

Standing Committee on
Public Accounts



Report on the Review of the 2023-2024 Public Accounts

20th Northwest Territories Legislative Assembly

Chair: Mr. Kieron Testart

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**STANDING COMMITTEE ON
PUBLIC ACCOUNTS**

REPORT ON THE REVIEW OF THE 2023-2024 PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

REPORT ON THE REVIEW OF THE 2023-2024 PUBLIC ACCOUNTS

INTRODUCTION

From January to April 2025, the Standing Committee on Public Accounts (Committee) publicly reviewed the 2023-2024 Public Accounts. The Public Accounts are financial statements that show the financial results of the Government of the Northwest Territories (GNWT) for a fiscal year. The fiscal year of the GNWT is April 1st of one year to March 31st of the next calendar year.

Committee recognizes that new public accounting standards will be implemented on April 1, 2026, affecting the 2025-2026 fiscal year. Committee has therefore not recommended changes to the GNWT accounting practices at this time as Committee appreciates that the adoption of the new standards will be comprehensive and take time to implement which will impact some Government Reporting Entities (GRE).

Committee wants to acknowledge the efforts made by staff in the Office of the Comptroller General and the Office of the Auditor General in preparing the 2023-2024 Public Accounts. This report notes new recommendations that Committee believes have merit and deserve consideration from the government.

The Public Accounts are financial statements that show the financial results of the GNWT for a given year. The Standing Committee on Public Accounts was appointed by Order of the Legislative Assembly in February 2024 to review and provide follow-up reporting on the Public Accounts. These reviews assess the credibility of the government's financial position and provide accountability for the government's financial results. Committee examines whether public money was spent prudently and as the Legislative Assembly originally intended.

The 2023-2024 Public Accounts were released by the Minister of Finance in November 2024 and tabled in the Legislative Assembly in February 2025.¹ These are the second set of Public Accounts that Committee has reviewed during the 20th Assembly. On January 28, 2025, Committee held a public meeting for its review of the Public Accounts for the fiscal year ending March 31, 2024, which included staff from the GNWT's Office of the Comptroller General (OCG) and the Auditor General and Financial Audit Team from the Office of the Auditor General of Canada (OAG).

Following its January hearing, Committee invited staff from the Department of Environment and Climate Change (ECC), the Department of Municipal and Community Affairs (MACA) and the OCG to a public meeting held on April 3, 2025, to answer further questions about Environmental Liabilities and Local Capacity. This April meeting helped Committee finalize its review of the 2023-2024 Public Accounts. Committee has identified recommendations in these key areas as well as with respect to the transparency of Heritage Fund and public-private-partnership (P3) reporting.

Committee appreciates the collaboration of the Auditor General and OAG, representatives from GNWT Departments who attended public meetings and responded to Committee requests for information, and particularly the Comptroller General for helping to ensure a timely and comprehensive review of the Public Accounts from January to April 2025.

BACKGROUND

The Public Accounts are required to be prepared annually by the government in accordance with the *Northwest Territories Act*² and regulations and the *Financial Administration Act*³ (FAA) and regulations. Section 35 of the FAA specifies that the Public Accounts must be prepared by the Comptroller General and approved by the Minister of Finance. The FAA requires the Public Accounts to be tabled in the Legislative Assembly. The Legislative Assembly then refers the Public Accounts to the Standing Committee on Public Accounts to review and report back in accordance with the *Northwest Territories Act*.

The financial statements are audited by the OAG each year. The Auditor General gives an audit opinion on whether the Public Accounts are in accordance with the PSA standards and relevant Acts.

The Financial Statement Discussion and Analysis (FSDA) included with the Consolidated Financial Statements (discussed below) is a standard reporting practice that includes a summary of the results from the fiscal year. These notes are not audited but are reviewed by the OAG. The financial health of the government is measured by three indicators: sustainability, flexibility, and vulnerability. The FSDA also provides (i) an overview of the territorial debt and the NWT economy in comparison to other provinces and territories, (ii) financial trends, and (iii) reporting on the GNWT's fiscal responsibility policy.

