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Summary Report on Phase 1 of an Operational Audit of Government of Nunavut Programs

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1. Operational Audit Purpose, Scope and Methodology

1.1 Purpose of the Operational Audit

In early 2014, the newly-elected Fourth Assembly of the Government of Nunavut adopted the policy framework document for its mandate. *Sivumut Abluqta/Stepping Forward Together* builds upon the tradition of previous mandate documents. Confirming the government's vision of Nunavut's future, *Sivumut Abluqta* focuses on four priorities for implementation over a four year period.

One of the priorities is "Good government through the wise use of our resources." The Fourth Assembly noted that it needed to continue strengthening the territory's unique model of governance. It also committed to:

- Delivering programs and services in an effective, efficient and economical manner; and
- Reviewing existing government programs and contribution agreements to ensure that those initiatives achieve the expected outcomes.

In accordance with these commitments, the Government of Nunavut (GN) is now completing phase 1 of a comprehensive review of government programs from an operational perspective. This operational audit is intended to assess what the government does well, what could be improved upon, and what programs could potentially be discontinued or delivered in a different way.

1.2 Scope of the Operational Audit

PROGRAM ROSTER

The operational audit involves a high-level review of more than 300 programs listed in the 2015-2018 Business Plans of the GN's ten departments and five territorial corporations. The program roster includes:

- Programs delivered directly or indirectly to Nunavummiut;
- Corporate services that support internal operations of the GN (e.g., policy, human resources); and
- Corporate administrative structures (e.g., Minister's Office, Board of Directors, Directorate).

While all of these are considered "programs" in the GN Business Plan, for the purposes of the operational audit:

- Corporate services are considered as functions that cut across departments rather than as individual programs in departments and territorial corporations; and
- Corporate administrative structures are out of scope of the operational audit.

The operational audit also includes:

- Program activities that are not identified in Business Plans;
- "Non-assigned policy issues" (e.g., immigration) that are of concern to other Canadian jurisdictions but that have not been developed in Nunavut, despite expectations that the territory will participate in the Federal-Provincial-Territorial sector table discussions for those issues;
- "Horizontal programs" where accountability for action crosses over the boundaries of individual departments and corporations (e.g., many *Sivumut Abluqta* priorities); and
- Inter-departmental committees of senior officials that provide oversight to horizontal programs.

The operational audit avoided duplicating:

- Department of Finance's audit of grants and contributions policies and processes in departments;
- Department of Finance's work on building capacity in financial management; and
- Program evaluations that have been completed recently or are currently underway.

A TWO-PHASE PROCESS

The GN aims to complete a full review of its programs prior to the next general election in October 2017. Because it is a new undertaking with a broad scope, the operational audit has two phases.

Phase 1 of the operational audit was conducted between April and October 2015, with results that will enable departments and corporations to reflect implementation plans in the 2016-2017 Business Plans. Phase 1 has focused on:

- Assessing the program roster of the ten departments and five corporations against the *Sivumut Abluqta* “triple-e” standard – efficient, effective and economical;
- Identifying additional program activities not in Business Plans; and
- Recommending programs for further review in Phase 2.

The GN intends that Phase 2 will build on the results of Phase 1 to provide a more in-depth review of GN operations, including:

- Client-centred perspectives on the effectiveness, efficiencies and economics of programs that serve the public and those that serve other departments within government; and
- Detailed evaluation of programs referred for further review in Phase 1, based on legislative adoption of the 2016-2017 Business Plans.

1.3 Methodology

Phase 1 of the operational audit involved a high-level review of more than 300 GN programs, rather than an in-depth review of a single program. We customized our program review methodology to address the requirements of the operational audit and to ensure a transparent and inclusive approach that is reflective of the character and culture of Nunavut’s public service.

The following Inuit Societal Values were particularly applicable in conducting the operational audit:

- *Inuuqatigiitsiarniq*. Respecting others, relationships and caring for people
- *Tunnganarniq*. Fostering good spirits by being open, welcoming and inclusive
- *Pijitsirniq*. Serving and providing for family and/or community
- *Aajiiqatigiinni*. Decision making through discussion and consensus
- *Piliriqatigiinni/Ikajuqtiinni*. Working together for a common cause

CONFIRMING THE SCOPE

The GN’s Request for Proposals (RFP) identified a total of 258 departmental programs and 67 corporate programs delivered by the GN’s ten departments and five territorial corporations, based on the 2014-2017 GN Business Plan. Our first task was to establish a more current inventory of programs based on the 2015-2018 GN Business Plan.

CONDUCTING STRATEGIC AND FUNCTIONAL ANALYSES

We reviewed written information from a great variety of sources, including legislation, policy, directives, business plans, estimates, corporate plans, annual reports, audit reports, program evaluation reports, reports on organizational reviews, and other internal and public information about GN programs.

Our analysis considered the following questions at a high level:

Strategic analysis

- What is the program mandate or direction?
- What is the source of authority for the program?
- What are the expected outcomes of the program?
- Are activities and resources aligned with the direction and expected outcomes?

Functional analysis	<ul style="list-style-type: none"> ▪ Is the program economical, or does it appear to cost more than its outcomes are worth? ▪ Is the program delivered efficiently? ▪ Is the program effective in achieving expected outcomes?
Opportunities to discontinue a program	<ul style="list-style-type: none"> ▪ Is the program outside the authority of the GN? ▪ Is the program outside the scope of what is usually delivered by a Canadian territory or province? ▪ Is the program failing in its activities, outputs and/ or results?
Potential for delivery by an Inuit land claims organization	<ul style="list-style-type: none"> ▪ Is the program for beneficiaries of the <i>Nunavut Land Claims Agreement</i> (NLCA) only? ▪ Is a program for beneficiaries similar to programs already being delivered by an Inuit organization? ▪ Would a program transfer be supported in principle under the NLCA and in the context of the relationship of the GN to Inuit organizations in NLCA implementation?
Potential for alternative service delivery	<ul style="list-style-type: none"> ▪ How are programs like this being delivered in other Canadian territories or provinces? Would this be feasible and desirable in Nunavut? ▪ Have programs like this been transferred successfully to the municipal level of government in other Canadian territories or provinces? Would this be feasible and desirable in Nunavut? ▪ Have programs like this been contracted out to private sector entities in other Canadian territories or provinces? Would this be feasible and desirable in Nunavut?

ENGAGING DEPARTMENTS AND TERRITORIAL CORPORATIONS

Our approach to the operational audit balanced a review of written program information with engagement of departments and territorial corporations through:

- Initial workshops to review and add to our early analysis;
- Supplementary meetings and interdepartmental workshops on human resources and policy;
- A Capacity Check Survey to assess the capabilities to manage a modern public service; and
- Workshops in September and October to validate our observations and recommendations.

1.4 Limitations of the Operational Audit

In conducting our analysis, we were careful not to duplicate or create potentially conflicting points of view on work that is currently underway.

Limitations	Rationale
We limited our review of grants and contributions programs to strategic analysis.	Department of Finance is conducting an audit of grants and contributions policies and processes.
We limited our review of the financial management function to strategic analysis.	Department of Finance is currently working on projects to build capacity in financial management.
Where program reviews are currently underway, we limited our review to strategic analysis.	The program review will yield more detailed findings than this high-level operational audit.
Where program reviews or audits were completed recently, we looked for evidence of action.	The program review provided more detailed findings than this high-level operational audit.

2. Context for the Operational Audit

2.1 Government of Nunavut Context

Nunavut is a young, dynamic territory that is rich in culture and history. The territory has a fast-growing population that places pressure on the territory's health and education systems, housing stock, infrastructure, and economy. Graduation rates and education attainment are low, with the result that many Nunavummiut are poorly-equipped to participate in the wage economy. The suicide rate is cause for great concern, as is food insecurity and inadequate housing for many in Nunavut's remote and dispersed communities. Despite its promise, the territory and its people face pressing challenges.

