



# **Standing Committee on Oversight of Government Operations and Public Accounts**

*Report on the Review of the 2023-2024 Public Accounts of Nunavut*

**2<sup>nd</sup> Session of the 6<sup>th</sup> Legislative Assembly of Nunavut  
Spring 2025 Sitting**

## **Chairperson**

George Hickes

## **Co-Chairperson**

Alexander Sammurtok

## **Members**

Bobby Anavilok  
Janet Pitsiulaaq Brewster  
Joelie Kaernerik  
Mary Killiktee  
Adam Arreak Lightstone  
Solomon Malliki  
Karen Nutarak  
Joanna Quassa  
Joseph Quqqiaq  
Joe Savikataaq  
Craig Simailak

**[www.assembly.nu.ca](http://www.assembly.nu.ca)**

# Introduction and Chronology of Recent Events

---

Section 46 of the federal *Nunavut Act* prescribes the role of the Auditor General of Canada in relation to Nunavut's territorial accounts. The legislation provides that:

"The auditor of Nunavut shall audit the accounts and financial transactions of Nunavut in each fiscal year in accordance with generally accepted auditing standards and report to the Assembly on the result of that audit."

It also provides that the Auditor General "shall call attention to any other matter falling within the scope of the audit made under subsection (1) that, in the opinion of the auditor, should be brought to the attention of the Assembly."

Section 74 of the territorial *Financial Administration Act* provides that:

"The Public Accounts for the fiscal year must be laid before the Legislative Assembly on or before December 31 following the end of the fiscal year or, if the Legislative Assembly is not then in session, not later than 15 days after the commencement of the next session of the Legislative Assembly."

The *Management Responsibility for Financial Reporting* statement contained in the most recently-tabled Public Accounts of Nunavut indicates that:

"The Legislative Assembly, through its Standing Committee on Oversight of Government Operations and Public Accounts, is responsible to review the tabled Public Accounts and make recommendations where appropriate, to improve financial management, financial reporting practices and the systems of internal control. Management is responsible to review these recommendations and take action where appropriate."

The 2021-2022 territorial public accounts were tabled in the Legislative Assembly on November 8, 2022. The standing committee's televised hearing on the 2021-2022 public accounts was held on September 21, 2023. The standing committee subsequently presented its report to the House at its sitting of March 5, 2024. The Government of Nunavut's response to the standing committee's report was tabled in the Legislative Assembly on October 24, 2024.

The 2022-2023 territorial public accounts were tabled in the Legislative Assembly on May 30, 2024, five months after the statutory deadline. The standing committee's televised hearing on the 2022-2023 public accounts was held from September 19-20, 2024. The standing committee subsequently presented its report to the House at its sitting of October 28, 2024. The Government of Nunavut's response to the standing committee's report was tabled in the Legislative Assembly on May 22, 2025.

The 2023-2024 territorial public accounts were backdoor tabled on December 20, 2024, and formally tabled in the Legislative Assembly on February 20, 2025. The Standing Committee on Oversight of Government Operations and Public Accounts held a televised hearing on the 2023-2024 Public Accounts on May 1, 2025.

The standing committee's hearing was held in the Chamber of the Legislative Assembly and was televised live across the territory. The hearing was open to the public and news media to observe from the Visitors' Gallery, and was livestreamed on the Legislative Assembly's website. The transcript from the standing committee's hearing is available on the Legislative Assembly's website.

Witnesses appearing before the standing committee included the Auditor General of Canada and a number of her officials, in addition to a number of Government of Nunavut officials representing the Department of Finance, the Department of Environment, the Department of Human Resources, the Department of Transportation and Infrastructure Nunavut and the Qulliq Energy Corporation. The standing committee notes its appreciation to the witnesses.



## Observations and Recommendations

---

**Issue:           Requests for Additional Information**

During the standing committee's televised hearing of May 1, 2025, a number of requests were made for additional information to be provided to the standing committee.

**Standing Committee Recommendation #1:**

**The standing committee recommends** that the Government of Nunavut's response to this report include the information items that were requested during the televised hearing of May 1, 2025.

**Issue:            Budgetary and Financial Management Transparency and Timeliness**

The theme of budgetary and financial management transparency was highlighted on a number of occasions during the standing committee's televised hearing. This was also a major theme of the standing committee's 2023 and 2024 televised hearings.

In recent years, the Government of Nunavut has expanded its financial reporting beyond the annual main/capital estimates, business plans and public accounts to include an annual "Consolidated Budget of the Government Reporting Entity" and an annual "Mid-Year Fiscal Report".

On October 24, 2023, the C.D. Howe Institute released its annual *Report Card for Canada's Senior Governments*.<sup>1</sup> The 2023 edition was titled *The ABCs of Fiscal Accountability*. The report awarded Nunavut a C+ grade and noted that:

"Nunavut tabled its budget after the start of the fiscal year and its financial statements were not timely. It released a mid-year fiscal update, an improvement from the previous year, but its update used restated figures in its budget comparison."

On November 19, 2024, the C.D. Howe Institute released its annual *Report Card for Canada's Senior Governments*.<sup>2</sup> The 2024 edition was titled *Fiscal Accountability by the Letters*. The report awarded Nunavut a B+ grade and noted that:

"In this year's report card, which covers year-end financial statements for fiscal year 2022-2023, and budgets and estimates for 2023-2024, Alberta and Yukon topped the class with grades of A and A- respectively. Nunavut earned a B+, Quebec and Saskatchewan earned B grades, while New Brunswick and Ontario each received a B-. Manitoba and British Columbia earned grades of C+. The federal government, Nova Scotia and the Northwest Territories earned Cs. At the bottom of the class were Newfoundland and Labrador, Prince Edward Island with grades of C-."