The Public Accounts currently have four sections:

Section I. Consolidated Financial Statements and Financial Statement Discussion and Analysis

The Consolidated Financial Statements must include all government-controlled organizations (all GNWT departments, revolving funds, public agencies, and other entities that make up the Government Reporting Entity (GRE)). The result is an overview of all financial activities under the control of the government. These statements show (i) the cost of providing programs and services, (ii) cost of financing debt, (iii) annual surplus or deficit, (iv) consolidated budget, (v) revenues received in the year, and (vi) assets and liabilities of the government.

Section II. Non-Consolidated Financial Statements

The Non-Consolidated Financial Statements only include information relating to GNWT departments. These statements relate to the information that has been approved by the Legislative Assembly in the Main Estimates process. Section II gives detailed supplemental schedules that provide additional information when assessing the activities of the GNWT department over the fiscal year.

Section III and IV. Boards and Other Consolidated Entities

Sections III and IV include information for all education bodies, health boards, public agencies, and other related entities which are considered part of the GRE. Audited financial statements of each entity are to be completed within 90 days of the entities' year end.

RECOMMENDATIONS

Environmental Liability Reporting

During both the January and April public meetings, Committee asked many questions about Environmental Liabilities and liabilities for sewage lagoons and solid waste sites. Committee sought further information about how the GNWT determined, reviewed, updated, and prioritized the list of environmentally contaminated sites—which stood at 231 at the end of fiscal year 2024. These questions and the rate at which sites are remediated inform the relationship between the Actuals reported in the Public Accounts and the appropriations in the Main Estimates and Supplementary Estimates, given that the Department of Finance allocates \$2 million each year to remediation efforts.

Committee has requested a table from the Department of ECC listing the specific information that is known about individual sites, whether they have already been remediated or approved for remediation and appropriated. Committee also discussed whether it would be beneficial to include more information about Environmental Liabilities in the Public Accounts as appropriations and Actuals frequently differ. The following recommendation aligns with Committee's view that the Public Accounts can be a helpful tool for MLAs when they are reviewing the Main Estimates.

Recommendation 1: *The Standing Committee on Public Accounts therefore recommends that the Government of the Northwest Territories Office of the Comptroller General add information in the Public Accounts indicating how long an environmental liability has been on the books with a corresponding summary of the known information about sites in the Notes and Discussion section.*

Improving Local Capacity

In the 2023-2024 Public Accounts, Committee noted that MACA lapsed 26.2% of its budget, or \$101.1 million during the last fiscal year. Committee learned that these lapses are largely related to carry-overs from the federal Investing in Canada Infrastructure Program, other projects that were delayed due to the 2023 wildfires and evacuations, in addition to general issues with staffing and local capacity across communities. As MACA lapsed a similar portion of its budget in the 2022-23 fiscal year, Committee wanted to follow up with departmental officials about the causes behind large budget lapses in consecutive years. Committee agrees with the Department that local capacity should be improved, projects that have allocated funding should begin, and lapses should decrease over time.

Recommendation 2: *The Standing Committee on Public Accounts therefore recommends that the Government of the Northwest Territories create a workplan to improve staff retention within the Department of Municipal and Community Affairs (MACA) to help the flow through of funding, which will be reflected by an overall decrease in Departmental lapses recorded in the Public Accounts.*

Heritage Fund and P3 Reporting

Legislation requires the GNWT to publish the Public Accounts within nine months, which the GNWT met this year by publishing in November 2024. According to section 35.1 of the *Financial Administration Act*, the requirement to report in the Public Accounts does not apply to the Northwest Territories Heritage Fund (the Fund). However, the board established by the *Northwest Territories Heritage Fund Act* (the *Act*), under section 5.1 (1) and (2) is still required to table an annual report on the Fund in the Legislative Assembly no less than 150 days after the end of the fiscal year.⁴ The *Act* requires statutory review every ten years, which the Standing Committee on Government Operations will complete for the 2026 fiscal year.

