



Government of the Northwest Territories Response to Committee Report 36-192(2): Report on the Review of the 2020-2021 Public Accounts

Background

The Standing Committee on Government Operations (Committee) presented their Committee Report “Report on the Review of the 2020-21 Public Accounts” on October 28, 2022. This report contains eight (8) recommendations to the Department of Health and Social Services (DHSS) and the Department of Finance (Finance). Both Departments have prepared responses to the recommendations as noted below.

Recommendation 1

That the Department of Health and Social Services provide detailed reporting and analysis on each cost driver of the Northwest Territories Health and Social Services Authority’s persistent operating deficit. The analysis should quantify how each driver contributes to NTHSSA’s operating deficit. The analysis should also quantify, break-down, and explain, for each driver, the difference between:

- Budgeted expenses, positions, and programs; and,
- Actual results.

GNWT Response

The creation of the Northwest Territories Health and Social Services Authority (NTHSSA) in 2016 was intended to provide a foundation to address historical challenges with the Northwest Territories health and social services (HSS) system that were a result of inconsistent policies, programs, standards and levels of service delivery and quality. The implementation of the NTHSSA has resulted in a number of improvements to program and service delivery as a direct result of operating more cohesively as a territorial system. Examples include

- Achievement of system-wide accreditation through Accreditation Canada in 2019 with over 97% compliance to national standards of excellence in all program areas surveyed.
- Establishment of a single territorial Medical Staff, which allows for system-wide sharing of physician resources and remote support for all 3 Authorities.
- Implementation of a territorial Occupational Health and Safety program which has allowed NTHSSA to improve staff safety and more consistent adherence to safety legislation.
- Creation of a system-wide Infection Prevention and Control program where none previously existed, which keeps patients safer in our facilities every day and was particularly critical during the active phase of the Covid-19 pandemic.

- A full overhaul of the Stanton Chemotherapy program in 2018-19 which is now offering expanded chemotherapy services to residents from all regions of the NWT and residents of the Kitikmeot that is aligned with all Cancer Care Alberta standards of excellence through our ongoing quality improvement process.
- Establishment of a territorial Cancer Screening program that has resulted in increased screening rates by as much as 4-fold for colorectal cancer, allowing for earlier diagnosis and improved survival.
- Within Child, Family and Community Wellness as a result of using investigation tools effectively, apprehensions have been reduced and children have stayed in their family home or with family/friends through safety planning. This fiscal year apprehensions have only occurred in 1.9% of investigations.
- A single-system response to the Covid-19 Pandemic, including the creation of a response plan that encompassed all 3 Authorities and a coordinated response that avoided overwhelming the NWT acute care system, provided access to necessary testing and contact tracing to effectively contain Covid spread in our regions, and rapid deployment of Covid vaccines that achieved some of the highest vaccine coverage rates in Canada.

The HSS system has for many years incurred significant annual operating deficits in carrying out its mandate. The Health and Social Services HSS Systems Sustainability Plan (Plan) is designed to guide actions and establish options for future savings, reflecting operational efficiencies, quality improvements and service scope adjustments. The actions and options are not expected to eliminate the \$190 million historical deficit; instead, the focus is to mitigate further cost growth, in a time of significant inflation as well as during a period of unique and enormous demand for health and social services. The Department of Health and Social Services provides updates on the progress of the work under the Plan to the Financial Management Board (FMB) every six months. The last update was provided January 12, 2023.

The DHSS agrees with the importance of breaking down and explaining cost drivers and has made some progress on addressing the deficit by increasing the budget to cover the identified shortfalls. In 2021-22, DHSS secured an additional \$7.5 million to better reflect the cost of the collective agreement, \$1.3 million for shortfalls in the Life Sustaining Physician Specialties where services are required 24/7, and in 2022-23, \$1 million for the shortfall in the Stanton Intensive Care Unit.