Nunavut's unique governance arrangements under the *Nunavut Land Claims Agreement* (NLCA) create complexity for its public government. The GN must frequently work in partnership with Inuit land claims organizations, the federal government, and other external stakeholders to achieve policy and program objectives that it cannot deliver on its own. In these situations, success depends on clearly-defined objectives and mutually-acceptable accountabilities for activities, outputs and outcomes.

Article 23 of the NLCA aims to increase Inuit participation within government in Nunavut to a representative level, which currently means 85% Inuit employment. Increasing and enhancing Inuit employment in the GN is a priority of the government. The GN expects that momentum towards its target will build through a new implementation funding agreement has been established with the federal government for 2013-2023.

2.2 Ongoing Efforts to Strengthen the Public Service

Over the past 15 years, the government has been working actively to enhance the capacity and capability of the territorial public service, in order to meet the needs of Nunavummiut and the requirements of a modern Canadian government.

The Auditor General of Canada reviews programs in GN departments and territorial corporations, and reports to the Legislative Assembly annually on a selected program. Over the past 10 years, there has been an increasing number of GN-initiated assessments of the work and organizations of the departments and territorial corporations. GN-wide reviews include the following:

- In 2009, external advisors conducted a consultative review with Nunavummiut on their perceptions of what the government was doing right and what it needed to do better. *Qanukkanniq* or the "Report Card" was intended to inform improvements to be built into the 2010-11 Business Plan.
- In 2011, external advisors conducted a functional review of the government's decentralized model.
- In 2012, external advisors conducted a comprehensive organizational review, which led to some changes in the structure of departments.
- In 2013, the government received a review of departmental programs established, proposed or required to implement GN obligations under the NLCA.

Departments and territorial corporations are subject to internal audits by the Department of Finance, and conduct their own program reviews as needed. Since 2010, departments and territorial corporations have undertaken a total of more than 50 reviews of specific strategies, programs and organizations.

3. Summary of Analysis, Observations and Conclusions

3.1 Analysis and Observations

Observations are factual findings based on the written information and data that we collected.

In our analysis, we focused on the following six areas:

- Mandate, authority and purpose for programs,
- Accountability for programs,
- Program descriptions,
- Efficiency and effectiveness of programs,
- Capacity to make improvements in programs and services, and
- Evidence of outcomes being achieved.

For each of these areas, we note what is working well and where improvements could be made. Most of our summary observations are about GN programs overall, and we highlight some specific programs.

We encourage the Government of Nunavut to view our observations as contributions to the GN's ongoing efforts to improve its effectiveness in meeting the needs of Nunavummiut.

MANDATE, AUTHORITY AND PURPOSE FOR PROGRAMS

A program can be thought of as a set of ongoing, funded activities that are carried out for a specific purpose and to achieve specific outcomes.

A mandate has two parts. One is **authority** to carry out actions in a particular way on a matter of public interest. The authority for a program is set through formal authorities such as legislation or policy. The second part of a mandate is the **purpose**, which addresses the impact the program is intended to have. The purpose may be included in legislation, and is often described in more detail in policies and strategies.

We verified and documented the authority for each program to confirm that the program is focused on “doing the right thing.” We then looked at how programs are described to confirm the purpose, expected outcomes and understand what the program needs to “do right” to achieve those outcomes.

Summary

<i>What's Working Well</i>	<i>Where Improvements Are Needed</i>
<ul style="list-style-type: none"> ▪ Almost every program has clear authority. ▪ Authorities are up to date in most cases. 	<ul style="list-style-type: none"> ▪ Program purpose is often not clearly articulated ▪ At least one program that pre-dates division lacks a current mandate; another has a weak mandate and policy framework ▪ Some minor statutes are weak or outdated ▪ Some policies and strategies have expired or are outdated ▪ Programs may not be reviewed before policy is refreshed
<ul style="list-style-type: none"> ▪ Programs are increasingly being described from the client's point of view to enable access 	<ul style="list-style-type: none"> ▪ GN programs rarely have commitments to program outcomes ▪ Few major programs have documentation to show how activities lead to outcomes

Most programs have clear and current authority

The GN has up-to-date programs intended to address all aspects of the territorial government's statutory authorities. The authority for departments and territorial corporations are clearly defined and in most cases, the existence of a program can be traced back to an approved and current authority. Many of the GN's programs were established under the Government of the Northwest Territories (GNWT) and continued after division in 1999. There is evidence that the authorities and operating guidelines for these have been updated as statutes, policies and strategies have been reviewed and refreshed.

Programs are increasingly being described from the client's point of view to enable access

In any jurisdiction, government programs and services are described in different ways for different audiences, formally and informally. As departments and territorial corporations refresh their policies and related programs, we are observing a trend towards more user-friendly program descriptions on departmental websites and in promotional materials. This will enable client access.

Program purpose may not be clearly articulated

Program descriptions for internal and external use should include a statement of purpose about what the program is aiming to achieve and who it is intended to serve. Program purpose, particularly as an expression of goals, is not always clearly articulated for GN programs, even in related policy.

At least one program pre-dates division and lacks a current mandate

We were unable to locate any documentation on the Nunavut Public Housing Power Support Program, including its source of authority or the mechanism through which related administrative fees are authorized.

Some minor statutes and departmental policies are outdated

Departments and territorial corporations are aware of the few minor statutes that are outdated. Over the past year, many undertook a comprehensive review of their policies and updated those that had expired. Others have plans to review policies that are out of date.

Programs may not be reviewed for relevance and effectiveness before the related policy is refreshed

It appears that some departments have completed updates of their policies for administrative purposes without first reviewing the effectiveness of associated programs, including outcomes from grants and contributions programs.

At least one program has a weak mandate and policy framework

Finance, human resources, policy, communications, procurement, and information technology are necessary corporate programs in any public service. For the most part, the delegated authorities, roles and responsibilities of these internal service functions are clearly defined in current GN policies or directives. The GN's information technology function is a notable exception. Unlike other Canadian jurisdictions, the existing policy framework provides little opportunity for the GN's Corporate Chief Information Officer (CCIO) to guide and influence information technology decisions.

GN programs rarely have commitments to program outcomes

An outcome is the result expected at the end of an initiative. Identifying the expected outcomes of a program is part of describing that program accurately, establishing a rationale for its creation, and monitoring its efficiency and effectiveness. GN frameworks and strategies typically include high-level outcomes, but these are rarely extended to the program level.

Few major programs show how activities lead to outcomes

In internal documents, we expect to see some description of how program activities lead to results. We observed that even for strategic priorities, there may be little direct relationship between a list of

activities or outputs to be completed and the outcomes that are expected for Nunavummiut from these in the short, medium and long term.

ACCOUNTABILITY FOR PROGRAMS

In the *Financial Administration Manual*, the GN defines accountability as “The obligation to exercise delegated authority in order to achieve results and corresponding responsibility to provide justification through normal reporting channels for the results achieved.”

In Phase 1 of the operational audit, we verified the reporting relationship for each program to confirm that the delegated authority for the program’s results is clear – on paper and in practice.

Summary

<i>What’s Working Well</i>	<i>Where Improvements Are Needed</i>
<ul style="list-style-type: none"> ▪ Departments take ownership and initiative in delivering the programs for which they are accountable. 	<ul style="list-style-type: none"> ▪ “Programs” listed in Business Plans are not always programs ▪ Some programs do not appear in Business Plans ▪ Some programs do not align well with a department’s mandate ▪ There is potential for conflict of interest ▪ Some initiatives require a great deal of collaboration and coordination to succeed ▪ Inter-departmental committees are not fully effective in guiding collaborative effort ▪ A whole-of-government perspective has yet to be developed

Departments take ownership and initiative

Departments and territorial corporations generally demonstrate a high level of awareness of the authority for their programs and show strong commitment to their mandates, programs and clients.

