

Standing Committee on  
Public Accounts



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# Report on the Review of the 2024–25 Public Accounts

20<sup>th</sup> Northwest Territories Legislative Assembly

Chair: Mr. Kieron Testart

**MEMBERS OF THE STANDING COMMITTEE ON  
PUBLIC ACCOUNTS**

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

**REPORT ON THE REVIEW OF THE 2024–25 PUBLIC ACCOUNTS**

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS****REPORT ON THE REVIEW OF THE 2024–25 PUBLIC ACCOUNTS****INTRODUCTION**

From November 2025 to February 2026, the Standing Committee on Public Accounts (Committee) reviewed the 2024–2025 Public Accounts. The Public Accounts are the financial statements that show the financial results of the Government of the Northwest Territories (GNWT) for a fiscal year, as well as its Government Reporting Entities (GRE).<sup>1</sup> The GNWT fiscal year runs from April 1 of one year to March 31 of the next calendar 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 2024–25 Public Accounts were made public by the Minister of Finance in November 2025 and tabled in the Legislative Assembly on February 9, 2026. On December 9, 2025, Committee held a public briefing to review the 2024–25 Public Accounts. Participants included staff from the GNWT's Office of the Comptroller General (OCG) and the Financial Audit Team from the Office of the Auditor General of Canada (OAG).

**ACKNOWLEDGEMENT**

Committee acknowledges the work of staff in the Office of the Comptroller General and the Office of the Auditor General in preparing the 2024–25 Public Accounts. Committee thanks Karen Hogan, Auditor General of Canada, for her leadership in this review, and extends appreciation to David Irving, Principal, and Andrew Ross, Director, for appearing before Committee and presenting during the public briefing. Committee also thanks Julie Mujcin, Comptroller General; Celestino Oh, Assistant Comptroller General; and Vincent Hardy, Manager of Consolidated Public Accounts Preparation and Reporting, for their presentation to Committee on the 2024–25 Public Accounts and for their work in responding to Committee's requests for information throughout this review.

## **BACKGROUND**

The Public Accounts are required to be prepared annually by the government in accordance with the *Northwest Territories Act*<sup>2</sup> and regulations and the *Financial Administration Act*<sup>3</sup> (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 consolidated 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 Public Sector Accounting (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 are organized into 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 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) the cost of financing debt, (iii) the annual surplus or deficit, (iv) the 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 correspond to the information approved by the Legislative Assembly through the Main Estimates process. Section II also contains detailed supplemental schedules that provide additional information when assessing the activities of the GNWT departments 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**

### **Tobacco Settlement Reporting and Use of Proceeds**

Committee discussed in detail the accounting treatment and disclosure of the GNWT's share of the national tobacco settlement, which had a substantial impact on the 2024–25 Public Accounts. In 2025, the federal government reached a major settlement with several tobacco companies, requiring them to pay \$32.5 billion to address the long-term health, social, and economic harms associated with tobacco use. As part of this agreement, the GNWT's share is \$185 million. As of March 31, 2025, \$83.7 million in tobacco-settlement revenue had been recognized in the Public Accounts, reflecting amounts expected to be received over roughly 30 years. Of this, \$47 million was received in the 2025–26 fiscal year.

Committee was advised that the GNWT's portion of the national tobacco settlement was deposited into the Consolidated Revenue Fund and treated as general revenue, with no allocation to specific programs or purposes. Although the settlement is disclosed in the notes of the Public Accounts, there is no separate reporting on how these funds are used once absorbed into overall revenues. Committee raised concerns about the absence of a clear policy for managing large one-time or windfall revenues and noted the lack of earmarking for tobacco-related health impacts. This discussion led Committee to conclude that there is a need for both a formal windfall-revenue policy and the option of dedicating this settlement, and any future payments, to tobacco-related health costs, harm reduction, and cessation initiatives.

Committee notes that the GNWT can be a leader in Canada for how the settlement funds can transparently address public health objectives. At this time, no province or territory has announced a formal framework for evaluating the use of the tobacco settlement funds or for measuring outcomes over time.<sup>4</sup> In the absence of such frameworks, jurisdictions cannot assess the impact of spending or define success. Given that payments are expected over approximately 30 years, establishing outcome measures would enable periodic review and adjustment. Committee suggests that measures should consider both program reach, such as enrollment in cessation initiatives, and population-level indicators, such as smoking prevalence and tobacco-related morbidity and associated damages.

