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Chairman, Crown Agency Council
Minister of Finance

Crown Agency Council

Activities Report

For the period April 1, 2006 to March 31, 2007

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Introduction

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

- a) *To advise Cabinet and the Financial Management Board (FMB) through their respective Chairs regarding matters of governance for Crown Agencies;*
- b) *To provide recommendations to the Ministers responsible, Cabinet and the FMB, regarding matters including statutory requirements, budget impacts, financial management, human resource policies and legislative initiatives; and*
- c) *To support and enhance the governance capacity of Board Members of Crown Agencies in Nunavut to carry out GN mandates and policies, and to make access to expert advice and support available and affordable for Crown agencies.*

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

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

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

The first activities report of the CAC was produced in the fall of 2005 and covered the period from inception to October 31, 2005. The second report covered the intervening five month period from November 2005 to March 2006, and was tabled November 30, 2006. This third report covers the last fiscal period ended March 2007.

Report on Current Activities

CAC Resources

Continuous planning is making the CAC a real resource to assist Public Agencies in the Territory. The Corporate Policy Division, created last year within the Department of Finance is now firmly established. Its Director has been in place for most of the year. He is also the Secretary to the CAC, adding the depth of the Policy Division to directly assist in the development and implementation of CAC priorities and expanding its delivery capacity.

The position of Manager, Crown Agency Operations was opened for competition at the end of the year, and the incumbent started in April 2007. The presence of a full time staff dedicated solely to CAC's affairs will help it fulfill its mandate.

Agency Support

Supporting Public Agencies is one of the key mandates of the CAC, and I am glad to say it is fulfilling that mandate on an ongoing basis. This includes policy, administrative and accounting support, especially to those Agencies with fewer resources. Liquor Management has benefited greatly from this help. CAC Operations was the largest contributor to their first Annual Report, and is still taking the leading support role while they are going through management changes.

Crown Agencies have to follow accounting rules usually different from those of the Public Sector. This means there are some discrepancies between their accounting standards and those used by the departments of the GN. Furthermore, accounting and reporting standard changes are to be expected every year. The CAC is uniquely positioned as it regroups all Agencies with distinct accounting issues. The CAC has a very good relationship with both the finance staff of the Agencies and GN's Financial Reporting staff. The CAC stays on top of changes to accounting standards and assists the Agencies in their implementations.

The CAC encourages open communication lines with the Agencies and ensures the flow of information. It also serves as a reminder to those Agencies for their statutory requirements such as Annual Report filing and more technical tasks such as year-end planning.

Another way the CAC supports its Agencies is by increasing the availability of GN documents. For example the Agencies now have full access to the Financial Administration Manual, via the internet.

Nunavut Business Credit Corporation/Nunavut Development Corporation

The CAC is participating in the review of the Nunavut Business Credit Corporation (NBCC) and the Nunavut Development Corporation (NDC).

Territorial Corporation's Letters of Expectation

Territorial Corporations (with the exception of the Workers' Compensation Board, which, as a joint NWT/GN Board, is exempt) received their second letters of expectation in September 2006.

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

Letters of response were received and accepted from all corporations by November 2006. The letters and their responses were tabled December 5, 2006.

Public Agencies Handbook and Governance Model

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

This handbook will be a compilation of all the applicable legislation and GN policies and procedures which must be adhered to by the Public Agencies. The release of the first edition of the CAC handbook for territorial corporations and boards has been delayed as further research and revisions are required because of policy changes, and a shortage of staff. The CAC remains hopeful that the handbook will be released prior to the end of the 2007/08 fiscal year.

As a further step in improving accountability, the CAC has researched and will recommend a governance model for use by the Public Agencies. Once the model has been finalized, consultations will begin with the Agencies to ensure that it meets their needs and expectations. As with the handbook, the CAC estimates that a governance model can be finalized and approved by the end of the 2007/08 fiscal year.

