



**Government of the Northwest Territories Response to Committee  
Report 22-20(1): SCOPA Report on the Review of the 2023-2024 Public Accounts**

**Background**

The 20<sup>th</sup> Legislative Assembly Standing Committee on Public Accounts (SCOPA) tabled Report 22-20(1) Report of the Review of the 2023-2024 Public Accounts (Report) on May 21, 2025. SCOPA has requested that the Government of the Northwest Territories (GNWT) respond to the recommendations in the Report.

**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.

***GNWT Response***

The Comptroller General will review the information for these sites and provide additional detail in the Financial Statement Discussion and Analysis section at the end of Section 1 on the age of sites and look to implement this change for the 2025-26 fiscal year reporting.

**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.

***GNWT Response***

The Department of Municipal and Community Affairs (MACA) has undertaken several actions aimed at improving staff retention and supporting community governments in delivering infrastructure projects.

MACA is currently administering close to \$250 million from four federal funding agreements that are targeted towards community infrastructure: Canada Community-Building Fund, Small Communities Fund, Investing in Canada Infrastructure Fund and the new Canada Housing Infrastructure Fund. Budgets are developed based on estimates as to when projects will be delivered and completed. There are many factors that can impact project schedules – community government capacity, availability of local contractors, short construction seasons, and global supply chain and transportation interruptions.

Historically, budgets have been front-end loaded to provide greatest flexibility for communities. Based on the experiences and actual disbursements over the past several years, MACA has undertaken an exercise to adjust budget allocations to better reflect when communities are planning on delivering and completing projects. This should result in a reduction in lapsed funding being reported in future years.

At the same time, MACA continues to support community governments with capital planning and project delivery. The Department has found alternative staffing options and is providing itinerant services to communities where Managers of Community Infrastructure Planning positions have been hard to fill. The Department has also hired an Intern, Community Planner that will support community governments while at the same time developing future capacity.

Staff retention across the Department remains a priority. As of May 2025, MACA's vacancy rate was 7.2% while the GNWT rate was 6.7%. MACA has developed an Employee Communication Plan and is working on a succession plan, both aimed at improving employee engagement and satisfaction and staff retention.

### 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.

#### *GNWT Response*

The Department of Finance will prepare an annual report for tabling on the Heritage Fund. The Department expects to implement this for the 2024-25 fiscal year end.

### 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.

#### *GNWT Response*

The Department of Finance cannot accept this recommendation. The Office of the Comptroller General reviews this project each year end to determine the appropriate accounting treatment based on any new information. Again in 2024-25, a review of the financing transactions provided for the Old Stanton Renovations project was completed and compared it to the public sector accounting standard to see if anything has changed in how this transaction should be reported.

The Public Private Partnership (P3) accounting standard (section PS 3160) requires that 3

specific criteria are met to sufficiently demonstrate that the risk transfer from the government to the private partner exists, resulting in the intended partnership. These requirements are that the private sector partner designs and builds and finances new or better existing infrastructure, operates and maintains the infrastructure on an ongoing basis and finances the transaction past the point where the infrastructure is ready for use.

In the case of the Stanton Legacy Building Renovations, considered a standalone project from the new Stanton hospital, the financing risk transfer did not occur. The contractor's participation in the cost of the renovation project (as part of their obligation under the Stanton Renewal Project) was considered insignificant and did not meet the spirit and intent of the standard. Had the amount of financing from the contractor been more significant, the GNWT may have taken a different position on the accounting for this project and may have determined it met the criteria as a P3. As the GNWT funded the vast majority of the project costs, the GNWT took on the financing risk, including interest rate risk and credit risk, that the private partner did not.

To compare this with other GNWT P3s, the Tłıchq All Season Road was financed 100% by the private partner until the road was completed (\$112 million) and the new Stanton Hospital was financed 47% by the private partner until the hospital was completed (\$137 million).

While in the early days of contemplating this project, it may have been considered at that time to be a 'P3', from an accounting perspective, the determination is made at each fiscal year end to see if the criteria have been met based on the actual contracts, financing and other information reviewed. At this time, the criteria are not sufficiently met, and the project has been reported as a traditional procurement.