Section 74 of the territorial *Financial Administration Act* provides that:

Tabling of Public Accounts

74. Unless the Legislative Assembly otherwise fixes a date, the Public Accounts for the fiscal year must be laid before the Legislative Assembly on or before December 31 following the end of the fiscal year or, if the Legislative Assembly is not then in session, not later than 15 days after the commencement of the next session of the Legislative Assembly.

---

<sup>1</sup> <https://www.cdhowe.org/public-policy-research/abcs-fiscal-accountability-report-card-canadas-senior-governments-2023>.

<sup>2</sup> [Fiscal Accountability by the Letters: The Report Card for Canada's Senior Governments, 2024 – C.D. Howe Institute](#)

The dates of tabling of the Public Accounts have been as follows:

<b>Fiscal Year</b>	<b>Date of Tabling in the Legislative Assembly<sup>3</sup></b>
1999-2000	May 29, 2001
2000-2001	May 16, 2002
2001-2002	June 3, 2003
2002-2003	May 21, 2004
2003-2004	December 16, 2005 <sup>4</sup>
2004-2005	January 8, 2007 <sup>5</sup>
2005-2006	March 6, 2008
2006-2007	September 16, 2008
2007-2008	July 31, 2009 <sup>6</sup>
2008-2009	August 27, 2010 <sup>7</sup>
2009-2010	April 15, 2011 <sup>8</sup>
2010-2011	December 19, 2011 <sup>9</sup>
2011-2012	December 14, 2012 <sup>10</sup>
2012-2013	December 13, 2013 <sup>11</sup>
2013-2014	November 6, 2014
2014-2015	November 5, 2015
2015-2016	November 7, 2016
2016-2017	November 21, 2017
2017-2018	November 8, 2018
2018-2019	November 6, 2019
2019-2020	November 5, 2020
2020-2021	November 19, 2021
2021-2022	November 8, 2022
2022-2023	May 30, 2024
2023-2024	December 20, 2024 <sup>12</sup>

<sup>3</sup> Green = Tabled by Statutory Deadline / Red = Not Tabled by Statutory Deadline

<sup>4</sup> Backdoor Tabled

<sup>5</sup> Backdoor Tabled

<sup>6</sup> Backdoor Tabled

<sup>7</sup> Backdoor Tabled

<sup>8</sup> Backdoor Tabled

<sup>9</sup> Backdoor Tabled

<sup>10</sup> Backdoor Tabled

<sup>11</sup> Backdoor Tabled

<sup>12</sup> Backdoor Tabled

Prior to the standing committee's 2023 televised hearing, the Department of Finance provided Members with a document titled *Public Accounts at a Glance*. The standing committee is pleased to note that this publication is now publicly accessible on the website of the Department of Finance. This followed a recommendation made by the standing committee in its *Report on the Review of the 2021-2022 Public Accounts of Nunavut*, which was presented to the House at its sitting of March 5, 2024.

The standing committee notes that an annual report and audited financial statements for the Nunavut Business Credit Corporation have not been tabled in the Legislative Assembly since March of 2023. This report was for the 2021-2022 fiscal year. The corporation's 2022-2023 and 2023-2024 annual reports have not yet been tabled.

The standing committee further notes that an annual report and audited financial statements for the Nunavut Development Corporation have not been tabled in the Legislative Assembly since November of 2023. This report was for the 2022-2023 fiscal year. The corporation's 2023-2024 annual report has not yet been tabled.

The standing committee further notes that an annual report and audited financial statements for the Nunavut Arctic College have not been tabled in the Legislative Assembly since November of 2023. This report was for the 2022-2023 fiscal year. The college's 2023-2024 annual report has not yet been tabled.

During the standing committee's televised hearing of May 1, 2025, a number of questions were asked concerning a \$20.209 million "advance on contract" item identified in the 2023-2024 Public Accounts as a "non-financial asset."

Note 11 to the 2023-2024 consolidated financial statements of the Nunavut Housing Corporation indicates that:

"During the year, the Corporation entered into a contract which required payment upon signing of \$20.209 million, which will be transferred to tangible capital assets in future years according to the progress of work completed."

**Standing Committee Recommendation #2:**

**The standing committee recommends** that the Department of Finance's publication titled *Public Accounts at a Glance* be updated on a regular basis to reflect such developments as the adoption of new accounting standards.

**The standing committee further recommends** that the Government of Nunavut's response to this report include a detailed update on the status of the preparation of the outstanding annual reports of the Nunavut Business Credit Corporation, Nunavut Development Corporation and Nunavut Arctic College.

**The standing committee further recommends** that the Government of Nunavut's response to this report include a detailed description of the contract that is referenced in Note 11 to the 2023-2024 consolidated financial statements of the Nunavut Housing Corporation.



**Issue:           Accounts Receivable**

The Government of Nunavut's response to the standing committee's *Report on the Review of the 2022-2023 Public Accounts* provided a detailed breakdown of \$315.517 million in accounts receivable for the 2022-2023 fiscal year. The 2023-2024 Public Accounts indicates on pages 23 and 33 that there were \$573.767 million in accounts receivable at the end of the fiscal year.

