



CCPAC / CCOLA
ANNUAL JOINT CONFERENCE

YELLOWKNIFE, NORTHWEST TERRITORIES – AUGUST 2016

CONFERENCE PROCEEDINGS



Office of the Auditor General of Canada
Bureau du vérificateur général du Canada



Canadian Council of
Public Accounts Committees



CCOLA-CCVL



Northwest
Territories Legislative Assembly

PROCEEDINGS PREPARED BY  CCAF-FCVI

37th CCPAC-CCOLA Annual Joint Conference and CCPAC Sessions

21–23 August 2016

Proceedings

Introduction

The 37th CCPAC---CCOLA (Canadian Council of Public Accounts Committees and the Canadian Council of Legislative Auditors) annual joint conference took place in Yellowknife, Northwest Territories, with joint sessions held on 22 August and separate sessions and meetings held on 23 August. The joint conference was an opportunity for legislative auditors and public accounts committee (PAC) members from all Canadian provinces and territories to meet and discuss current practices, trends, and shared issues of interest.

These proceedings summarize the joint sessions on 22 August and the open CCPAC meetings on 23 August.

Opening Remarks

Kieron Testart, Chair of the Northwest Territories Standing Committee on Government Operations, welcomed delegates to the Northwest Territories and began the formal conference.

Fiscal Accountability of Canada's Senior Governments

Bill Robson, President and CEO of the C.D. Howe Institute, highlighted the importance of financial oversight as a key component of democracy. He spoke about the C.D. Howe Institute's yearly report, which is motivated by a desire to ensure that budget and other financial information is accessible to the general public. The publication provides a report card on financial oversight across all Canadian provinces and territories.

He advocated for budgeting and reporting on an accrual, rather than cash, basis. Many Canadian jurisdictions have moved from cash---based to accrual accounting. This move has been motivated by the belief that accrual accounting is a more accurate reflection of the government's assets. It is also in line with private sector accounting practices.

Mr. Robson concluded his presentation with a call for more transparent fiscal reporting and improved accountability, noting that Canadian jurisdictions have been improving.

Examining Auditor General Reports and the Public Accounts in Consensus Governments

The Hon. Kevin Sorenson, MP, and Chair of the House of Commons Standing Committee on Public Accounts, opened the session with an overview of the federal government's reporting process. He explained the committee's formal procedure and noted the importance of support staff, including the committee clerk and analysts from the Library of Parliament.

Pat Angnakak, MLA from Nunavut and Chair of the Nunavut Standing Committee on Public Accounts, Independent Officers and Other Entities, provided an overview of consensus government and the upcoming reports that her committee will be addressing. She noted that the committee holds televised hearings on every report presented by the Auditor General of Canada (the territory's auditor). Committee members, regardless of political background, have an equal opportunity to ask questions. A formal report to the Legislative Assembly with observations and recommendations to the government follows each hearing.

Kieron Testart, MLA from Northwest Territories and chair of the Northwest Territories Standing Committee on Government Operations, outlined how the caucus sets priorities for the government. All members elect the Premier, Speaker, and Cabinet. The remaining members are not seen as cabinet members in waiting. Cabinet keeps regular members informed on policy issues.

His committee reviews performance audits and financial reports. It also reviews the public accounts annually. These reports are tabled in the fall session after the end of the fiscal year and are reviewed by the committee in the spring. The Office of the Auditor General of Canada (OAG Canada) staff meet with members and provide an orientation on performance and financial audits. Committee members also hold in-camera meetings with the Comptroller and the Department of Finance to prepare them for public meetings.

OAG Canada has been conducting one performance audit per year on the Government of the Northwest Territories, but it plans to move to two per year. The Committee has expressed an interest in having witnesses come more prepared. It would also like the information provided in the public accounts to be more understandable for an interested, non-expert audience.

Michael Ferguson, Auditor General of Canada, spoke about his role as Auditor General of the territories. He mentioned that his office had done comparative work across northern provinces and the territories; for example, the corrective services audits in the three territories, which were done at the same time.

Mr. Ferguson covered some of the main differences between consensus and party systems. He noted that a hearing on the public accounts could last two to three days at the territorial level, including the briefings and the hearing, compared with a two-hour hearing that is typical at the federal level. He also noted that in the consensus system, the government seems to take ownership of issues more quickly and there is no obvious counterpoint at hearings. No one sees their role as defending the government, so there is more emphasis on the issues. This leaves witnesses a little more exposed, because no one on the committee comes to their defence when

they are faced with questions of what went wrong. He said that the party system might focus more on individual members furthering their position and individual debate, not on improving services.

