



## **Report of the Auditor General of Canada to the Northwest Territories Legislative Assembly—2016**

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Support to Communities for Municipal Services in  
the Northwest Territories—Department of Municipal  
and Community Affairs



Office of the  
Auditor General  
of Canada

Bureau du  
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du Canada

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To the Honourable Speaker of the Northwest Territories Legislative Assembly:

I have the honour to transmit herewith to the Northwest Territories Legislative Assembly my report on Support to Communities for Municipal Services in the Northwest Territories—Department of Municipal and Community Affairs, in accordance with the provisions of section 41 of the *Northwest Territories Act*.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Michael Ferguson'.

Michael Ferguson, CPA, CA  
FCA (New Brunswick)

OTTAWA, 25 October 2016



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# Introduction

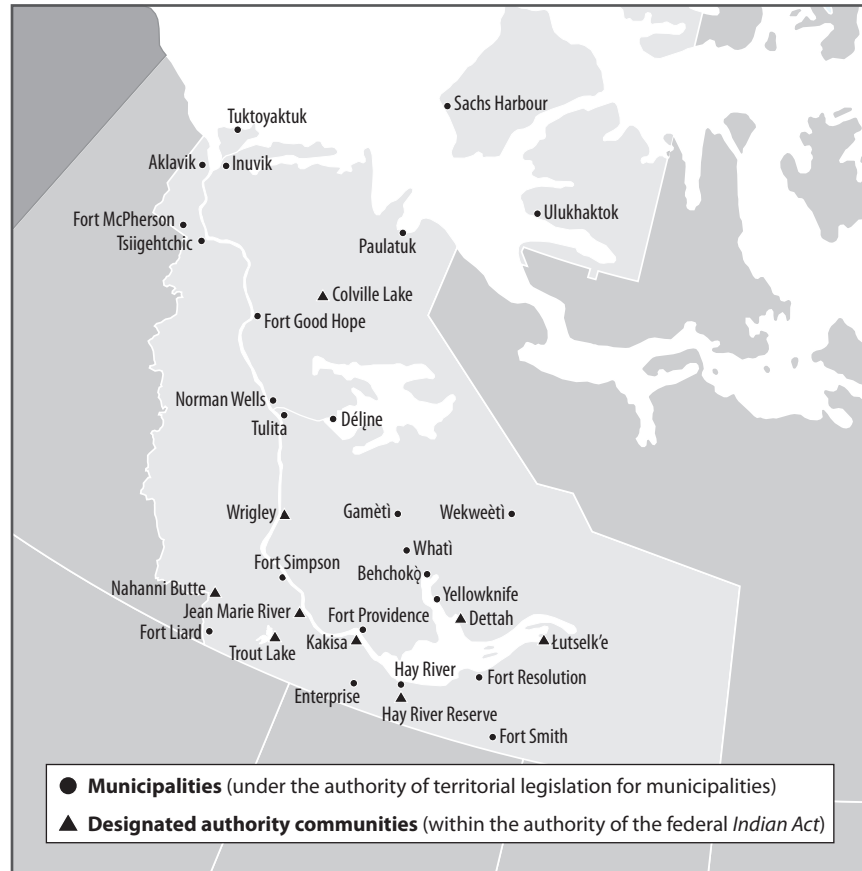
## Background

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### Communities in the Northwest Territories

1. About 44,000 residents live in 33 communities across the Northwest Territories (NWT), with slightly fewer than half living in Yellowknife. The remainder of the population is spread across the territory's other 32 communities, about half of which have fewer than 500 residents. Many of these remote communities are accessible only by plane or winter ice roads.
2. Each of the 33 community governments in the Northwest Territories is responsible for essential service delivery to its residents, including drinking water, waste management, fire protection, and emergency preparedness. When adequately delivered, these services support residents' health and well-being. Conversely, if community governments are unable to adequately provide essential services, potential impacts include increased risks to public health and safety.
3. Of the 33 communities, 24 are established as municipalities under one of four acts that outline the responsibilities of community governments: the *Cities, Towns and Villages Act*; the *Hamlets Act*; the *Charter Communities Act*; and the *Tłı̄chǫ Community Government Act* (Exhibit 1). These acts set out the powers and duties of the community government, the duties of council and municipal employees, procedural requirements, and circumstances under which the Department of Municipal and Community Affairs can intervene in community government operations. The remaining 9 communities, referred to as designated authority communities, are First Nations communities within the jurisdiction of the federal government's *Indian Act*, and are not subject to the territorial legislation for municipalities.
4. Nevertheless, all community governments—including designated authorities—have specific responsibilities related to essential service delivery under other legislation, including the *Public Health Act*, the *Safety Act*, the *Civil Emergency Measures Act*, the *Waters Act*, and the federal *Mackenzie Valley Resource Management Act*.
5. Communities rely heavily on the Government of the Northwest Territories to provide the funding required for essential services. Of the 33 communities, only 6 set their own property tax rates and collect taxes directly from residents. The Department of Finance collects property taxes on behalf of 18 other communities and then transfers collected taxes to these community governments (property tax revenues from these 18 communities are minimal). For the remaining 9 communities, no property tax is levied.