The Department of Finance's recent business plans indicate that one of the Comptrollership Branch's priorities has been to "collaborate with all departments to develop a comprehensive Accounts Receivable Collection Strategy."

The Government of Nunavut's response to the standing committee's *Report on the Review of the 2022-2023 Public Accounts* indicated that:

"... the Accounts Receivable Working Group has not been active during the 2024-2025 fiscal year. The consensus from departments is that they simply do not have the resources to put into proper collections and accountable advance follow up. Resources are focused on serving vendors and processing grants and accountable advances to meet the mandates of the department. The Department of Finance is considering options to bring forward to its Central Accountability Committee on next steps to more effectively conduct its efforts in collections."

**Standing Committee Recommendation #3:**

**The standing committee recommends** that the Government of Nunavut's response to this report provide a detailed breakdown of accounts receivable in the 2023-2024 Public Accounts comparable to the Government of Nunavut's response to the standing committee's *Report on the Review of the 2022-2023 Public Accounts*.

**The standing committee further recommends** that the Government of Nunavut's response to this report provide a detailed update on the activities of the Accounts Receivable Working Group and the Department of Finance's work to "consider options to bring forward to its Central Accountability Committee on next steps to more effectively conduct its efforts in collections."

**Issue: Internal Audits**

The Government of Nunavut's response to the standing committee's *Report on the Review of the 2022-2023 Public Accounts* provided a listing of internal audits undertaken during the 2022-2023 and 2023-2024 fiscal years. The audits concerned:

- Compliance with *Financial Administration Manual Directive 810 - Honoraria*;
- Foster Care Payments;
- Compliance with *Financial Administration Manual Directive 802-1 - Financial Signing Authorities*;
- Compliance with *Financial Administration Manual Directive 820-1 - Duty Travel*
- Payroll Distribution Reports;
- Advisory Review of the Legal Services Board of Nunavut Governance and Practices;
- Day Care Programs Funding; and
- Departmental Credit Cards.

**Standing Committee Recommendation #4:**

**The standing committee** that the Government of Nunavut's response to this report include, as an appendix, a summary of significant actions undertaken in response to the findings of each internal audit listed on pages 26 and 27 of the Government of Nunavut's response to the standing committee's *Report on the Review of the 2022-2023 Public Accounts*.

**The standing committee further recommends** that the Government of Nunavut's response to this report include a detailed list of internal audits undertaken during the 2024-2025 fiscal year, and that this list include a summary of significant actions undertaken in response to the findings of each audit.

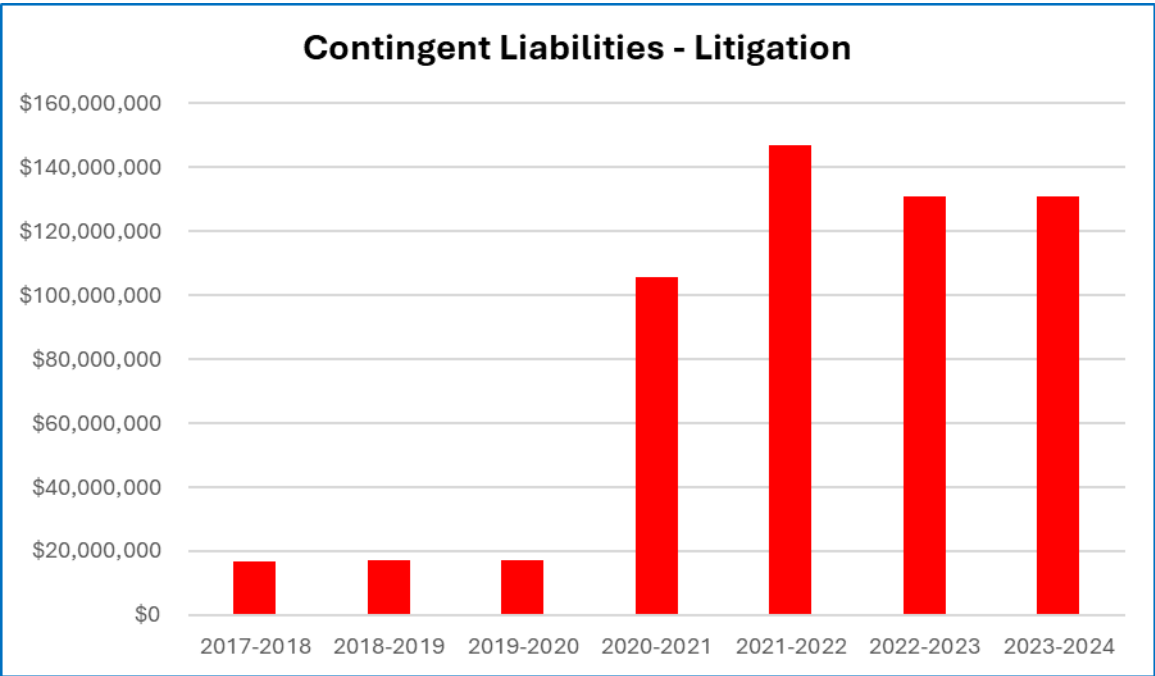
**Issue:           Contingent Liabilities**

Note 24 on page 41 of the 2023-2024 *Public Accounts of Nunavut* indicates that:

“There are a number of claims and threatened litigation cases outstanding against the Government for which the outcomes are not determinable, including a number of cases where an amount is not specified. The nature of these claims includes wrongful dismissal, breach of policy, personal injury, sexual abuse, negligence, wrongful arrest and assault. Where it is likely that there will be a future payment and a reasonable estimate of the amount can be made, the Government has recognized a liability. For those pending cases, where the outcome is not determinable and a reasonable estimate of the claim can be made as at March 31, the total amount of those claims is estimated at \$130.958 million (2023 - \$130.958 million). No liability has been recorded for these claims as the outcome of these cases is not determinable.”