The Department of Finance publishes the annual financial statements of the Fund as part of the Public Accounts (Section III) each year.⁵ Committee has asked whether the inclusion of financial statements for the Fund in Section III meets the requirements of section 5.1(2) of the *Act* concerning the production and tabling in the Assembly of annual reports on the Fund, particularly with respect to the question of whether they meet the requirements of “annual report” as defined in the GNWT’s Planning and Accountability framework.⁶

Annual reports generally include analysis of both financial and non-financial activities conducted throughout the year. Committee acknowledges that reporting on the Fund is timely; however, transparency and accountability could be improved. Specifically, the inclusion of more detailed information—particularly management discussion and analysis—would provide the public with a clearer overview of the Fund’s operations over the past year and how this performance may shape future decisions.

Recommendation 3: *The Standing Committee on Public Accounts therefore recommends that the Government of the Northwest Territories, The Northwest Territories Heritage Fund Board and the Office of the Comptroller General enhance the transparency and accountability of the reporting on The Northwest Territories Heritage Fund in the Public Accounts by including more information about the Fund’s activities, investments, management discussion, analysis, as well as overview of operations from the previous fiscal year.*

During the 19th Assembly, the Standing Committee on Government Operations recommended that the GNWT “Classify the Stanton Legacy Project as a public-private partnership (P3)” in its Report on the Review of the 2018-19 and 2019-20 Public Accounts, which Committee reiterated in its Report on the Review of the 2022-2023 Public Accounts.⁷ The GNWT maintains that the Government is unable to accept this recommendation as the Department of Finance has determined the most appropriate accounting treatment based on the Public Service Accounting Standards.

A P3 is a collaborative arrangement between a government and a private-sector partner to deliver public infrastructure or services. In a P3, the private partner typically takes on significant responsibilities—such as designing, building, financing, operating, or maintaining a facility—over a long-term contract. While the GNWT will not report the Stanton Legacy project as a P3, Committee feels that there should still be increased transparency so that the public has a sense of what happened and why the government re-assumed responsibility for risks associated with the Stanton Legacy project which were originally intended to be offset through a P3 arrangement.

Recommendation 4: *The Standing Committee on Public Accounts therefore recommends that the Government of the Northwest Territories either classify Stanton Legacy Project as a public-private partnership (P3), which was originally procured as a P3 project, or establish in the FSDA the point in time when this ceased to be the case.*

CONCLUSION

This concludes the Standing Committee on Public Accounts' Report on the Review of the 2023-2024 Public Accounts. Committee looks forward to the Government's response on how they will implement these recommendations.

Recommendation 5: *The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories provide a response to this report within 120 days.*

ENDNOTE

¹ The 2023-2024 Public Accounts can be found on the Department of Finance's website at: <https://www.fin.gov.nt.ca/en/resources/2023-2024-public-accounts-section-ii-non-consolidated-financial-statements>.

² See Sections 37-39 of the *Northwest Territories Act*. Available at: <https://laws-lois.justice.gc.ca/eng/acts/N-27.05/FullText.html>.

³ See Sections 34-35 of the *Financial Administration Act*. Available at: <https://www.justice.gov.nt.ca/en/files/legislation/financial-administration/financial-administration.a.pdf>.

⁴ See Section 5 of the *Northwest Territories Heritage Fund Act*. Available at: <https://www.justice.gov.nt.ca/en/files/legislation/nwt-heritage-fund-act/nwt-heritage-fund-act.a.pdf>.

⁵ See Department of Finance "Publications," available at: <https://www.fin.gov.nt.ca/en/services/northwest-territories-heritage-fund>.

⁶ See the GNWT planning and accountability framework: https://www.fin.gov.nt.ca/sites/fin/files/planning_and_accountability_framework.pdf.

⁷ This recommendation was first included in the "Report on the Review of the 2018-19 and 2019-20 Public Accounts" and reiterated in Committee's [2022-2023 review](#).