Committee therefore makes the following two recommendations:

**Recommendation 1:** The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories earmark the tobacco settlement proceeds received to date and dedicate all future tobacco-settlement disbursements to addressing health system pressures directly linked to ceasing tobacco use and damages from tobacco use, and that the Government of the Northwest Territories propose, in the next Main Estimates, an equivalent appropriation matching the settlement amounts recorded to general revenue in 2024–25 and 2025–26 for these purposes, with ongoing public reporting on allocations and performance outcomes related to tobacco-related interventions and population-level impact.

**Recommendation 2:** The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories establish and table a clear policy for the identification, disclosure, and use of windfall or non-recurring revenues, including criteria, reporting, and allocation rules, to enhance transparency and support prudent, intergenerational decision-making.

### **Stanton Legacy Project Lease Cost Reporting**

During the 19<sup>th</sup> 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*, and this recommendation was restated in both the *Review of the 2022–2023 Public Accounts*<sup>5</sup> and the *Review of the 2023–24 Public Accounts* in the 20<sup>th</sup> Assembly.<sup>6</sup> Moreover, the OAG issued a recommendation in the *2024 Audit of the Stanton Territorial Hospital Renewal Project* that the leasing arrangement costs related to the legacy hospital building should be included in the P3 reporting.<sup>7</sup> The GNWT has maintained that it cannot accept this recommendation, stating that its assessment under Public Sector Accounting Standards (PSAS) supports the current presentation and that risk transfer, a key criterion in P3 classification, did not occur.

Committee noted a further concern related to \$6.2 million recorded as a “capital lease obligation” recognized in the 2024–25 Public Accounts for the Stanton Legacy Project, highlighted during the public briefing with the CG and the OAG on December 9, 2025. This amount reflects obligations that, in the OAG’s view, should have been reported in prior years and classified as part of a P3 liability rather than as a capital lease. The GNWT’s decision to classify the amount as a capital lease rather than a P3 liability suggests ongoing inconsistency in how P3 arrangements are assessed and reported by the government.

Committee recommends that this issue be resolved to ensure consistent reporting for Stanton and to provide clarity and uniformity in how all P3 arrangements in the Northwest Territories are presented in future Public Accounts.

**Recommendation 3:** The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories, as part of its adoption of the new Public Sector Accounting Conceptual Framework on April 1, 2026, review its internal criteria for determining when a project meets the definition of a public-private-partnership and align those criteria with the approach used by the Office of the Auditor General of Canada.

### **Improved Preventative Management and Value-for-Money in Disaster Financial Assistance Arrangements**

Committee reviewed the accounting treatment for Disaster Financial Assistance Arrangements, including accrual corrections and the multi-year reconciliation of disaster-related costs and federal recoveries, as part of its examination of the 2024–25 Public Accounts. Committee notes that the growing frequency and scale of disaster events continue to place pressure on the GNWT’s fiscal framework and raise concerns about long-term sustainability.

As part of its review, Committee noted that disaster response and recovery costs are increasing in both frequency and magnitude, and that timing differences between expenditures and recoveries create volatility in annual results and reduce year-to-year comparability. Committee also observed that accrual estimates for federal recoveries require significant judgment and are subject to revision, which affects net debt and accumulated surplus over multiple fiscal periods. Rising disaster costs additionally constrain the GNWT’s fiscal flexibility and long-term sustainability.

As disaster events become more frequent and costly, Committee emphasizes the importance of stronger prevention, disciplined expenditure management, and long-term planning to help limit future fiscal exposure and improve overall transparency. Committee therefore recommends:

**Recommendation 4:** The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories develop and report on preventative disaster management as part of Public Accounts reporting and that this reporting would link mitigation investments and costs to expected reductions in Disaster Financial Assistance Arrangement claims and recovery costs and includes value-for-money analysis in annual updates.

Committee also identified challenges related to the speed and reliability of disaster relief disbursements. Committee noted that delays in issuing payments create hardships for affected residents and community governments and increase financial uncertainty. Many of the delays are related to internal processes, capacity, and resourcing within MACA and community governments. Committee emphasizes that timely flow-through of disaster relief is essential to ensure communities can recover quickly and to maintain confidence in the territory's emergency management system. Committee recommends the following:

**Recommendation 5:** The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories enhance and accelerate its disaster assistance disbursement processes to ensure timely support reaches affected community governments, organizations and individuals, including making resources and assistance available to claimants who lack the capacity to navigate the process.