This amount has increased significantly over time and there is little public disclosure concerning the specific matters.

The standing committee recognizes that the annual Public Accounts did not include a specific dollar value for this category of liability until the 2017-2018 fiscal year. The amount has changed as follows:



During the standing committee's televised hearing of September 21, 2023, Government of Nunavut witness testimony indicated that:

"It's a tricky balance between disclosure and not putting information out there that could be harmful to the government when it comes to litigation. Obviously, we can't list individual claims and what were estimated as liabilities because that would give parties on the other side an idea of what we think our risk exposure is. While I appreciate that jurisdictions such as Ontario do into these categories break down a little bit further, they may have hundreds of thousands of litigations in there, whereas if I started to break some of ours down and do four or five categories, I might have one or two litigations in a category. I guess the risk is if we get too specific because of the limited number of claims we might have in a category. We could still be disclosing information we don't want to, to other parties to the litigation just by virtue of the limited number of claims we have.

It's certainly something we could discuss with the Department of Justice as far as how much additional disclosure we could give without compromising our legal position. That's certainly a discussion item that we would be willing to have, but I do know one or two contracts that might be in dispute could have a significant impact on our balance. While amounts may look like they're growing, it may not be that there is tons of additional litigation; it could just be one or two large contracts that are impacting our liabilities. It's certainly something that we would be willing to look at and discuss with Justice, but I would caution that there's only so far we can go just because of the limited number of cases we may have at any one time."

The standing committee subsequently recommended in its *Report on the Review of the 2021-2022 Public Accounts of Nunavut*, which was presented to the House at its sitting of March 5, 2024, that the government:

"... provide a detailed update on the status of the review undertaken by the Department of Finance and the Department of Justice concerning the disclosure of contingent liabilities in the annual Public Accounts."

The government's response to the standing committee's *Report on the Review of the 2021-2022 Public Accounts of Nunavut* indicated that the Department of Finance has:

"... discussed additional disclosure with the Department of Justice related to legal contingent liabilities. On the advice of Justice, the Government of Nunavut should not provide legal contingent liability assessments on individual matters within the disclosure."

During the standing committee's televised hearing of September 19, 2024, Government of Nunavut witness testimony indicated that:

"... we will work with the Department of Justice and see if there's any way we can provide more information without giving away too much sensitive information. Part of the issue, just so all the listeners are aware, is that a lot of the contingent liabilities that we record have to do with whether or not we think we're in a strong position and how much we might have to pay out if we were to lose those challenges. The obvious problem with giving that information out is that it shows our position publicly to someone who might be challenging us in court. With respect to the number or the total value of the contingent liability growing, I can confirm that that is not necessarily reflective of the volume of challenges. There are some large ones in there that are really skewing the total pot, and once those are dealt with I suspect that it will return to levels that we've seen in the past."

The government's response to the standing committee's *Report on the Review of the 2022-2023 Public Accounts of Nunavut* indicated that the Department of Finance has:

"... discussed additional disclosure with the Department of Justice related to legal contingent liabilities. On the advice of Justice, the Government of Nunavut should not provide legal contingent liability assessments on individual matters within the disclosure."

**Standing Committee Recommendation #5:**

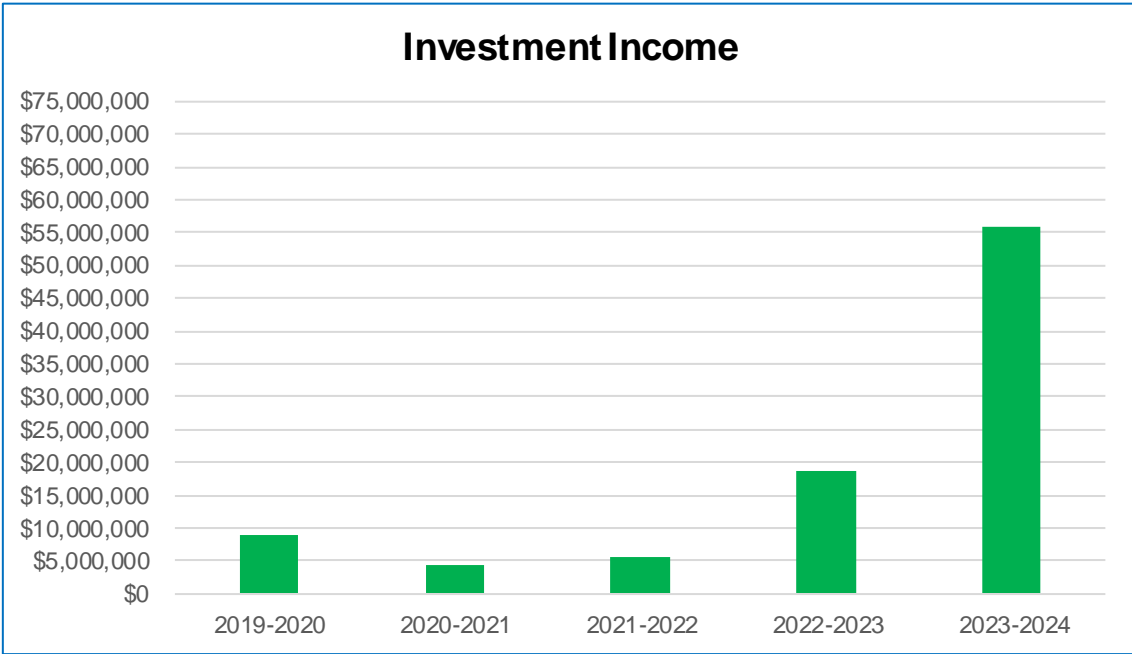
**The standing committee recommends** that the Government of Nunavut's response to this report provide a detailed description of how the amount of \$130.958 million that is referenced in Note 24 on page 41 of the 2023-2024 *Public Accounts of Nunavut* was calculated.