**Exhibit 1 Communities across the Northwest Territories have different legal status**



Source: Office of the Auditor General of Canada

6. Ongoing negotiations of land claims and self-government agreements further complicate the governance structure in the Northwest Territories. The federal government and the Government of the Northwest Territories are in the process of negotiating several land, resources, and self-government agreements, as well as several self-government agreements with Aboriginal groups across the territory. A self-government agreement with the community of Déline also came into effect on 1 September 2016. As more Aboriginal groups enter into these agreements, there is less legislative basis for the Government of the Northwest Territories, including the Department of Municipal and Community Affairs, to be involved with community governments in their delivery of essential services.

**The Department  
of Municipal and  
Community Affairs**

7. The Department of Municipal and Community Affairs had 100 employees and a budget of just under \$104 million in the 2015–16 fiscal year. The Department is responsible for developing and maintaining community governments that are responsive and responsible to their residents. This includes providing funding to community



governments for essential services, helping ensure that community governments have the necessary governance structures and financial management capabilities in place to fulfill their responsibilities, and supporting them so they can provide their residents with programs and services essential to good community life. The Department's mandate also includes delivering training and advice through its School of Community Government, as required and requested by community governments.

8. Under territorial legislation, regulations, and policies, community governments are responsible for providing residents with programs and services, and the Legislative Assembly allocates funding to the Department for community use. If a community government is unable to properly administer its own operations and services, the Department may appoint an individual to either supervise the community government's operations or to administer operations on behalf of the community government. However, in designated authority communities, the community government itself must request assistance from the Department and identify a mutually agreed upon approach, because these communities are not subject to territorial legislation for municipalities.

9. The Department transfers over 80 percent of its budget annually to community governments through **contribution agreements** for the provision of essential services. In the 2015–16 fiscal year, for example, the Department provided almost \$18 million to community governments for water and sewer services. The Department also administers funding received from the federal Gas Tax Fund and Building Canada Fund. Under these programs, the Department then provides funds to community governments through contribution agreements to improve community public infrastructure.

10. Essential services are provided within a complex legal and regulatory environment. Community governments play a key role, as they are responsible and accountable for effective delivery of essential services funded by the Department of Municipal and Community Affairs. While the Department has significant responsibilities for supporting community governments, there are also a number of other territorial departments responsible for enforcing legislation, as well as monitoring and supporting community governments that provide essential services (Exhibit 2).

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**Contribution agreement**—A written agreement that specifies the terms and conditions to be met by the parties to the agreement, including the amount, start and end date, eligible expenditures, accountability and reporting requirements, and rights and duties in the event of default of the agreement.

Source: Financial Administration Manual, Government of the Northwest Territories

Exhibit 2 Legislation, responsibilities, and existing structures for essential services in Northwest Territories communities