### **Enabling Flexible Funding for Multi-Year Initiatives**

In its review of the *Report of the Auditor General of Canada to the Northwest Territories Legislative Assembly – Protected and Conserved Areas in the Northwest Territories*,<sup>8</sup> Committee observed that activities such as conservation planning and establishment of protected areas may occur over long time horizons and cannot be completed within a single fiscal year. Reliance on annual funding creates uncertainty and slows progress on protected area establishment, management planning, and monitoring. Committee noted in its report that flexible multi-year funding would provide greater predictability and allow resources to align with the timing of conservation work.

Committee also recognizes that implementing multi-year funding is challenging under current constraints of the FAA, which limits the GNWT's ability to commit funds across fiscal years. Further, while the Financial Administration Manual (IB 805.02) permits multi-year ongoing contribution agreements, any uncommitted surplus at year-end is clawed back, creating additional instability for long-term conservation planning.

Committee remains concerned that existing GNWT financial tools do not provide the flexible, stable, long-term funding required for the scope and scale of conservation work. Accordingly, Committee recommends:

**Recommendation 6:** The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories establish more flexible multi-year financing tools by amending the *Financial Administration Act* and related policy instruments to enable funding mechanisms suitable for inter-generational conservation commitments, and to complete this work in time for it to be reflected in the 2027–28 Main Estimates.

### **Deemed Appropriations by the Comptroller General**

Committee observed that in 2024–25, four departments exceeded their approved appropriations. To address these over-expenditures, the Comptroller General authorized additional amounts totaling more than \$41 million after fiscal year-end, as permitted under section 77 of the FAA. These amounts are disclosed in the consolidated financial statements of the 2024-25 Public Accounts, as required.

The AG advised that best practice in public financial management is for all appropriations to be approved before the end of the fiscal year and for departments to ensure that their expenditures do not exceed the amounts authorized by the Legislative Assembly. While this practice remains compliant with existing legislation, the AG recommended that the GNWT strengthen its budget and approval processes to ensure that appropriations are reviewed, adjusted where necessary, and approved before the end of the fiscal year. Committee supports this recommendation and notes that timely review and approval of appropriations is an essential control to support transparent financial management and maintain the authority of the Assembly over public spending. Committee therefore recommends:

**Recommendation 7:** The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories take all practicable steps to avoid deemed appropriations under section 77 of the *Financial Administration Act* and, when a deemed appropriation is made, provide timely written disclosure to the Standing Committee on Public Accounts, including the amount and rationale.

### **Municipal and Community Affairs Budget Lapses and Community Infrastructure Support**

Municipal and Community Affairs (MACA) is currently responsible for administering nearly \$250 million in federal infrastructure programs. The \$57.6 million under-appropriation (lapse) reflected in the 2024–2025 Public Accounts is largely associated with Capital Formula Funding and the Investing in Canada Infrastructure Program which delivers funding to communities. Community governments retain discretion over when their projects begin and may request reimbursement up to 2033; when a project is deferred, the funding appears as lapsed but remains available for future years.

Committee accepts this explanation but considers it important to ensure that project delays and associated lapses are monitored and addressed in a timely manner. Given that multiple factors including local capacity, contracting limitations, short construction seasons, and shifting community priorities can affect schedules, Committee sees value in strengthening how these issues are identified and managed. Committee also notes that while decisions about project timing rest with community governments, MACA plays a key role in supporting the advancement of funded projects. Committee makes the following two recommendations:

**Recommendation 8:** The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories develop enhanced processes for identifying and addressing factors that affect the timing of community infrastructure projects, with the goal of reducing year-end lapses over time. Committee further recommends that the government table an implementation plan during the Fall 2026 Sitting outlining how it will support community governments in advancing approved projects and how progress will be monitored and reported.

**Recommendation 9:** The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories establish dedicated funding and technical supports for capital planning, project management, and financial administration, to be made available to community governments who demonstrate a need for additional capacity.

### **Addition of High-Level Commentary to Section II (Non-Consolidated Financial Statements) on Departmental Variances**

Committee members agreed that Section II: Non-Consolidated Financial Statements would be clearer with brief narrative commentary explaining material departmental variances (e.g., lapses, over-expenditures, flow-through or multi-year funding mechanics), without delaying reporting or adding program-level detail. This aligns with earlier discussion about lapses observed for MACA, and multi-year approvals driving apparent variances.