“Programs” listed in Business Plans are not always programs

The term “program” appears to be interpreted in many different ways in the GN. The GN *Financial Administration Manual* defines a program as “The activities within a Department for which managers have first line budget responsibility.”

This definition allows for a mix of items in Business Plans, including:

- Individual programs delivered directly or indirectly to Nunavummiut;
- Grants and contributions, including those with a single recipient;
- Collections of programs, grants and contributions;
- Internal corporate services; and
- Administrative structures.

While the number of programs does not provide a useful indication of how much of the government’s effort is being directed to serving particular clients or achieving particular outcomes, we note that the current structure of the Business Plan appears to emphasize administration and corporate services.

Some programs do not appear in Business Plans

In many cases, Business Plans do not reflect how programs and services are actually delivered by departments and territorial corporations. There is little consistency in how programs, including grants and contributions, are treated in Business Plans. In some departments, programs with small budgetary envelopes may be listed separately; in others, many smaller programs are grouped under a multi-million-dollar “program.” We also observe that resource allocations for programs and services are not always differentiated from the organizations that deliver them (e.g., Regional Offices).

These inconsistencies in the way programs are treated in Business Plans reduces transparency and makes it difficult for the GN to determine what programs are funded for delivery to Nunavummiut. It also limits the ability to perform a meaningful cost-benefit analysis.

Some programs do not align well with a department's mandate

Some departments report that they are accountable for programs that do not align well with their mandate or core businesses. In most cases, these are relatively small but necessary programs of government that must be given a place in Nunavut's public service. Departments are currently reviewing two areas of opportunity to improve the alignment of accountabilities:

- Accountability for the territory's continuing care system is currently split between the Department of Health and the Department of Family Services. In particular, Health operates Continuing Care Centres while Family Services operates Elders Homes, which are increasingly being called upon to provide more significant support and nursing care.
- The Department of Culture and Heritage funds Nunavut Public Library Services, which are delivered through DEAs or other community organizations. There may be missed opportunities to promote Nunavut's official languages, culture and heritage more actively through the library system. There may also be missed opportunities to use the library system in support of the Department of Education's efforts to engage families and communities in contributing to student success.

There is potential for conflict of interest

There is potential for conflict of interest in two delegations of authority:

- The Department of Community and Government Services oversees the administration of Commissioner's and untitled land in Nunavut. It is also responsible for constructing new GN buildings in the territory as a developer. There is potential for these two roles to be in conflict when decisions must be made concerning building locations and land use planning guidelines, bylaws and zoning regulations, rules regarding Commissioner's lands, and sustainable development.
- Nunavut Arctic College is a territorial corporation, with all of the related powers and obligations under the *Financial Administration Act*. However, the *Nunavut Arctic College Act* is administered by the Department of Education and its capital plan resides with the Department of Finance. This has the effect of weakening NAC's delegated authority. It also has the potential to create a conflict of interest, as the Department of Education is currently investigating the feasibility of establishing a university in Nunavut under the authority of its *Universities and Degree-Granting Institutions Act*.

Some initiatives require a great deal of collaboration and coordination to succeed

Departments and territorial corporations express pride in their contributions to the government's priorities. At the same time, senior managers throughout the GN are concerned about the capacity and capability of their organizations to deliver in a fully effective way. Where success depends on labour-intensive collaboration and coordination across departments and with partners outside GN, or when accountability is shared, there is an apparent decline in effectiveness.

Inter-departmental committees are not fully effective in guiding collaborative effort

Sub-committees of the Deputy Ministers Committee have terms of reference dating back to 2010. The scope of work has evolved, as has the nature of the relationships with working groups and other related committees. Some of the Committees operate with Co-Chairs, which diminishes accountability for processes and results. Collaboration and coordination would be aided by improvements in how inter-departmental committees operate.

A whole-of-government perspective has yet to be developed

Sivumut Abluqta and many GN strategies call for a whole-of-government effort – one that involves all or a great many departments and agencies. In our review, we noted evidence of competing interests. In meetings with us, each department and territorial corporation reported that it is under-resourced and

believes it should be a priority for additional PYs (person years), operating and maintenance (O&M) and/or capital funding. Many noted that competitive behaviours are displayed in the effort to gain access to scarce resources. This lack of mutual support may undermine collective effort.

EFFICIENCY AND EFFECTIVENESS OF PROGRAMS

Efficiency means doing things in a way that makes good use of the available resources. An **effective** government responds to the needs of its citizens and is successful in producing its intended results.

In analyzing these areas, we looked at factors that affect program delivery. We considered the client experience and whether or not the program is “doing things right” to achieve the intended results.

Summary

<i>What's Working Well</i>	<i>Where Improvements Are Needed</i>
<ul style="list-style-type: none"> ▪ The GN aims to think strategically about its programs and services ▪ The GN recognizes the need to improve its programs and services ▪ The GN is strengthening Inuit employment planning 	<ul style="list-style-type: none"> ▪ Strategies may not be fully implemented or feasible to implement as written ▪ Evaluation reports reveal common challenges and deficits ▪ The GN faces persistent and serious issues that are difficult to resolve ▪ The GN relies on community partners that may lack capacity ▪ Departmental silos inhibit integrated, client-centred service ▪ GN and Inuit organizations provide some overlapping programs and services ▪ Pre-employment training for GN work currently yields uneven results

The GN aims to think strategically about its programs and services

From its earliest days, the GN has established thoughtful frameworks and strategies to address the territory’s greatest challenges. The current trend in the GN appears to be to develop strategic “frameworks” to guide consideration of what needs to be done to achieve the desired, long-term outcomes. These frameworks can then be used as the foundation for shorter-term action plans, with greater flexibility to adjust course as circumstances change or as new insights emerge through implementation.

We also note that some departments are evaluating the effectiveness of a multi-year strategy before deciding to refresh, replace or retire it.

In most cases, we were able to find action plans for strategies that are still active. There appear to be fewer documented progress reports on actions taken and results achieved.

The GN recognizes the need to improve its programs and services

There is evidence that efforts to improve programs and services have gained momentum over the past five years. Since 2010, the GN has:

- Generated an increasing number of program performance reports;
- Undertaken more than 50 reviews of specific programs, strategies and organizations;
- Conducted several comprehensive, GN-wide reviews; and
- Received six reports from the Office of the Auditor General of Canada (OAG).

Action plans exist for all OAG reports. In many cases, departments and territorial corporations were also able to provide action plans or other documentation to show what action was planned and/ or taken in response to a program evaluation or organizational review.

The GN is strengthening Inuit employment planning

The GN has strengthened Inuit employment planning over the past two years. Prior to the Business Plan for 2014-17, Inuit employment was presented as a government-wide analysis and plan, with a summary of departmental initiatives. Although a GN-wide overview is still included in the Business Plan, each department and territorial corporation must now set a target for Inuit employment, prepare its own workforce analysis and provide more detailed plans for enhancing and increasing Inuit employment.

Strategies may not be fully implemented or feasible to implement as written

In many cases, GN strategies are public documents which set out ambitious agendas that a mature and well-resourced public service would be challenged to complete. Departments and territorial corporations often report that there is a lack of capacity to implement the strategies they develop, as is the ability to sustain leadership attention when there are so many competing priorities.

Our analysis suggests an additional factor, however: some strategies may not be feasible to implement as written, with detailed multi-year actions prescribed. The timeframe of a GN strategy typically extends over three to five years. It is difficult for any organization to define a multi-year action plan in detail – and risky to persist with implementation of a plan that is not yielding the desired results. Action plans are necessary, but should be refreshed annually to ensure continuing relevance and effectiveness.