**The standing committee further recommends** that the Government of Nunavut's response to this report provide a detailed rationale for its decision to "not provide legal contingent liability assessments on individual matters within the disclosure."

**Issue: Investment Strategy**

The 2023-2024 Public Accounts indicate that the Government of Nunavut’s investment income increased from \$18.815 million for the 2022-2023 fiscal year to \$56.033 million for the 2023-2024 fiscal year. This was an increase of 197.8%. Over the past five fiscal years, the government’s revenue from investment income has increased by 523.2%.

The amount has changed as follows:



The Government of Nunavut’s *Investment Regulations* made under the *Financial Administration Act* were most recently amended in February of 2025. The Government of Nunavut’s *Investment Policy* was most recently revised in February of 2024 and sunsets in March of 2028.

The Government of Nunavut’s *Investment Policy* indicates the Financial Management Board “may endorse an investment strategy to further develop the Government of Nunavut’s approach to investing.”

Information published on page 10 of the 2023-2024 public accounts indicates that one of the most significant “risks and uncertainties” to which the Government of Nunavut is exposed is “exposure to interest rate, market and credit risk.” The Government of Nunavut’s *Investment Policy* indicates that “purchase of investments denominated in United States dollars must be authorized by the Comptroller General.”

#### **Standing Committee Recommendation #6:**

**The standing committee recommends** that the Government of Nunavut's response to this report provide a detailed explanation for the increase in investment revenue between the 2019-2020 and 2023-2024 fiscal years.

**The standing committee further recommends** that the Government of Nunavut's response to this report provide a detailed description of the extent to which unspent funds resulting from capital carryovers and lapsed operations and maintenance appropriations have been used to make investments under the authority of the *Investment Regulations* and *Investment Policy*.

**The standing committee further recommends** that the Government of Nunavut's response to this report provide a detailed description of its investment strategy as provided for under the *Investment Policy*.

**The standing committee further recommends** that the Government of Nunavut's response to this report provide a detailed description of its current investment portfolio holdings.

**The standing committee further recommends** that the Government of Nunavut's response to this report provide a detailed description of its cash (and cash equivalent) management policies and practices, including a detailed description of how the government determines what constitutes "surplus funds" within the meaning of the *Investment Regulations* and *Investment Policy*.

**The standing committee further recommends** that the Government of Nunavut's response to this report provide a detailed description of its debt management policies and practices, including management of debt incurred by public agencies and territorial corporations.

**Issue:            Climate Change and Activities of the Contaminated Sites Liabilities Working Group**

The 2023-2024 Public Accounts indicates that one of the most “significant risks and uncertainties” to which the Government of Nunavut is exposed are the:

“Unknown effects of climate change (e.g. infrastructure damage, natural resource development, water shortages, etc.).”

The government’s response to the standing committee’s *Report on the Review of the 2021-2022 Public Accounts of Nunavut* indicated that:

“In 2018, the Auditor General of Canada found that the Government of Nunavut had identified potential climate-related risks but had not ranked or analyzed risks based on their impacts. The [Climate Change] Secretariat is about to commence the 3rd year of our GN-wide Risk and Resiliency Assessment. This project is a direct result of the recommendations made by the Auditor General. We anticipate this work to wrap up in this current fiscal year. We will then be working more directly with each GN department to help them address gaps identified in our assessment.

This work is imperative to develop a Nunavut adaptation action plan as we move forward. To address these challenges, the Secretariat is developing a method of assessing climate change risks and building resilience. This multi-year project aims to improve the management of climate-related risks within the Government of Nunavut and integrate the findings into existing and new government management and planning processes, including risk management and emergency protocols.”

The government’s response to the standing committee’s *Report on the Review of the 2022-2023 Public Accounts of Nunavut* indicated that:

“While the quantification of climate change risks and uncertainties for the purposes of including a dollar value in public accounts is not currently required by accounting standards, various other governments around the world have taken steps towards integrating climate-related financial information into their public accounts. This process is still evolving, and approaches vary depending on national priorities, regional regulations, and the maturity of climate change adaptation and mitigation strategies.

For example, governments in the European Union, the United Kingdom, and some provinces in Canada have started to incorporate climate-related financial disclosures, often following frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD).



These governments are quantifying potential risks and uncertainties - such as extreme weather events, rising sea levels, and other climate-related impacts - using various methodologies that attempt to assign financial values to these risks.

These approaches, however, are still in the developmental phase, with many governments opting for a conservative approach given the uncertainties surrounding long-term climate change impacts.

In the context of the Government of Nunavut, we are currently finalizing our government-wide climate change risk and resiliency assessment. This critical initiative aims to provide a clear and actionable framework for understanding the risks and opportunities associated with climate change across government departments and agencies.

