal matters pertinent to the issue, including any carry-over provisions.
- 3.3. The terms and conditions of the agreement must be in writing and provide full disclosure of all aspects of the agreement, how it will operate and how it will terminate.
- 3.4. All agreements must be reviewed by the Department of Finance for financial and accounting terms and conditions, agreement management considerations and risk assessment determinations before they are executed. For agreements under \$500,000, the Executive Finance Officer of the proposing department is responsible for the review.
- 3.5. All agreements must receive a legal review by Justice prior to signing.
- 3.6. Copies of all signed agreements and all subsequent amendments must be provided to Expenditure Management and the Office of the Comptroller General (OCG).
- 3.7. The Executive Finance Officer of the responsible department shall ensure that every funding agreement complies with applicable legislation and the directives in this manual.
- 3.8. Where the revenue being authorized under this directive is the result of a third party funding agreement, Directive 880, Third Party Funded Disbursements must also be adhered to.



- 3.9. All known revenue sources, including third party funding agreements, must be presented in the Main Estimates under “Summary of Revenues” or under “Detail of Work Performed on Behalf of Third Parties”.
- 3.10. Any reports required by the terms of the agreement must be provided to the Deputy Minister, the FMB, Expenditure Management and the OCG.