Through the budgeting and variance process, the significant deficit drivers are known, and the Authorities work to mitigate costs where possible. Areas contributing to the deficit include: physicians (locums, speciality services, physician leadership structure); collective agreement; accommodations for temporary staff; foster care and voluntary support services; and inflation on contracts. In the case where a budget shortfall is identified, the DHSS works with the Authorities to decide the best approach to addressing the cost driver, whether it be to considering changes needed to work within the funding available or to build the business case for additional funding to be brought forward for consideration at FMB.

With the pace of expenditure growth, and the number of areas being identified for which levels of funding fall short of existing service delivery expectations, there is pressure to move more quickly on laying out the comprehensive picture of all existing service delivery descriptions and costs for the NTHSSA to inform service delivery/reduction and funding decisions to control the deficit. Per the HSS Sustainability Plan, it had initially been envisioned that this work would play out over several years, on a program-by-program basis. However, without the complete picture, it is difficult for DHSS to suggest reallocations of dollars to better use existing resources, or to recommend areas for service reduction, and/or request incremental funding of FMB. The HSS System Sustainability Steering Committee has recently been discussing the approach to this work and options for providing a more comprehensive picture of the financial details faster.

The DHSS is prepared to provide Committee with a confidential briefing in the spring of 2023.

Recommendation 2

That the Department of Health and Social Services disclose its response to the Office of the Auditor General's 2020-21 audit observation that many areas of internal controls need improvement at Northwest Territories Health and Social Services Authority. The Department should also disclose its action items, progress on those action items, and timelines to improve internal controls.

GNWT Response

The NTHSSA responds directly to the Office of the Auditor General (OAG) regarding their audit, the DHSS does not communicate with the OAG on this. The NTHSSA Management Letter Response and action items are shared with the DHSS. In the 2020-21 OAG Report, there were concerns with billing delays and reconciliations, non-compliance on Medical Travel disbursements and delegated authorities and segregation of duties under revenue and accounting roles. All internal controls flagged for improvement were addressed by NTHSSA in 2021-22.

Recommendation 3

That the Department of Finance provide a plan with timelines to enhance reporting on the GNWT Environmental Liabilities Dashboard by matching reporting practices in the Treasury Board of Canada Secretariat's Federal Contaminated Sites Inventory.

GNWT Response

In order to enhance the GNWT's transparency and accountability, the GNWT released its first ever environmental liabilities dashboard in 2022. The dashboard provides a map view of contaminated sites by type and with more descriptions of each site than provided previously. The dashboard includes sites fully under GNWT responsibility, with the exception of Giant Mine where the GNWT is a co-proponent with Canada. Due to potential implications on

future procurement activities, the dashboard does not currently include information related to cost.

The GNWT considers the dashboard a useful tool for providing residents with information regarding the contaminated sites. If a resident requires additional detail on any particular site, they may contact the Department of Environment and Natural Resources (ENR).

The dashboard required a significant amount of resources to implement and is updated on an annual basis in coordination with the completion of the Public Accounts. The GNWT believes it has included an appropriate level of detail and does not identify a need to modify the existing dashboard.

Further details comparing the GNWT's environmental liabilities dashboard and the Federal Contaminated Sites Inventory are as follows:

- *Federal Site ID* – The GNWT site ID numbers are not provided on the public facing dashboard. It was determined that providing the GNWT site ID numbers was not required for the dashboard as these numbers are not used to identify the sites in public records. This is a number that is only required internally to identify the sites for annual updates.
- *Directory of Federal Real Property (DFRP) number* – A GNWT equivalent DFRP number is not provided on the public facing dashboard as these numbers are not used to identify sites in public records.
- *Reporting Org* – The GNWT determined that it was not necessary to identify for the public which department is responsible for each contaminated site. However, GNWT departments are responsible for their own contaminated sites and an internal working database does have this information.
- *Location* – Site coordinates are on the dashboard.
- *Map navigator* – Map navigator is on the dashboard.
- *Classification* – The GNWT is developing an approach to assess risk and priority for contaminated sites, which will guide how the GNWT's contaminated sites will be classified. Once this approach is finalized, this information may be considered for inclusion in the dashboard in the future.
- *Contaminants* – This information is provided in the Site Description on the dashboard.
- *Highest step completed* – This information on the Federal Contaminated Site Inventory is based on the FCSAP 10-step process of federal contaminated sites decisions-making framework. The GNWT currently does not have a similar framework in place. However, the GNWT is developing a process to identify and assess contaminated sites which will guide how sites are assessed and managed. Once this process is finalized, this information may be considered for inclusion in the dashboard in the future.