The primary goal of this assessment is not only to assess the risks but also to actively encourage departments and agencies to champion the identified opportunities for climate action. This effort will allow for a more coordinated, proactive response to climate change, embedding climate resilience and mitigation strategies into our operations and budgeting processes.

As part of this process, each government department and agency would be well served to conduct its own risk and resiliency assessments, focusing on the specific challenges they face, and the potential operational costs or savings associated with climate action.

While we are not yet at a point where a standardized dollar value for climate risks is included in our public accounts, the findings from these assessments will be critical in shaping the government's approach to budgeting, policy-making, and long-term planning for climate resilience."

Canada's National Adaptation Strategy respecting climate change was launched in June of 2023. The Government of Nunavut's response to the standing committee's *Report on the Review of the 2022-2023 Public Accounts* indicated that:

"... it would be beneficial to having professionals such as climate scientists and permafrost scientists in government departments to better assist with understanding these associated risks of climate change over the long term. This is something that we will be addressing in the proposed bilateral agreements with the federal government as part of the National Adaptation Strategy."

Note 14 on page 35 of the 2023-2024 Public Accounts indicates that:

“The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which it is responsible. As of March 31, 2024, there were 4 sites (2023 - 6), 1 storage tank farm (2023 - 2) and 3 waste sites (2023 - 4) identified as requiring environmental remediation. In addition to the number of sites disclosed above, Nunavut Housing Corporation has also recognized costs related to the remediation of 5 sites (2023 - 3) contaminated as a result of oil spills. Qulliq Energy Corporation has recognized costs related to 3 sites (2023 - 3) resulting from oil spills at the Corporation's power plants.

For those sites where the Government of Nunavut expects to give up future economic benefits due to a legal order or plans to remediate contamination (e.g., due to human health risks), is responsible for or has accepted responsibility for remediation and a reasonable estimate can be determined for remediation costs, a liability has been recognized in these consolidated financial statements. Where remediation costs have been estimated and a liability has been recognized, the methodology used to estimate the liability is either based on third party analysis or extrapolated from costs previously incurred to remediate, monitor, and/or manage sites of similar size and contamination.”

The Department of Environment is responsible for the administration of the government's *Contaminated Sites Policy*. The policy provides that:

“The Government of Nunavut prepares its financial statements in accordance with Generally Accepted Accounting Principles for Governments as recommended by the Public Sector Accounting Board of Canada. *PS 3260 – Liability for Contaminated Sites* provides guidance on the recognition and measurement of liabilities for contaminated sites.”

The policy establishes a Contaminated Sites Liabilities Working Group, as well as providing for management of the Government of Nunavut Contaminated Sites Database.

The Government of Nunavut's response to the standing committee's *Report on the Review of the 2022-2023 Public Accounts* indicated that one of the ongoing activities of the Contaminated Sites Liability Working Group has been to undertake a “contaminated sites database update.”

The Government of Nunavut's response to the standing committee's *Report on the Review of the 2022-2023 Public Accounts* indicated that one of the ongoing activities of the Contaminated Sites Liability Working Group has been to develop a “responsibility matrix”, which is described as being “a tool to provide a defensible way to accept or reject responsibility for liabilities.”

The Government of Nunavut's response to the standing committee's *Report on the Review of the 2022-2023 Public Accounts* indicated that Contaminated Sites Liability Working Group is "working on developing a relationship with the Nunavut Association of Municipalities to discuss issues related to contaminated sites at a local level."

The Government of Nunavut's response to the standing committee's *Report on the Review of the 2022-2023 Public Accounts* indicated that "the Devolution Agreement contains a list of sites that will be remediated by the federal government before they are transferred to the Government of Nunavut. The Government of Nunavut can request that sites not currently listed be added to the list."

#### **Standing Committee Recommendation #7:**

**The standing committee recommends** that the Government of Nunavut's response to this report provides a detailed update on the Department of Finance and the Department of Environment's work to date to address the issue of risks associated with the impact of climate change, including work to quantify the financial impact of climate change for the purpose of including a dollar value in the annual Public Accounts.

**The standing committee further recommends** that the Government of Nunavut's response to this report provides a detailed update on the status of the "proposed bilateral agreements with the federal government as part of the National Adaptation Strategy."

**The standing committee further recommends** that the Government of Nunavut's response to this report provide a detailed update on the activities of the Contaminated Sites Liabilities Working Group for the 2024-2025 and 2025-2026 (to date) fiscal years.

**The standing committee further recommends** that the Government of Nunavut's response to this report provide a detailed update on the timeline for making the Government of Nunavut Contaminated Sites Database accessible to the public.

**The standing committee further recommends** that the Government of Nunavut's response to this report provide a detailed update on its work to working "develop a relationship with the Nunavut Association of Municipalities to discuss issues related to contaminated sites at a local level."

**Issue: New Accounting Standards**

Information provided by the Office of the Auditor General of Canada indicates that:

“We wish to highlight the following new accounting standards, which could affect the government’s consolidated financial statements in future years:

- PS 3450-Financial Instruments (effective April 1, 2022)
- PS 3280-Asset Retirement Obligations (effective April 1, 2022)
- PS 3400-Revenue (effective April 1, 2023)”

Information provided by the Office also indicates that “PS 3160-Public Private Partnerships became effective on April 1, 2023.”