One major strategy is of particular concern:

- *Ikummatiit*, the GN's Energy Strategy, was developed in 2007 with the aim of creating an energy system that is affordable, sustainable, reliable, and environmentally responsible. It is intended to guide GN energy policies and programs until the year 2020 in: energy conservation and efficiency, alternative energy, management practices, and development of local energy resources. Since the release of the Energy Strategy, Nunavut Housing Corporation and the Department of Community and Government Services have achieved demonstrated progress on energy efficiency in GN-owned assets. There is less evidence of results from other energy conservation and efficiency programs, nor is there tangible progress on harnessing renewable energy sources. There is little evidence of any activity on energy subsidies or energy policy, beyond what has been developed for GN buildings.

Evaluation reports reveal common challenges and deficits

We found that issues related to the following themes are common to many OAG audits, program reviews and organizational reviews, in order of frequency:

- Capacity and stability (the right number of people with the right skills in the right locations; stability in leadership and the workforce versus high turnover and/or chronic vacancies)
- Capability (knowledge, skills, judgement, and competencies relevant to the work; leadership and management style; access to training)
- Relationships with regional and field offices (role clarity; information-sharing; input to policy and program design; decision-making authorities)
- Systems, processes and/ or tools (enterprise systems; software applications; manual records; financial and other management controls; standards and practices; administrative processes; paper-based processes; broadband limitations)
- Limited information to assess results (plans based on activity rather than results; limited data on program and operational performance; limited means to track and report on progress; few outcome measures)
- Governance and partnerships (arrangements for leading and coordinating complex initiatives across organizational boundaries; effective partnerships with entities outside the GN e.g., municipalities)

- Customer service orientation (access to programs and services; service standards for internal; timeliness; consistency and accuracy)

In meetings with us, as well as in reports on reviews, departments and territorial corporations consistently reported the following barriers to addressing the identified issues in programs: human resource policies (particularly job evaluation, pay scales and staffing); time to staff vacancies; and lack of staff housing. Lack of financial resources, except for capital funding, was much less frequently cited.

The GN faces persistent and serious issues that are difficult to resolve

While conducting the operational audit, we read all of the Auditor General of Canada (OAG) reports to Nunavut's Legislative Assembly since 2005.

As a high-level review of all GN programs, Phase 1 of the operational audit can add little to the detail and depth of analysis in an OAG audit. We can, however, confirm that some program areas face persistent and serious issues that the GN is finding difficult to address: Corrections (particularly Baffin Correctional Centre), Child Protection and Human Resources (as a central agency function and in line departments). The issues associated with each are well-documented in multiple reports over time. These programs continue to face serious issues and clearly require significant improvement.

We heard repeatedly that meeting GN staff housing needs is crucial to ensuring that GN programs and services are provided efficiently and equitably across the territory. In a draft discussion paper on staff housing, Nunavut Housing Corporation (NHC) notes that: "The limited options for housing in Nunavut have an effect on the GN's recruitment and retention of employees. The current GN Staff Housing program cannot meet the housing needs of all of its employees, as there is simply not enough staff housing stock to meet existing employee demand." NHC reports that it is reviewing the GN Staff Housing Policy as part of its current collaborative work on a Blueprint for action on housing.

The GN relies on community partners that may lack capacity

Some of the GN's largest and most significant programs rely on partners in the community to deliver or to provide oversight for local delivery of the program. These community-based delivery agents are older than the GN itself; the GNWT still utilizes similar structures in its administration.

There is a mutual dependence; these community-based partners all rely on the GN for policy direction, programs, operational funding, and/or training, whether they operate as volunteer committees and boards, or as organizations that deliver programs through paid employees. Most are challenged to carry out their mandates effectively. Two are of particular concern in the operational audit:

- Nunavut's District Education Authorities (DEAs) receive their authority from the *Education Act*, which is currently under review. DEA members are volunteers. Community members who are interested in education may be elected to a three-year term on the local DEA, which works with school staff and the Department of Education's regional school operations staff to administer local schools. Together, the DEA and regional staff serve many of the functions of a school board, with the authority to make decisions such as choosing the language of instruction to be used in the school and hiring teachers and principals.

The Coalition of Nunavut DEAs and the Ministry of Education differ widely on DEAs' contribution to educational outcomes and what might be needed to make improvements. EDU responded strongly to the Coalition's 2013 evaluation report, which suggested that the DEAs' burden had been significantly increased without a sufficient increase in their budgets.

- Nunavut Housing Corporation (NHC) delivers its community-based Public Housing Program through management agreements with its local delivery agents, the 25 Local Housing Organizations (LHOs). LHOs are independent organizations formed under the *Societies Act* or the *Nunavut Housing Corporation Act*; all have Boards of Directors. LHOs in at least four communities are having difficulty

maintaining their Board membership. LHOs are responsible for the complete care of more than 5,100 units in the public housing portfolio, from unit allocations and rental assessments and collections, to maintenance and repairs, and energy upgrading.

The adequacy of LHO management and accounting controls is a recognized issue. NHC has been working actively to improve the accountability and consistency of LHOs in managing their financial and human resources, maintaining appropriate records, collecting rent arrears, and providing management reports as required.

Departmental silos inhibit integrated, client-centred service

Citizens around the world want government services that are easy to access, convenient and seamless. This has led governments to look for ways to design programs and services around the needs of clients rather than forcing clients to adapt to the shape of government. This often takes the form of “one-window” service, such as that provided by Service Canada.

Despite the GN’s efforts to describe programs in a way that clients can understand, we observe that Nunavummiut need an awareness of government jurisdictions, roles and structures to gain access to GN programs. The 2009 *Qanukkanniq* or “Report Card” documented the challenges that Nunavummiut face. The report described how people are referred from one office to another without receiving an answer to their questions. We heard in workshops with departments that this remains a problem to this day, as many employees have little understanding of government roles or work other than their own.

Government Liaison Officers provide a type of one-window service by assisting individuals to identify relevant departments and programs, but Nunavummiut must still engage with different departments or different parts of the same department to access the services they need. We provide two examples:

- GN departments and territorial corporations administer a variety of programs and subsidies for seniors and elders. There is no mechanism to ensure policy coherence and coordinated delivery. The terms “elder” and “senior” are used inconsistently in program information materials, except by the Department of Culture and Heritage.

There is no single document or page on the GN website that lists the programs and services that are available specifically to seniors and/or elders. The GN’s website includes an “I am an elder” search feature, but none for seniors. Search results include the Senior Fuel Subsidy, the Elder’s Support Line, a link to the Culture and Heritage home page, and links to health programs available to all Nunavummiut. The purpose of the Elder’s Support Line is not described.

- Various GN departments and territorial corporations provide financial assistance to students. Again, there is no mechanism to ensure policy coherence and coordinated delivery and communications.

The GN and Inuit organizations provide some overlapping programs and services

The difficulty in navigating GN programs and services is compounded by the fact that Inuit organizations are increasingly offering business development and training programs that are similar to government programs and services.

The relationship between the GN and Nunavut’s Inuit organizations is structured and governed by the Nunavut Land Claims Agreement (NLCA). Funding arrangements and service delivery models have become more complex in the years since the NLCA was written. The parties are now dealing with issues, opportunities and access to funds that were not contemplated at the time of signing. For example, eligibility criteria for the P3 Canada Fund were expanded in 2014 to allow Inuit organizations and self-governing First Nations to access the fund to explore potential infrastructure projects in their regions.