- *Reason for federal involvement* – This information is not yet disclosed on the dashboard nor the Public Accounts and would require further discussion to determine if it would be appropriate to include on the dashboard.
- *Site status* – Work that has been completed at each site is provided in the Site Description on the dashboard. As stated above, the GNWT is developing an approach that will guide how the GNWT’s sites will be classified. Once this approach is finalized, this information may be reviewed for how it should be modified within the dashboard.

As the GNWT advances its work on the development of policies and procedures as laid out in the GNWT-wide Contaminated Sites Work Plan, changes to the dashboard may be considered as applicable.

Recommendation 4

That the Department of Finance provide more detailed resource revenue data on gross amounts received and calculations of amounts retained. This enhanced reporting should separate annual aggregate values from petroleum, mineral resources, and each other type of resource revenues.

GNWT Response

The Department of Industry, Tourism and Investment (ITI) will continue to report the mining, oil and gas royalties as aggregate due to the confidentiality of this information as detailed in the Mining Regulations of the *NWT Lands Act* and pending confirmation of the same in the *Petroleum Resources Act*. Should any detail of the royalties reporting change, ITI will report back to the Department of Finance.

Additionally, in response to concerns heard from Committee to provide more clarity and information related to resource revenues, Finance has included a calculation of the net fiscal benefit related to resource revenues in the Financial Statement and Discussion and Analysis portion of the Public Accounts in 2021-2022.

Recommendation 5

That the Comptroller General add to the Financial Statement Discussion and Analysis section of the Public Accounts information on tangible capital assets with zero book value and provide a timeline for implementation.

GNWT Response

The information requested by Committee is not required to be disclosed in accordance with the public sector accounting standards. Due to the additional resources the disclosure for those entities would require, the GNWT will not be including this figure within the Public Accounts. However, as this information is collected for GNWT departments at year end, it

will be provided on an annual basis internally to those responsible for the capital planning process.

Recommendation 6

That the Department of Finance amend the Financial Administration Act, section 35, to move the required release date of the Public Accounts by three months, from December 31 to September 30.

GNWT Response

The statutory deadline in the *Financial Administration Act* is considered only the latest possible date to complete the Public Accounts. However, the Department of Finance continues to review its schedule and processes for efficiencies in order to publish the accounts as early as possible ahead of the statutory reporting deadline. At this time, the current schedule to complete the Public Accounts is optimal given level of resources and number of entities that form part of the Government Reporting Entity.

Recommendation 7

That the Department of Finance take steps to publish in-year fiscal reports on a quarterly basis, within a month, and provide a timeline for implementation.

GNWT Response

The current cycle of reporting the non-consolidated, consolidated, main estimates/budgets is streamlined. Our accounting schedules are completed on an annual basis and consolidated across many departments and agencies. There is currently no interim reporting at a financial position level. However, departments do prepare quarterly variance reports on their revenue and expenditures. These reports are reviewed by the Financial Management Board and inform spending decisions including supplementary appropriations if required. In addition, the Minister of Finance delivers a fiscal update statement at the October session for public information.

Recommendation 8

That the Department of Finance take steps to digitize the Public Accounts and provide a timeline for implementation and anticipated costs. The digitized presentation of financial results should align with the administrative, economic, functional, and program classifications used in the Budget and Main Estimates documents.

GNWT Response

In 2022, the Department of Finance launched a web form of Section I of the Public Accounts including an embedded excel document with the data from the 2020-2021 Public Accounts. This work came out of previous commitment to make the Public Accounts more accessible.

The Department will continue to publish a web-based format of Section I and will continue to review the feasibility of expanding the digital version to Section II.