Essential service	Applicable legislation	Responsibilities of community governments	Responsibilities of the Department of Municipal and Community Affairs and other departments	Existing community government structures that support essential services
Drinking water	<p>The <i>Public Health Act</i> and <i>Water Supply System Regulations</i> contain requirements for water quality testing, water treatment plant operator certification, and water treatment plant specifications.</p>	<p>Community governments are responsible for managing safe water supply, treatment, and distribution.</p>	<p>The Department of Health and Social Services is responsible for enforcing the <i>Public Health Act</i> and the <i>Water Supply System Regulations</i>.</p> <p>The Department of Municipal and Community Affairs provides community governments with funding to deliver these services consistent with legislative requirements and is responsible for providing support to develop sufficient capacity to comply with the regulations.</p>	<p>There are</p> <ul style="list-style-type: none"> <li>• 30 water treatment plants (3 communities receive trucked water from a neighbouring community), and</li> <li>• 31 primary water treatment plant operators.</li> </ul>
Waste management	<p>There are multiple territorial and federal acts and other related regulations for waste disposal: The <i>Waters Act</i> and the federal <i>Mackenzie Valley Resource Management Act</i> regulate water use and waste deposit to help ensure environmental protection, and establish the land and water boards that grant required licences to communities.</p> <p>The <i>Public Health Act's General Sanitation Regulations</i> and <i>Public Sewerage Systems Regulations</i> also require municipalities to adequately manage garbage disposal and sewage collection/ disposal to protect human health.</p>	<p>Community governments are responsible for</p> <ul style="list-style-type: none"> <li>• obtaining water licences and complying with their terms and conditions, such as sampling waste water and reporting results, and maintaining waste management facilities; and</li> <li>• managing the collection, treatment, handling, and disposal of solid waste and sewage.</li> </ul>	<p>The Department of Environment and Natural Resources develops, implements, and enforces many of the waste management regulations and guidelines for environmental protection.</p> <p>The Department of Health and Social Services enforces the <i>Public Health Act's General Sanitation Regulations</i> and <i>Public Sewerage Systems Regulations</i>.</p> <p>The Department of Municipal and Community Affairs provides community governments with funding to deliver these services consistent with regulatory requirements, and is responsible for providing them with technical support and training.</p>	<p>There are</p> <ul style="list-style-type: none"> <li>• 32 solid waste sites and 32 sewage lagoons (2 communities share a solid waste site and sewage lagoon), and</li> <li>• 32 solid waste and sewage lagoon operators.</li> </ul>

**Exhibit 2 Legislation, responsibilities, and existing structures for essential services in Northwest Territories communities (continued)**

<b>Essential service</b>	<b>Applicable legislation</b>	<b>Responsibilities of community governments</b>	<b>Responsibilities of the Department of Municipal and Community Affairs and other departments</b>	<b>Existing community government structures that support essential services</b>
<p>Fire protection</p>	<p>There is no legislation requiring community governments to establish a fire department. However, when a fire department exists, its operations are governed by the <i>Safety Act</i>.  The Department of Municipal and Community Affairs' standards for responsive fire departments also apply.</p>	<p>Community governments with a fire department are responsible for</p> <ul style="list-style-type: none"> <li>• delivering the level of service at which they have chosen to operate the fire department; and</li> <li>• ensuring they have the recommended minimum number of trained firefighters and proper equipment, consistent with the level of responsiveness of the fire department.</li> </ul>	<p>The Department of Municipal and Community Affairs provides community governments with funding to deliver these services consistent with legislative requirements, and is responsible for training and supporting communities in developing their fire departments.</p>	<p>There are</p> <ul style="list-style-type: none"> <li>• 23* fire departments, and</li> <li>• 10* communities that do not have a fire department.</li> </ul>
<p>Emergency preparedness planning</p>	<p>The <i>Civil Emergency Measures Act</i></p>	<p>Under the <i>Civil Emergency Measures Act</i>, community governments are responsible for preparing and approving up-to-date and validated emergency plans and programs.</p>	<p>The Department of Municipal and Community Affairs provides community governments with funding to deliver this service consistent with legislative requirements, including supporting communities in developing and updating their emergency plans. It is also the Government of the Northwest Territories' lead department for coordinating overall territorial response to a civil emergency or imminent threat of an emergency.</p>	<p>There are</p> <ul style="list-style-type: none"> <li>• 10 communities with up-to-date and validated plans,</li> <li>• 22 communities with plans that require updating and validation, and</li> <li>• 1 community without a plan.</li> </ul>
<p>Source: Information provided by the Department of Municipal and Community Affairs * This is an Office of the Auditor General of Canada calculation based on community reported data that was not subject to verification by the Department of Municipal and Community Affairs and that we were not able to independently verify. The Department's last assessment of community fire departments was in the 2010–11 fiscal year.</p>				

11. In April 2007, the Government of the Northwest Territories began implementing the New Deal for NWT Community Governments (Exhibit 3). The New Deal was a direct response to community governments' requests for greater local control and autonomy. It changed the roles of community governments and the Department of Municipal and Community Affairs significantly. The Department moved from a hands-on role in communities' decision making to one of supporting community governments that had acquired greater decision-making responsibilities. Community government legislation changed from being prescriptive—that is, from dictating what community governments must do—to allowing community governments the flexibility to manage themselves independently. As well, funding moved towards block funding for programs and services and allowing community governments the flexibility to establish their own priorities.