We conducted an internet search of programs in Qikiqtaaluk Region (Baffin Region) for examples of potential overlap:

- In October 2015, the Qikiqtani Inuit Association (QIA) announced a new Business Capacity Start-up Fund to support Inuit who wish to improve their business or start a new business. QIA's Community Liaison Officers (CLOs) in each community will assist local residents and businesses to apply to the fund. The Department of Economic Development and Transportation (EDT) administers a Small Business Support Program and funds non-profit Business Service Centres that provide communities in their regions with services that include business development loans, technical support, training, and information. The Department of Family Services offers the Nunavut Entrepreneurship Incentive (NEI) program and provides business start-up support through designated partners.
- Kakivak Association is QIA's community economic development and training organization. It delivers training and employment programs, administers scholarships, provides business loans and grants, and funds childcare, afterschool and youth programs. Kakivak's programs overlap with student financial assistance and career development programs provided by the Department of Family Services, and with scholarships and student grants provided by various other departments.

The target population for these business development and training programs is the key – and perhaps the only – difference. As a public government, the GN must make most of its programs and services available to all Nunavummiut. Programs offered by Inuit organizations are limited to NLCA beneficiaries, typically with an emphasis on residents of the region.

Pre-employment training for GN work currently yields uneven results

The core business of Nunavut Arctic College (NAC) is delivering training for employment to adult Nunavummiut. For the most part, NAC's program offerings are funded, directed and determined by the occupational training needs of departments that include Community and Government Services, Economic Development and Transportation, Education, Executive and Intergovernmental Affairs (Sivumuaqatigiit division), Family Services, and Health.

In our meetings with NAC and these departments, we learned that the graduation rate from most of these programs is estimated to be about 50 percent. That means half of the students who enroll do not complete programs in areas of urgent occupational need in Nunavut, including nursing and social work. A similar attrition rate is reported for the Nunavut Prospector's Program, which is run directly by Economic Development and Transportation.

NAC provides periodic program evaluation reports to its third party funders. There is anecdotal information about the factors behind this attrition rate: readiness for academic study, emotional maturity, the stress of relocation, family pressures or issues, lack of affordable childcare, failure to re-apply or to re-qualify for financial assistance – all are recognized factors. What's not understood is what supports need to be put in place to enhance the graduation rate.

In this high level review, we cannot begin to estimate how many millions of dollars are already being invested to train and educate Nunavummiut in preparation for employment in the GN or elsewhere. There is a significant risk that the GN will continue to invest in ways that will yield only a limited return from its significant new funding for training and pre-training for Inuit government employment.

CAPACITY TO MAKE IMPROVEMENTS IN PROGRAMS AND SERVICES

Capacity is associated with having the right number of people with the right skills in the right locations, focused on doing the right work towards achieving the expected results.

We analyzed the findings from organization reviews, program reviews and audits to understand the factors associated with capacity to deliver programs effectively.

Summary

<i>What's Working Well</i>	<i>Where Improvements Are Needed</i>
<ul style="list-style-type: none"> ▪ All departments and territorial corporations are investing in improving programs ▪ The GN is building leadership capacity and capability 	<ul style="list-style-type: none"> ▪ Chronic challenges undermine productivity ▪ Inefficient administrative processes undermine capacity

All departments and territorial corporations are investing in improvement

Some departments have the maturity and capacity to undertake a broad-based review of their organization and its policies, programs and services. Others are selective in what they assess and where they take action. All are investing in improving programs and services.

The GN is building leadership capacity and capability

The GN has a history of supporting learning and development through its calendar of training programs, mentorship program, internship program for beneficiaries, and departmental support for job-related education leave. Departments have partnered with southern institutions to offer accredited programs such as the Department of Education's Master of Education program at the University of PEI and the Department of Community and Government Services' Hope leadership development program.

More recently, EIA's Sivumuaqatigiit division has designed a set of career development supports for beneficiaries employed by the GN, including centrally-administered subsidies for education leave and career-broadening assignments. The new accredited Hivuliqtikhanut Leadership Development Program has just been launched with a series of modules for supervisors; comprehensive programs for senior managers and emerging leaders will follow in 2016-17. The content of the program is tailored to focus on the issues and topics that are relevant to Nunavut and the GN, with materials available in both Inuktitut and English.

Chronic challenges undermine productivity

Departments and territorial corporations report that they remain under-capacity and are challenged to address all that must be done in fulfillment of their mandates. Issues of limited capacity are identified in every program and organizational review, as well as in reports of the Auditor General of Canada (OAG). This includes financial management capacity.

In some cases, capacity issues are clearly related to difficulty staffing positions that require technical or professional qualifications. In other cases, positions remain vacant for extended periods due to a lack of staff housing.

Inefficient administrative processes undermine capacity

We believe that capacity at all levels of the GN is diverted from delivering programs and services to performing internal administrative activity that yields no direct benefit to Nunavummiut. We base this assertion on what we heard in workshops and meetings, as there was no mechanism in this phase of the operational audit to gather evidence of inefficiencies in administrative processes.

EVIDENCE OF OUTCOMES BEING ACHIEVED

An **outcome** is the result expected at the end of an initiative. It implies that an observable change has occurred i.e., that the end state is somehow different from the starting state as a result of actions taken. Outcomes can be expressed in quantitative or qualitative ways and can be short, medium or long term.

In Phase 1 of the operational audit, we reviewed GN frameworks, strategies, action plans, Corporate and Business Plans to confirm the expected outcomes for programs and progress towards them.

Summary

<i>What's Working Well</i>	<i>Where Improvements Are Needed</i>
<ul style="list-style-type: none"> ▪ Territorial corporations are improving their corporate plans ▪ Some departments are developing strategic plans to articulate their priorities ▪ Interest in the use of key performance indicators is growing ▪ Departments are reporting on achievements in various ways ▪ G&C recipients are expected to report on results 	<ul style="list-style-type: none"> ▪ The GN has not yet developed important long-range plans ▪ The GN's Business Plan format does not include outcomes and results ▪ Performance measurement must be sustainable ▪ Reporting on outcomes at the department level is not enough ▪ There are risks in taking on necessary new strategic initiatives

Territorial corporations are improving their corporate plans

Quilq Energy Corporation, Nunavut Arctic College and Nunavut Housing Corporation are all demonstrating efforts to improve their annual Corporate Plans and Annual Reports through strategic planning activities; a clearer articulation of goals, objectives, priorities, and related performance indicators; and/or improved alignment of Business Plans with Corporate Plans.

Some departments are developing strategic plans to articulate their priorities

Many departments are engaging in strategic planning activities to help focus and prioritize their efforts, particularly where the government mandate does not provide specific direction. Some departments are developing or planning to develop annual plans, primarily for internal use.

The Department of Education has produced its first Annual Plan, which could well serve as a model for other departments. This plan for 2015-2016 identifies how the department aligns with the direction set in *Sivumut Abluqta*, describes the business units in the department, and outlines the programs, projects and accountabilities of each unit. Connections are made throughout the plan to highlight how activities align with and support the broader priorities of the department and government.

Interest in the use of key performance indicators is growing

Key performance indicators (KPIs) provide the means to measure progress towards outcomes over time. While there is little evidence of wide-spread use of KPIs in the GN, we note that some departments are developing the skills to apply KPIs. As examples:

- The Department of Education's first Annual Plan includes "metrics of success" or key performance indicators by which activities will be evaluated.
- In the draft of its new Nunavut Fisheries Strategy, the Department of Environment includes a section called "Measuring Our Progress," which includes key indicators for each pillar of the strategy.
- The Department of Health has established indicators and baseline data against which progress on each objective of the Public Health Strategy can be assessed.
- The Department of Justice reports annually on the Nunavut Court of Justice's operating environment and court operations, with year-over-year data on the type and volume of charges, cases and files that come before the Court and metrics that show how the Court is operating to improve access to justice and reduce case-processing time.

Departments are reporting on achievements in various ways

Some departments are making an effort to prepare annual reports that describe the achievements of the department. Others aim to prepare annual reports on a particular program. While the intent may be to report annually, our review suggests that few departments maintain the planned reporting schedule.