The 2022-2023 Public Accounts indicated that a new accounting standard concerning Financial Statement Presentation “will be effective as of April 1, 2026.” The 2023-2024 Public Accounts indicates that the standard:

“... was issued by the Public Sector Accounting Board of Canada but is not yet effective. PS 1202 defines how financial statement information is presented. Key changes include the removal of the statement of change in net financial assets or net debt, the addition of a new statement of net assets or net liabilities, and guidance on how this amount is determined. The Government of Nunavut is continuing its assessment of the impact that the new standard will have on its consolidated financial statements and will adopt this new standard on its effective date.”

These standards are approved by the Public Sector Accounting Board, which is an “independent body created to serve the public interest by developing accounting standards for the public sector.”<sup>13</sup>

During the standing committee’s televised hearing of May 1, 2025, the Auditor General’s opening statement indicated that:

“I also want to update the committee on two concerns we raised last year ... the second concern was the government’s implementation of the new accounting standard for Asset Retirement Obligations, or AROs. I am happy to report that this year, the government made several improvements in response to the findings in our previous year’s report. We expect the government will continue to review and revise the estimated ARO liability as new information becomes available.”

---

<sup>13</sup> <https://www.frascanada.ca/en/psab/about>

The Auditor General's opening statement also indicated that:

"... another important accounting change is coming. The Public Sector Accounting Board has revised its Conceptual Framework for Financial Reporting in the Public Sector, including a new reporting model, which will take effect on April 1, 2026. The new reporting model involves significant changes to how information is presented in the financial statements, including a new statement of net financial assets or liabilities. We strongly encourage the Comptroller General to start assessing the impact of the new reporting model on the government's financial reporting, as updates to financial systems and processes may be needed."

**Standing Committee Recommendation #8:**

**The standing committee recommends** that the Government of Nunavut's response to this report provide a detailed update on the status of its work to implement new accounting standards that have been approved by the Public Sector Accounting Board and which came into effect, or are scheduled to come into effect, on or after April 1, 2022.

**Issue:            Comptrollership Branch Priorities and Activities**

The Department of Finance’s annual business plans indicate that the Financial Reporting and Controls Division of the Comptrollership Branch is “accountable for the preparation and publication of the annual Public Accounts, as required by the *Financial Administration Act*.”

Testimony provided by the Office of the Auditor General during the standing committee’s televised hearing of September 21, 2023, indicated that:

“Our office has noticed that certain government departments and territorial corporations have experienced high levels of employee turnover and vacancies in key positions, which further increased during the pandemic. As a result, the high level of vacancies inherently increases the risk of fraud or error as it can lead to deficiencies within the internal control environment and have an impact on the successful delivery of programs. We believe this is an important root cause underlying many observations we also reported in our recent performance audits. Governmental representatives have indicated that challenges in securing staff housing can have a significant impact on the ability to attract potential candidates.”

Testimony provided by the Office of the Auditor General during the standing committee’s televised hearing of September 19, 2024, indicated that:

“We continue to notice that certain government departments and territorial corporations have experienced high levels of employee turnover and vacancies in key positions. The high level of vacancies inherently increases the risk of errors in financial reporting because it can lead to deficiencies in the internal control environment.”

The standing committee shares this concern. The Government of Nunavut’s most recently-published quarterly employment report indicated that there was a government-wide vacancy rate of 35.6% as of December 30, 2024. The Department of Finance’s vacancy rate was 39.7%.

During the standing committee’s televised hearing of May 1, 2025, the Auditor General’s opening statement indicated that:

“The historic *Nunavut Lands and Resources Devolution Agreement* was signed in January 2024. The government plans to assess the accounting treatment for the transferred public lands and rights in respect of waters, including royalty revenues and any post-transfer environmental obligations. Given the transfer is expected to take place on April 1, 2027, the government must ensure that it has the people, skills, and time to undertake this work.”

The standing committee recognizes that the Department of Human Resources' annual business plans have indicated that one of its priorities has been to finalize a new *Human Resource Strategy*. The *2019-2023 Human Resource Strategy* was tabled in the Legislative Assembly on November 3, 2020.

The Government of Nunavut's response to the standing committee's *Report on the Review of the 2022-2023 Public Accounts* indicated that:

"The development of the *2024-2028 Human Resource Strategy* (led by the Department of Human Resources) has been delayed due to the need to align it with other key initiatives such as Devolution, Inuit Pre-Employment Training Framework, the 2024-2034 Nunavut Agreement Implementation Contract, the Master Inuit Employment Plan, and the Enterprise Resource Planning System (Fusion Cloud)."

The Department of Finance's annual business plans indicate that its priorities for the 2022-2023 fiscal year were to:

- "Collaborate with all departments to develop a comprehensive Accounts Receivable collection strategy;
- In collaboration with the Department of Health, develop an employee survey for employee medical travel to help improve effective delivery of the benefit and to reduce controllable expenses;
- Roll out the Financial Management Development Program;
- Procure an Enterprise Resource Planning system;
- Implement an electronic signature system for the Government of Nunavut;
- Review and revise the Government of Nunavut's approach to honoraria payments under Financial Administration Manual Directive 810: Honoraria;
- Update the Government of Nunavut's approach to grants and contributions, through a review of Financial Administration Manual Directive 801: Grants and Contributions; and
- Conduct an operational review of the Internal Audit Division and its functions."

The department's annual business plans indicate that its priorities for the 2023-2024 fiscal year were to:

- "Develop a strategy to link existing public service training with financial management training activities;

- In consultation with the Department of Health, develop an employee survey for employee medical travel to guide improvements in program delivery;
- Initiate GN-wide review of Specimen Signature records;
- Develop a program to support professional finance and accounting designations for new and existing employees across government; and
- Roll out the Enterprise Resource Planning system with increasing focus on training, testing, design, and implementation.”