### Exhibit 3 New Deal for community governments: a chronology

- **2004:** The Department of Municipal and Community Affairs announced its intent to move forward with the New Deal for NWT Community Governments.
- **2004–2005:** Legislation for cities, towns, villages, hamlets, charter communities, and Tłı̨chǫ communities was amended to give broader scope of authorities to community governments.
- **2007:** Community governments assumed full authority for decisions about community public infrastructure, and each community was required to plan for and finance all projects. Under updated community government funding policies, the Department began providing community governments with formula-based capital funding for infrastructure development and transferred ownership of most assets to community governments. The formula took into account population and property value, but not community needs. However, water and sewer services funding for communities took into account community-specific costs for fuel, power, and population needs.

Source: Department of Municipal and Community Affairs

12. The New Deal's implementation resulted in some challenges. A 2009 evaluation conducted for the Government of the Northwest Territories found the New Deal allowed communities to establish their own priorities and manage their individual projects. However, the evaluation also found that many communities were not prepared or equipped to manage the responsibilities required of them and lacked planning and project management capacity. It recommended an ongoing training program for community government officials and employees, a funding formula review, and additional resources so the Department could increase its community support activities.

13. Also in 2009, the Department of Human Resources launched 20/20: A Brilliant North, the NWT Public Service Strategic Plan, aimed at building public sector capacity. This initiative included support for

developing community governments' capacity specifically. The Department of Municipal and Community Affairs partnered with the Department of Human Resources, the NWT Association of Communities, and the Local Government Administrators of the Northwest Territories to lead this initiative, called the Public Sector Capacity Initiative for Community Governments.

## Focus of the audit

14. This audit focused on whether the Northwest Territories' Department of Municipal and Community Affairs adequately supported community governments' delivery of essential services the Department funded—drinking water, waste management, fire protection, and emergency preparedness. To assess whether the Department's support was adequate, we examined whether the Department monitored the provision of these essential services in communities across the Northwest Territories to know whether these services were being adequately delivered. We also examined whether the Department assisted communities in delivering essential services, including helping to mitigate risks where services were inadequate. In addition, we examined the Department's efforts to build community government capacity through its School of Community Government.

15. This audit is important because without adequate support from the Department of Municipal and Community Affairs, community governments may not always deliver essential services as required, thereby putting residents' health and well-being at risk.

16. We did not examine other key municipal services such as road maintenance or community planning. We also did not examine community governments themselves, as our audit mandate did not extend to them. As well, although we refer to other territorial government departments and to Indigenous and Northern Affairs Canada, we did not audit those departments.

17. More details about the audit objective, scope, approach, and criteria are in **About the Audit** at the end of this report (see pages 40–42).

# Findings, Recommendations, and Responses

## Support for essential services in communities

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### Overall message



18. Overall, we found that the Department of Municipal and Community Affairs did not do enough to help community governments improve their delivery of some essential services. For example, the Department was aware that many community governments had inadequate waste management practices, such as improper handling and storage of hazardous waste by untrained operators, but it did not do enough to help them manage the problem. Similarly, it did little to help community governments establish well-functioning fire protection services with enough trained firefighters and proper fire equipment.

19. The NWT Community Government Accountability Framework, which the Department established to monitor how community governments were delivering services, significantly advanced accountability and transparency by requiring community governments to report annually on their essential service delivery. However, the framework did not provide enough quality information for the Department to determine whether its support was aligned with communities' most pressing needs. Nor did the Department use other available monitoring mechanisms to fill this information gap.

20. We also found that the Department did not take adequate action to mitigate risks specific to the delivery of essential services in designated authority communities. While the Department was aware that certain designated authority communities had difficulty in delivering some essential services, it could not step in to help because the contribution agreements it put in place to fund these services did not specify when it could do so. Without intervention measures in such contribution agreements, the delivery of essential services and the Department's funding for those services is at risk.

21. This is important because the Department's support is necessary for many communities to improve their essential service delivery, particularly in areas such as fire protection and waste management. Adequate support and community engagement are key to helping ensure community governments have the capacity they need to provide residents with quality essential services critical to their health and safety.

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### Context

22. Under territorial legislation, regulations, and policies, community governments are responsible for providing residents with essential services including those related to drinking water, waste management, fire protection, and emergency preparedness. The Department of Municipal

and Community Affairs is responsible for monitoring and supporting the delivery of these services, and where possible, for intervening when these services are at risk.

## **The Department did not adequately support community governments in providing essential services to residents**

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### **What we found**

23. We found that the Department of Municipal and Community Affairs did not adequately support community governments in providing key essential services to their residents in accordance with legislative and regulatory requirements. While the Department had some information on the essential services provided by community governments in some of the areas we examined, it did not adequately assist community governments to improve their delivery of essential services or mitigate the risks associated with their inadequate delivery. This lack of support meant that inadequate essential services put communities at risk.