Departments that receive funding from third-party organizations (Vote 4/5 funding) are typically expected to report on how that funding was spent, including progress towards expected outcomes. As a result, there are many internal reports that identify expected outcomes and report on progress towards them. In many cases, these progress reports are focused on activities and outputs rather than outcomes.

G&C recipients are expected to report on results

Grants and Contributions (G&C) are an important means for any government to transfer money to individuals and organizations whose work provides social, cultural or economic benefits. Well-planned and managed G&C programs can make a significant contribution to the achievement of government priorities. It can, however, be difficult for government to assess the full benefits realized from these funding programs, as individuals and small organizations may not have the skills or resources to report effectively on the results of their activities.

As departments review and revise their G&C policies, many are strengthening the expectation that recipients will identify the goals, objectives and intended results of their activities, and report on results achieved at the end of the project or funding period. These revised G&C policies also contain more specific financial conditions, including the requirement for a recipient of a contribution in excess of \$50,000 to submit a mid-year financial report and a year-end audited financial statement. While strengthening accountability and transparency, the requirement for an audited financial statement may represent a significant cost to a recipient of a relatively small contribution.

The GN has not yet developed important long-range plans

Nunavut's infrastructure deficits are well-documented, and the need for capital investment in housing is recognized as a crucial support for improvement in the health, mental wellness and social conditions of Nunavummiut.

The GN's capital planning process calls for "a rolling 20-year window... (to) provide some insight into future funding needs, asset replacement and refurbishing and land requirements." The annual process is intended to look at the first five years in some detail, with funding approval in the Capital Estimates for the next funding year. In support of this process, departments and territorial corporations are expected to maintain a 20-year capital needs requirement, reviewed and updated annually with reference to the Integrated Community Sustainability Plans (ICSPs) that describe the infrastructure needs and goals in each Nunavut community in the short, medium and long term.

The use of a rolling 20-year window and local infrastructure needs assessments are sound practices in any capital planning process. In practice, however, the GN has no long-term capital plan. Departmental capital needs analyses are not made public, except in the GN's 5-year Capital Plan. Published in the Capital Estimates, this plan is simply a listing of capital projects, large and small, that are budgeted for the current fiscal year and/ or planned over the next four years. There is no reference to ICSPs or to a 20-year planning window. It is not a plan for investment in infrastructure, nor does it address the need to manage tangible assets over their life cycles, from acquisition to maintenance to replacement.

While most departments have little capacity to establish longer-range plans, Community and Government Services, Economic Development and Transportation, Nunavut Housing Corporation, and Qulliq Energy Corporation are thinking ahead about infrastructure requirements and the capital investments that are needed. The GN as a whole, however, has no strategic framework to guide and prioritize its capital investments in infrastructure and housing, annually and over time.

The GN's Business Plan format is outdated

The GN's Business Plan is used to describe how resource allocations will be applied i.e., what funding and PYs (person years) will be used to do, rather than what results these resources will be used to achieve.

Departments and territorial corporations are demonstrating an interest in strategic planning and use of performance indicators, while remaining cautious about committing themselves publicly to specific outcomes. As this interest grows, the gap in alignment between Business Plans and strategic or annual plans tends to widen, with Business Plans being updated annually by rote rather than thoughtfully considered. This suggests that the GN's Business Plan format is outdated and not fully achieving its purpose in outlining "specific objectives designed to support and move forward the *Sivumut Abluqta* mandate."

There is a trend for Canadian jurisdictions to use their business plans more strategically, with reference to expected outcomes and use of key performance indicators to assess and report on progress. The Government of the Northwest Territories has recently adopted this approach.

Performance measurement must be sustainable

It is not easy to measure operational performance and progress towards outcomes. Key performance indicators must be selected to be meaningful and relevant over time. Related measures must be within the organization's control, with data that is readily available to collect and analyze over time. The entire process must be well-designed, pragmatic and sustainable.

Reporting on outcomes at the department level is not enough

Minister's statements, annual reports on implementation of legislation, occasional evaluation reports, and Business Plans demonstrate progress on specific strategies, programs and initiatives. Annual reports account for what departments or territorial corporations have accomplished or have underway. Financial results are reported through the Estimates process. *Towards a Representative Public Service* reports show the status of Inuit employment in the GN. The *Public Service Annual Report* describes the state of the public service.

The mandates of Nunavut's four Assemblies have set out comprehensive, integrated agendas to achieve beneficial outcomes for Nunavummiut. In response, the GN establishes an internal implementation plan and tracks progress on the items it contains. The GN, however, has no means of reporting publicly on its overall progress and achievements in support of the government mandate. There is a missed opportunity to report to Nunavummiut on the whole-of-government effort that is being made to achieve broad economic, health and social benefits such as those described in *Sivumut Abluqta*.

There are risks in taking on necessary new strategic initiatives

The operational audit is focused on the current state of GN programs. We do note, however, that the government is preparing to take on three significant new strategic initiatives. Attention must be given to the capacity of the accountable organizations involved in these whole-of-government efforts to enable achievement of the expected outcomes:

- Expanded labour market planning and programs to enhance and increase Inuit employment in government;
- Integration of Inuit Societal Values and Inuit Qaujimagatuqangit into GN laws, policies, programs, and services in a comprehensive and meaningful way; and
- Implementation of the Blueprint for action on housing in Nunavut that is currently being developed.

3.2 Summary Conclusions

Conclusions represent the point of view or opinions that we have developed, based for the most part on an analysis of our factual findings.

From our observations on phase 1 of this operational audit, we conclude that the Government of Nunavut is maturing as a public service.

- The GN is generally “doing the right things” but rarely articulates nor reports on expected outcomes.
- The GN is making a strong effort to “do things right” and already has more recommendations for improvement than it has capacity to deal with.
- It is difficult to determine if the GN is “doing things right at the right cost” in the absence of expected outcomes and performance indicators to assess progress towards them.

We also conclude that there may be some opportunity to:

- Rationalize grants and contributions (G&C) programs through the internal audit process and other reviews of G&C program effectiveness in achieving the expected outcomes:
- Redesign specific G&C programs and/or supports to local businesses and business start-ups through an in-depth analysis of business development programs provided by regional Inuit organizations and by linking grants and contributions to a renewed economic development strategy;
- Deliver internal corporate services differently to achieve administrative efficiencies and cost savings; and
- Build on the experience of the P3 partnership to redevelop the Iqaluit airport to achieve other infrastructure improvements.

We have not identified opportunities to deliver government programs or services through Nunavut’s small private sector at this time.

4. Recommendations

4.1 Overview

Recommendations are the specific actions that we propose, based on our observations, analysis and conclusions.

Recommendations	Recommended Actions
1. Focus attention on key groups of programs to improve effectiveness	1.1 Take action on known program deficiencies 1.2 Review, align and rationalize all GN labour market development programs 1.3 Review the status of Energy Strategy implementation and results to date
2. Improve how some programs are administered to increase efficiency	2.1 Review community-based partnerships in essential programs
3. Explore opportunities to deliver some programs and services differently	3.1 Examine the potential for shared corporate services 3.2 Coordinate policy and communications for related programs, including those for seniors, elders and students
4. Plan strategically and report on the results of GN programs to Nunavummiut	4.1 Establish a medium-term, rolling Infrastructure Plan 4.2 Set standards, priorities and expectations for use of key performance indicators (KPIs) 4.3 Reform the GN Business Plan and business planning process
5. Strengthen the strategic capacity to deliver on commitments and obligations	5.1 Ensure oversight and capacity for implementation of all land claims agreements in Nunavut 5.2 Review policy coordination capacity in EIA to enable <i>Sivumut Abluqta</i> and other strategic priorities of government 5.3 Refresh the Terms of Reference for sub-committees of Deputy Ministers Committee 5.4 Encourage continuous improvement

4.2 Recommendations for Phase 2

1. Focus on Key Programs to Align Responsibilities and Improve Effectiveness

1.1 TAKE ACTION ON KNOWN PROGRAM DEFICIENCIES

Evaluative reports, including those done by the Auditor General of Canada, have repeatedly raised serious concerns and made recommendations about:

- The Department of Justice's Corrections program, particularly Baffin Correctional Centre;
- The Department of Family Services' Child Protection program; and
- Human resource management in Finance and in line departments, including issues with workforce information, staffing, training in HR policies and practices, and paper-based processes.