**Recommendation 10:** The Standing Committee on Public Accounts recommends that the Office of the Comptroller General of the Government of the Northwest Territories add variance commentary to Section II: Non-Consolidated Financial Statements for departments with material budget-to-actual variances, explaining key drivers (timing, multi-year agreements, external approvals, and other non-discretionary factors), and cross-referencing relevant schedules and notes where applicable.

### **Timeliness of Public Accounts Reporting and Continuous Improvement**

Committee continues to emphasize the importance of timely publication of the Public Accounts, as timely reporting ensures that audited financial results meaningfully inform Business Plans, Capital Estimates, and Main Estimates. While legislation permits publication within nine months of fiscal year-end, Committee notes that international best practices target release within six months.

Committee acknowledges the efforts of the OCG, the OAG, and reporting entities to improve the timeliness of financial reporting and views continued progress as an important aspect of strengthening financial accountability. Committee also recognizes that, in some cases, factors outside a GRE's control may affect its ability to meet reporting deadlines. In this context, Committee considers it appropriate to examine the feasibility of advancing the Public Accounts release date to October, consistent with practices in several other jurisdictions and therefore recommends:

**Recommendation 11:** The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories advance the release of the Public Accounts to October, beginning with the first Public Accounts of the 21<sup>st</sup> Legislative Assembly.

### **Impact of New Accounting Standards on Reporting Timelines**

Committee has also considered the impact of upcoming changes to public sector accounting standards on the GNWT's ability to further improve reporting timelines. As disclosed in the Public Accounts, the GNWT will be required to adopt the new Public Sector Accounting Conceptual Framework and related presentation standards effective April 1, 2026, with impacts beginning in the 2026–27 fiscal year.

Following the December 9, 2025, public briefing, Committee has determined that the implementation of new standards may pose heightened risks to reporting timelines, particularly given the number and complexity of GNWT consolidated entities. Committee was reminded throughout its review that previous major accounting changes placed significant pressure on reporting capacity and contributed to delays.

While Committee understands that these standards are mandatory and that implementation work is underway, Committee remains concerned that capacity constraints, audit dependencies, and transition demands could impede progress toward earlier publication dates without deliberate planning and resourcing.

**Recommendation 12:** The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories, through the Office of the Comptroller General, strengthen its internal readiness for the upcoming Public Sector Accounting Conceptual Framework by identifying transition-related risks early and providing departments and public agencies with the support needed to maintain timely financial reporting.

## **CONCLUSION**

This concludes the Standing Committee on Public Accounts' Report on the Review of the 2024–25 Public Accounts. Committee looks forward to the Government's response on how they will implement these recommendations.

**Recommendation 13:** The Standing Committee on Public Accounts recommends that the Government of the Northwest Territories provide a response to this report within 120 days.

## ENDNOTES

<sup>1</sup> A Government Reporting Entity includes all government-controlled organizations, which are all GNWT departments, revolving funds, public agencies, and other entities that make up the GRE.

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

<sup>3</sup> 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>.

<sup>4</sup> Daniel Eisenkraft Klein. A framework for governing Canada’s tobacco settlement funds. *Lancet Reg Health Am*. 2025 October 11; 52:101272. Available at: <https://pmc.ncbi.nlm.nih.gov/articles/PMC12547446/>

<sup>5</sup> 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](#).

<sup>6</sup> 2023–24 Report on the Review of the Public Accounts: <https://www.ntlegislativeassembly.ca/sites/default/files/committee-report/2025-05/25-05-21%20CR%2022-20%20%281%29%20Standing%20Committee%20on%20Public%20Accounts%20Report%20on%20the%20Review%20of%20the%202023-2024%20Public%20Accounts.pdf>

<sup>7</sup> Office of the Auditor General of Canada *2024 Report of the Auditor General of Canada to the Northwest Territories Legislative Assembly on the Stanton Territorial Hospital Renewal Project* Available at: [https://www.oag-bvg.gc.ca/internet/English/nwt\\_202410\\_e\\_44570.html](https://www.oag-bvg.gc.ca/internet/English/nwt_202410_e_44570.html)

<sup>8</sup> TD 342-20(1), *Report of the Auditor General of Canada to the Northwest Territories Legislative Assembly – Protected and Conserved Areas in the Northwest Territories*, Available at: <https://www.ntlegislativeassembly.ca/sites/default/files/taled-documents/2025-05/TD%20342-20%281%29%20Report%20of%20AG%20of%20Canada%20to%20NWT%20Legislative%20Assembly-Protected%20and%20Conserved%20Areas%20in%20NWT%20%281%29.pdf>