Forum and Discussions

The CAC, through the GN Department of Finance, is working with the Qulliq Energy Corporation to produce the Northern Crown Forum, a conference on governance. We anticipate this conference will become an annual event. The first Forum was held on April 24 -26, 2006 in Iqaluit. The purpose of the forum is to discuss and build on the

knowledge of Territorial Corporations, Boards and Agencies about current governance practices. A second conference was scheduled and held in Rankin Inlet on April 24 -26, 2007. The CAC recognizes the importance and value of networking between Public Agencies.

During the year, various meetings were held by the Deputy Minister Steering Committee and the Working Group. The Honourable Paul Okalik, CAC's Vice-Chair, presided the September 8, 2006 CAC meeting.

Financial Administration Manual and Other GN Policies

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

The revision of this manual is a priority of the Finance Department, and I am glad to see that the CAC is well represented in the ongoing process of reviewing these directives, thus insuring that the Agencies can follow them without being in conflict with their own legislation.

Integration of Financial Information

In order to improve the financial control over Agencies, the Financial Administration Act was modified last year. Budget approval has been transferred from the Minister responsible for a Public Agency to the Financial Management Board. As a logical sequence to this decision, I am glad to say we have been able to coordinate the inclusion of the Agencies' Business Plans within the GN document. Also, GN's Main Estimates, published for 2007/08, now includes the Agencies.

Due to timing issues, we have not been able to include Qulliq Energy Corporations' plan and estimates, but are hopeful to address process changes that will allow that for 2008/09.

By tabling the financial forecast of all Public Agencies in one consolidated book, we are achieving an unprecedented level of transparency to Nunavummiut, who can now easily view the plans of the GN and all its Agencies from a single comprehensive document.

Future Activities

Initiatives from prior years

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

Ongoing Initiatives

- Issue updated letters of expectation to the Territorial Corporations, review responses and table both in the Legislative Assembly when appropriate. Make these letters evolve from specific directives to policy driven, multi-year Memoranda of Understanding;
- Continue support to Agencies from an administrative, accounting and policy perspective.
- Monitor the reporting and tabling requirements of all Public Agencies and assist as necessary to ensure that FAA tabling requirements are both understood by the Public Agencies and are being adhered to;
- Investigate other opportunities to amend legislation as it relates to Public Agencies. The objective is that such legislation enables the Agency to meet and exceed the needs of its stakeholders, and contains appropriate standards of accountability and transparency;
- Continue liaison with Public Agencies through site visits and increased communication to ensure that the CAC remains responsive to their needs; and
- Continue to participate in the updating of the Financial Administration Manual (FAM) directives and regulations to ensure they become a useful tool for the proper governance of Public Agencies. Particular attention will be given to Regulation 9904 on contracting. This section of the FAM is only one aspect of our overall goal to bring all Agencies under the same higher standards of control and good governance.

New Initiatives for 2007/08 and onward

- Working with the Expenditure Management Division of the Department of Finance and the Public Agencies, develop and implement a process to have operating and capital budgets approved by the Financial Management Board;
- With the GN, participate in a review of the financial systems of Public Agencies (or at least Territorial Corporations) as part of a global review of GN financial systems. The Comptrollership Branch of the GN has the lead, however, the CAC is actively participating in the project;
- Improve control and reporting of timely Board approved variance reports to the Department of Finance; in a manner similar to the GN's variance reporting practices;

- Improve accountability by incorporating performance measures in future corporate plans of Territorial Corporations; and
- Explore the possibility of incorporating enterprise risk management in all Territorial Corporation.

Conclusion

I am proud of the positive role that the CAC took with the Public Agencies, and I am very optimistic for 2007/08 and beyond. By working together with these Agencies, their Boards of Directors and staff, and by providing that critical bridge to the Government of Nunavut, we will continue to work towards the betterment of all Nunavummiut.

Respectfully submitted by,



Hon. David Simailak, MLA
Chairman