The deficiencies in these programs are well-studied and well-known by the GN. Phase 1 of the operational audit can offer little additional insight; referral to a Phase 2 review would only further delay action. We strongly urge the GN to take the necessary action to address the identified issues.

We also encourage the GN to address the boundary questions that remain after the transfer of social services from the Department of Health to the Department of Family Services in 2013. While these are not long-standing issues, they are well-understood; failure to resolve them will, in our view, undermine the already fragile system of health and social services in Nunavut.

1.2 REVIEW AND ALIGN GN LABOUR MARKET DEVELOPMENT PROGRAMS

Accountability and resources for labour market development are dispersed within the GN. This includes:

- Labour market information to provide a forward-looking view of what jobs or occupations are in demand and the skills that employers are looking for;
- Labour market planning to consider the available skills (or supply) relative to the occupations that are demand in order to develop a plan to address the gaps; and
- Labour market programs to develop in-demand skills in individuals who are unemployed or underemployed, including NAC programs funded by departments.

Implementation of the Agreement on Moving Forward in Nunavut is already placing expectations on the GN that it is not fully equipped to address. EIA and line departments must exert a coordinated effort to analyze supply and demand, plan and prioritize the treatment of gaps, and provide training and pre-training programs for Inuit employment in government.

The GN must understand and put in place the measures and supports that are needed to retain and graduate adult learners in greater numbers in NAC programs and in other adult learning and career development programs subsidized by the GN. The GN must collaborate with NTI to streamline delivery of Government of Canada funded programs for Nunavummiut.

Reviewing, aligning and rationalizing all GN labour market development programs would:

- Clarify accountabilities, roles and resources for all related aspects of labour market development;
- Focus resources on the most promising opportunities;
- Improve the retention and graduation rates of adult learners; and
- Enable progress towards enhanced and increased employment of NLCA beneficiaries in the GN and with other employers.

GN departments and territorial corporations also administer a variety of programs that provide financial assistance and other forms of funding to individual secondary and post-secondary students. There is no mechanism to ensure policy coherence, consistency with labour market needs, and coordinated delivery. A review of all student funding programs would:

- Identify a mechanism (e.g., inter-departmental committee or lead department) through which to coordinate policy;
- Identify and discontinue programs that may no longer be relevant or well-used; and
- Enable the development of coordinated communications about all GN students funding programs.

Through this process, some labour market programs and/or student funding programs may be identified for discontinuance, delivery by a different entity within the GN, or delivery by an agent outside the GN.

1.3 REVIEW THE STATUS OF ENERGY STRATEGY IMPLEMENTATION

Accountability for energy policy and energy programs is fragmented. There is a policy leadership gap and a lack of coordination that contributes to inefficiency, duplication, gaps and missed opportunities.

Ikummatiit, the GN's Energy Strategy, was created in 2007 with the aim of creating an energy system that is affordable, sustainable, reliable, and environmentally responsible. It is intended to guide GN energy policies and programs until the year 2020 in: energy conservation and efficiency, alternative energy, management practices, and development of local energy resources.

Ikummatiit was designed to endure for over a decade, but much has changed. The GN must review the strategy, the accountability for its results, the effectiveness of its programs, and the approach to its implementation to ensure that Nunavummiut can continue to rely on the safe, efficient, affordable delivery of electricity to every home and office.

The Public Housing Power Support Program also requires review, both for its mandate and for its administrative burden. Further, the current regime does not encourage conservation among tenants of public housing and may also act as a disincentive to self-reliance.

Reviewing *Ikummatiit* and its implementation would:

- Refresh the purpose and outcome and alignment of all parts of the strategy;
- Eliminate programs that are expensive and ineffective;
- Ensure that energy subsidies are relevant and administered efficiently; and
- Enable the GN and the people and businesses of Nunavut to plan for a sustainable energy future.

2. Improve Program Administration to Increase Effectiveness and Efficiency

2.1 REVIEW COMMUNITY-BASED PARTNERSHIPS IN ESSENTIAL PROGRAMS

Some of the GN's largest and most significant programs rely on partners in the community to deliver or to provide oversight for local delivery of the program. This includes programs in economic development, community justice, education, and public housing. There is a mutual dependence; these community-based partners all rely on the GN for policy direction, programs, operational funding, and/or training, whether they operate as volunteer committees and boards, or as organizations that deliver programs through paid employees. Differing levels of support are provided by the GN, and in some cases other organizations. Most are challenged to carry out their mandates effectively.

The capacity and capability of two of these entities is a concern of this operational audit, as effective delivery of key GN programs depends on the community-based partnerships.

Conducting a comprehensive review of District Education Authorities (DEAs) would:

- Contribute to a broader understanding of the roles and responsibilities of the department, principals and the DEAs in communities;
- Ensure that the mandate of the DEAs is aligned with their capacity and their desire to take responsibility;
- Ensure that DEAs have the tools, skills and resources to deliver on their roles and responsibilities; and
- Create a model for ensuring that every community was achieving the intended educational outcomes.

Conducting a comprehensive review of Local Housing Organizations (LHOs) would:

- Strengthen NHC oversight and address issues of governance, viability and administrative efficiency;
- Identify and address Board members' capacity and capability to oversee the community's LHO; and
- Identify potential cost-benefits of contracting out components of LHO maintenance and installation work to support the local economy.

3. Explore Opportunities to Deliver Some Programs and Services Differently

3.1 EXAMINE THE POTENTIAL FOR SHARED CORPORATE SERVICES

Finance, human resources, policy, communications, procurement, project management, and information technology are necessary corporate programs in any public service. In recent years, there has been a growing trend to cluster common or shared services to strengthen accountability and improve effectiveness.

The GN is a small public service with known challenges in recruiting and retaining skilled professional and technical people. Some clustering of common services has already been achieved in finance, human resources, communications, procurement, and information technology. Still, central agencies, departments and territorial corporations compete for scarce resources wherever there are duplicative functions, including project management and information technology.

An examination of the potential for shared services, beyond what already exists, would:

- Propose optional models for shared services;
- Review the human resources function in Finance and line departments to enable effective and efficient delivery;
- Consider the potential for further clustering of project management and information technology;
- Consider the mandate, scope and scale of the Department of Community and Government Services in providing both central supports to the GN and support and programs to municipalities;
- Strengthen the role of the Corporate Chief Information to guide and encourage coordinated investment in IT; and
- Provide a cost-benefit analysis to support decision-making.

3.2 COORDINATE POLICY AND COMMUNICATIONS FOR RELATED PROGRAMS

Over the past 15 years, Canadian territorial and provincial governments have increasingly relied on one-window service delivery to bring information and services together in a way that makes it easy for residents to find what they need in one stop e.g., at a counter or online or through a single application. This does not require programs to be administered by a single department – it requires coordinated policy and communications about related programs.

For example, GN departments and territorial corporations administer a variety of programs and subsidies for seniors and elders. There is no mechanism to ensure policy coherence and coordinated delivery. A review of all seniors and elders programs and subsidies would:

- Identify a mechanism (e.g., inter-departmental committee or lead department) through which to coordinate policy, including aligning eligibility requirements where possible;
- Confirm the eligibility requirements that the GN controls and those that are controlled federally, including age-related eligibility for programs;
- Identify and discontinue programs that may no longer be relevant or well-used;
- Provide direction on terminology, including the appropriate use of the term “elder;”
- Consider the feasibility of an ATIPP-compliant “one-window” application for multiple subsidies; and
- Enable the development of coordinated communications about all programs for seniors and elders.