The department’s annual business plans indicate that its priorities for the 2024-2025 fiscal year were to:

- Implement core modules and priority functions of the Enterprise Resource Planning platform, and begin transition towards long-term operations (“sustainment”); and
- Explore opportunities to expand e-commerce and payment methods.

The department’s annual business plans indicate that its priorities for the 2025-2026 fiscal year (prior to dissolution of the 6<sup>th</sup> Legislative Assembly) are to:

- Implement pay-related modules and functions of the Government’s new system, and other remaining modules and functions; and
- Undertake an internal assessment of improvements to the Government of Nunavut’s overall financial capacity since the implementation of the Enterprise Resource Planning platform.

On July 24, 2023, the Department of Finance issued *Request for Proposals 2023-42: Financial Reporting and Auditing Services - Assistance with the Public Accounts and Internal Audits*. The RFP closed on August 25, 2023. On December 8, 2023, the department issued its Award List, which included four proponents.



**Standing Committee Recommendation #9:**

**The standing committee recommends** that the Government of Nunavut's response to this report provide a detailed update on the status of the Comptrollership Branch's work to implement business plan priorities for the 2024-2025 and 2025-2026 (to date) fiscal years.

**The standing committee further recommends** that the Government of Nunavut's response to this report provide a detailed update on the status of the development of the *2024-2028 Human Resource Strategy* in respect to the recruitment and retention of financial management professionals.

**Issue:           Activities of the Qulliq Energy Corporation**

During the standing committee’s televised hearing of May 1, 2025, the Auditor General’s opening statement indicated that:

“I also want to update the committee on two concerns we raised last year. The first was the inadequate inventory management practices and significant control deficiencies for spare parts and lubricants at the Qulliq Energy Corporation. Though we found some improvements, significant shortcomings remain. This matters because the incomplete information on these inventories prevented us from concluding on whether they were accurately recorded and valued.”

The Government of Nunavut’s response to the standing committee’s *Report on the Review of the 2022-2023 Public Accounts* indicated that the Qulliq Energy Corporation:

“... remains committed to addressing the observations made by the Office of the Auditor General and has taken significant steps to enhance inventory management and financial oversight. Through collaboration between the Finance and Operations teams, the Qulliq Energy Corporation has implemented key measures to improve the accuracy, organization, and accountability of inventory processes.”

During the Legislative Assembly’s sitting of March 10, 2025, the Minister responsible for the Qulliq Energy Corporation announced that the corporation is:

“... advocating for additional federal capital investment to ensure the continued provision of safe, reliable, and affordable electricity for Nunavummiut, who already face some of the highest energy costs in the country. Any additional federal support would go towards our long list of infrastructure needs. Our estimated cost to replace 10 aging diesel power plants is \$478.0 million, and we have also requested a federal takeover of Qulliq Energy Corporation’s historical debt to alleviate financial strain.”

**Standing Committee Recommendation #10:**

**The standing committee recommends** that the Government of Nunavut’s response to this report include a detailed update on the status of work to address the Office of the Auditor General’s observations concerning the Qulliq Energy Corporation.

**The standing committee further recommends** that the Government of Nunavut’s response to this report provide a detailed description of how the amount of the Qulliq Energy Corporation’s “historical debt” has been calculated.

## Looking Ahead

---

The dissolution of the 6<sup>th</sup> Legislative Assembly will occur in September of 2025, followed by the 7<sup>th</sup> territorial general election. It is anticipated that the first sitting of the 7<sup>th</sup> Legislative Assembly will be held in November of 2025. Consequently, it is anticipated that a televised hearing will be held on the 2024-2025 Public Accounts during the spring of 2026.

This hearing is anticipated to allow for detailed consideration of a number of issues and themes, including:

- The government's response to the standing committee's report on the review of the 2021-2022, 2022-2023 and 2023-2024 Public Accounts;
- Progress made in addressing concerns raised in prior years by the Office of the Auditor General in respect to the Qulliq Energy Corporation's management of its spare parts and lubricants inventories;
- Delays in tabling the annual reports and audited financial statements of a number of public agencies, including the Nunavut Arctic College, the Nunavut Business Credit Corporation and the Nunavut Development Corporation;
- Transparency in financial reporting;
- Budgetary and financial management sustainability and flexibility;
- Changes in accounting standards that have been issued by the Public Sector Accounting Board of Canada;
- The status of comptrollership branch priorities and initiatives that are contained in the Department of Finance's current business plan;
- Administration of the government's and *Investment Regulations* and *Investment Policy*;
- Human resources capacity and recruitment strategies to address vacant financial management positions in the Government of Nunavut;
- Results of audits of the Petroleum Products Revolving Fund and the Petroleum Products Stabilization Fund;
- Enhancement of transparency in respect to reporting of territorial tax revenues associated with the natural resources extractive sector;
- Work towards the quantification of climate change risks and uncertainties;
- Risks and uncertainties, including "liabilities related to contaminated sites and the use of estimates to determine potential remediation costs";
- Impact of the recently-signed *Nunavut Lands and Resources Devolution Agreement* on reporting of territorial royalty revenues and liabilities in respect to contaminated sites; and
- Administration of departmental grants and contributions, including updates to *Financial Administration Manual Directive* 801.