In his opinion, PAC members in the territories understand the issues raised and what departments are going to do to address these issues. The result is improved services. Mr. Ferguson also noted that the environment on the current House of Commons Standing Committee on Public Accounts is the best he has seen. One example of an improvement that the Committee has suggested is for departments' to expect follow-up hearings, an action that is important for accountability, but was not being done in recent years.

There was some discussion among delegates about whether citizens are better served by consensus government. In one presenter's opinion, consensus government works well when a jurisdiction has a small population.

There was some discussion among delegates about how to best prepare committees to hear the public accounts. Panellists suggested that briefings from the audit office and the Department of Finance are helpful. Mr. Sorenson also noted that the in-camera briefing from CCAF was very helpful in preparing members to understand the public accounts.

Keynote Speaker

The Hon. Jackson Lafferty, Speaker of the Legislative Assembly of the Northwest Territories, welcomed the participants and introduced Marie Wilson, Commissioner of the Truth and Reconciliation Commission of Canada from 2009 to 2015.

Dr. Wilson reminded delegates that Canada was the first developed country to hold a truth and reconciliation commission. The commission researched, reported, and documented the experiences of those who went to residential schools. Its goal was to inform, advise, and educate the public, with the aim of inspiring corrective action. Dr. Wilson shared powerful quotes from residential school survivors, which highlighted the abuse so endemic in residential schools.

She reminded the delegates that they are equipped and mandated to measure the quality of life in our country. She requested that they dig deeper into statistics that show the massive discrepancy between living standards of indigenous and non-indigenous people. She also called on participants to do their part in holding the government to account for the commitments it has made.

Public Accounts Committee Oversight: Best Practices and Lessons Learned

Dr. Rick Stapenhurst, McGill University, gave a presentation based on his extensive international research and a recent publication on benchmarks of effective public accounts committees. Evidence of his successful research track record can be found in the series of prestigious research grants he has received. He began his presentation with an overview of the importance of oversight. He then introduced a series of statistics that demonstrated the correlations between oversight and higher standards of living, political will, ease of doing business, competitiveness, gender equality, and corruption, which show the importance of oversight. He noted, for example, that 65 percent of corruption around the world can be explained by the ineffectiveness of a

country's public accounts committee. So, to reduce corruption, it's necessary to have an effective oversight committee, he said.

Scrutiny of Contractual Obligations: The British Columbia Experience

Carol Bellringer, Auditor General of British Columbia, introduced Bruce Ralston, Chair of the province's Select Standing Committee on Public Accounts. She commended him on his ability to keep the committee focused.

Mr. Ralston noted the importance of contractual obligations as an emerging trend in public finance and the importance of PACs tracking them. Contractual obligations are money a government is committed to paying, but is not part of financial statements.

How governments will disclose and account for contractual obligations is an important consideration for public accounts committees because these obligations reduce future options and can affect how governments meet other commitments. How governments will do this is being considered by the Public Sector Accounting Board. The Auditor General of British Columbia recommended that the government include information on contractual obligations in the summary financial statements. Mr. Ralston believes members of public accounts committees should be concerned with contractual obligations as part of their interest in ensuring good stewardship of public funds.

Joint Conference Closing Remarks and Invitation to the 2017 Conference in New Brunswick

Chuck Chiasson, Vice Chair of the Standing Committee on Public Accounts, New Brunswick, and Kim MacPherson, Auditor General of New Brunswick, announced the 2017 conference dates as 10 to 12 September and encouraged delegates to attend and consider extending their trips because the conference is scheduled to end as the Harvest Jazz & Blues Festival starts.

CCPAC Session: Optimizing Your Performance on the Public Accounts Committee

In this session, Dr. Lesley Burns, Director of Oversight at CCAF, provided an overview on the importance of oversight. She then facilitated a discussion on partisanship. In small groups, participants discussed ways that partisanship prevented PACs from achieving their goals. After a group debrief, delegates were asked to share ideas on how they would address partisanship in their own PACs.

Roundtable discussion on follow---up and "closing the loop"

Ernie Hardeman, Chair of the Standing Committee on Public Accounts, Ontario, chaired a session where delegates shared their experience following up on recommendations. Delegates expressed the importance of follow---up on both Auditor and committee recommendations as the main way of holding departments to account for implementing changes that Auditors General recommend.