4. Plan Strategically and Report on Results of GN Programs to Nunavummiut

4.1 ESTABLISH A MEDIUM-TERM, ROLLING INFRASTRUCTURE PLAN

The GN’s capital planning process calls for “a rolling 20-year window... (to) provide some insight into future funding needs, asset replacement and refurbishing and land requirements.” The annual process is intended to look at the first 5 years in some detail, with funding approval in the Capital Estimates for the next funding year.

In the absence of an infrastructure plan for Nunavut, departments and territorial corporations compete for the limited capital funding that is available. Requests to the federal government are poorly coordinated and not aligned against a strategic view of the priorities for infrastructure investment.

Establishing a 10-year rolling plan for investment in Nunavut’s infrastructure would:

- Apply needs assessments and planning studies to provide an evidence-based view of the territory’s needs and how the GN will aim to respond to them;

- Assist in aligning priorities and focusing federal requests;
- Support improvements in the capital planning process; and
- Provide the basis for prioritization and allocation decisions within the annual financial envelope.

4.2 SET STANDARDS FOR USE OF KEY PERFORMANCE INDICATORS

Governments are increasingly using performance indicators to enable government-wide monitoring and reporting on progress towards expected outcomes in selected areas.

As part of a “whole of government” approach, we recommend that the GN select a few key performance indicators (KPIs) to be applied across the government. By selecting a few KPIs and providing the tools to collect and analyze the data, the GN can demonstrate progress on *Sivumut Abluqta* priorities. Departments can continue to track the expected outcomes on their own priorities, programs, grants, and contributions.

Developing standards and tools for key performance indicators would enable:

- Ongoing improvements to programs to achieve intended outcomes;
- Shared information among departments on what is working;
- Shared ownership of the achievement of outcomes; and
- Improved communication of GN programs and results to Nunavummiut.

4.3 REFORM THE GN BUSINESS PLAN AND BUSINESS PLANNING PROCESS

Departments and territorial corporations are showing an increasing interest in strategic planning and use of annual plans to guide and communicate their objectives. As a result, the gap in alignment between Business Plans and other plans has widened, which suggests that the GN’s Business Plan format is outdated and not fully achieving its purpose in a maturing public service.

Reforming the Business Plan would enable:

- Strategic planning with all GN departments and territorial corporations following the release of a new government mandate to confirm priorities, expected outcomes and contributions towards attaining them;
- A more strategic Business Plan that communicates what results departmental resources will be used to achieve as well as how resource allocations will be applied to programs;
- A more consistent representation of GN programs in the Business Plan, along with the relationship of programs to the organizations that deliver them;
- Identification of expected outcomes and indicators of progress towards them at a whole-of-government level;
- Whole-of-government reporting on progress towards expected outcomes; and
- A Business Plan that is easier to update as departmental priorities are adjusted to meet changing needs.

5. Strengthen the Strategic Capacity to Deliver on Commitments and Obligations

5.1 ENSURE CAPACITY TO IMPLEMENT LAND CLAIMS AGREEMENTS

Comprehensive Land Claims Agreements (CLCAs) – in particular the Nunavut Land Claims Agreement – are central to governance in Nunavut. The obligations under these agreements extend to all GN departments and agencies. This creates the need for strong central oversight and coordination as all parts of the GN must work independently and collectively to achieve the objectives of CLCAs, in partnership with Inuit organizations and other Aboriginal groups in Nunavut, as well as the federal government.

Executive and Intergovernmental Affairs (EIA) takes a lead role in working with departments to ensure that they are aware of their obligations under CLCAs. In addition to coordinating departmental Inuit

employment plans and pre-employment training plans, EIA is responsible for planning and delivering specific supports related to Inuit government employment under the recently-signed Agreement on Moving Forward in Nunavut. The department is also leading the GN's collaborative work on the Nunavut Inuit Labour Force Analysis.

We recommend that the GN:

- Confirm that the established mechanisms for dialogue and collaboration with Inuit organizations and the Government of Canada are functioning efficiently, effectively and as intended;
- Review the status of the GN's relationships with Inuit organizations in Nunavut, including areas of potential overlap in mandates, programs and clients;
- Consider any opportunities to transfer GN programs to Inuit organizations, to deliver them jointly, or to discontinue them because of overlaps;
- Ensure that all departments and public agencies understand their obligations under the CLCAs; and
- Ensure that EIA's Associate Deputy Minister has the appropriate senior support to provide oversight and coordination for implementation of land claims agreements, while also delivering new and ongoing programs and services.

5.2 REVIEW POLICY CAPACITY IN EIA TO ENABLE A MATURING PUBLIC SERVICE

The quality of departmental Cabinet submissions is uneven and cross-departmental policy coordination is often limited. While EIA's Policy and Planning division reviews all draft submissions, it lacks the capacity to provide detailed strategic analysis and advice that would improve the quality of Requests for Decision and their business cases, and other submissions to Cabinet.

Added capacity for policy coordination would support the work of Cabinet and the Premier and enable the attainment of government priorities by:

- Improving the quality of requests for decisions and advice to Cabinet;
- Providing strategic advice and support to line departments and territorial corporations in bringing matters to Cabinet;
- More actively coordinating policy development across departments;
- Supporting the development of policy capacity throughout the GN; and
- Providing active secretariat support to Deputy Ministers Committee and its sub-committees.

Added capacity for policy coordination would enable a more mature and strategic business planning process by freeing up resources to:

- Provide advice and support to departments and territorial corporations in developing their Business Plans to improve quality and consistency; and
- Track and report on indicators of progress at a whole-of-government level.

5.3 REFRESH THE TERMS OF REFERENCE FOR SUB-COMMITTEES OF DMC

Terms of Reference for the sub-committees of Deputy Ministers Committee (DMC) were established in 2010. The defined role of these committees ranges from advisory to active work; in all cases, that has evolved over time. The scope of work of the sub-committees is broadly-stated; where specific direction is provided, it is not necessarily focused on current matters or current approaches to those matters. The roles, responsibilities and relationships of the working groups to the committees are not well defined. In some cases, working groups have been added or retired since the Terms of Reference were established. The relationship of Policy Officials Committee and a newly-formed Assistant Deputy Ministers Committee to one another and to the committees is not clear.

All sub-committees of DMC remain relevant and active. *Sivumut Abluqta* priorities have been aligned with the sub-committees, however it is not clear whether these committees have – or should have – a role in overseeing the implementation of land claims agreements in Nunavut.

Refreshing the Terms of Reference for DMC sub-committees would:

- Confirm a single point of accountability for chairing each committee;
- Make most effective use of the Deputy Heads on each committee;
- Ensure the scope of work for each committee is clear and stated in a way that has enduring relevance, rather than being specific to a mandate or a matter of current concern;
- Establish clear expectations of the committee's secretariat, including information flow to, from and among the committees; and
- Establish clear roles, responsibilities, relationships, and processes for all other committees and working groups reporting to or working alongside DMC sub-committees.

5.4 ENCOURAGE CONTINUOUS IMPROVEMENT

The operational audit is a new process for the GN; it is the first time that the government has reviewed the full scope of its programs. Our report on Phase 1 of the operational audit provides many observations on what is not working as well as it might. We would expect to find such examples in any public service.

Focusing on outcomes rather than on delivery of specific activities will shift the emphasis towards accountability for results for Nunavummiut, and away from a focus on activities. This will enable managers to adjust the work of their teams on an ongoing basis to achieve the priorities of the government.

We encourage central agencies, departments and territorial corporations to view these observations not as criticism, but as opportunities for continuous improvement. Our observations should also be considered not as a complete and comprehensive list, but as a starting place to reflect on how best to meet the needs of Nunavummiut.