24. We found that the Department's monitoring allowed it to identify some critical information relating to these essential services, but there were gaps. For example, its monitoring identified communities in which drinking water safeguards may have been inadequate, and communities that did not have current emergency plans. However, it did not adequately monitor waste management in communities, or whether communities with fire protection services met legislative requirements. Moreover, even for services that had been monitored, we found that the Department missed opportunities to obtain more information to better monitor municipal services.

25. We found that the Department did not provide adequate support to community governments to help mitigate risks related to the inadequate delivery of essential services in some key areas. For example, the Department did not provide enough support to mitigate the risks facing communities with inadequate waste management, emergency preparedness planning, and fire protection services. This support could help community governments better meet their responsibilities. However, its support to communities to help maintain safe drinking water was adequate.

26. Our analysis supporting this finding presents what we examined and discusses

- our summary assessment of the Department's support to communities,
- drinking water,
- waste management,
- fire protection, and
- emergency preparedness planning.

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**Why this finding matters**

27. This finding matters because essential services delivered in accordance with legislative and regulatory requirements are critical to the health and safety of residents. If the Department does not provide adequate support to community governments, residents may be at risk of not receiving adequate services due to their community governments' capacity challenges.

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**Recommendations**

28. Our recommendations in these areas of examination appear at paragraphs 41, 53, 63, and 69.

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**Analysis to support this finding**

29. **What we examined.** We examined whether the Department of Municipal and Community Affairs provided adequate support to community governments for delivering essential services. To assess whether the Department's support was adequate, we examined whether it monitored community governments' delivery of essential services to know whether these services were adequately delivered. We also examined whether the Department adequately assisted community governments in improving essential service delivery where necessary, and if it helped them mitigate risks.

30. **Our summary assessment of the Department's support to communities.** We found that the Department did not adequately support community governments to ensure they provided essential services in accordance with legislative and regulatory requirements (Exhibit 4). The paragraphs following present detailed findings on the Department's support for each of the community governments' essential services.

31. **Drinking water.** While the Department of Health and Social Services is responsible for enforcing the *Public Health Act* and *Water Supply System Regulations*, the Department of Municipal and Community Affairs' role is to support community governments' ability to comply with the Act and the regulations. We examined whether the Department of Municipal and Community Affairs monitored delivery of this essential service to identify required community government support and any risks to communities in this area. We also examined whether the Department assisted community governments' efforts to meet regulation requirements. We focused on

- water quality testing,
- water treatment plant operator certification, and
- water treatment plant specifications.



**Exhibit 4 The Department of Municipal and Community Affairs did not adequately support community governments to help ensure they provided essential services in compliance with legislative and regulatory requirements**

Essential service	The Department's monitoring of community governments' essential services delivery	The Department's response to assist community governments and help mitigate risks to essential services	Audit assessment of the Department's support to community governments
Drinking water	<ul style="list-style-type: none"> <li>The Department did not have complete information on water quality testing.</li> <li>16 of 30 communities had a water treatment plant operator certified to the level of the plant in the community.</li> <li>26 of 30 water treatment plants met the <i>Water Supply System Regulations</i>.</li> </ul>	<p>The Department</p> <ul style="list-style-type: none"> <li>did not take any action to address the lack of water quality testing information;</li> <li>increased oversight of communities without water treatment plant operators certified to the level of the plant;</li> <li>provided some training for water treatment plant operators; and</li> <li>provided technical and project management support for water treatment plant upgrades, to meet current regulations.</li> </ul>	<p>Adequate*</p> <p>* Despite the Department's efforts, there were gaps in information on water quality testing and a lack of certified water treatment plant operators. These gaps posed risks to drinking water quality, warranting the Department's continued emphasis on its support to community governments.</p>
Waste management	<p>The Department had a general awareness that waste management in communities was problematic until a 2016 Study of NWT Waste Management Systems confirmed that</p> <ul style="list-style-type: none"> <li>most of the communities (25 of 31 communities; 2 were exempt) had a licence to regulate the management of their solid waste sites and sewage lagoons. However, only 6 of these communities complied with the terms of their licence;</li> <li>solid waste sites in 7 communities had reached the end of their useful life;</li> <li>the status of 26 lagoons was undetermined; and</li> <li>about two-thirds of communities had poor hazardous waste handling and storage practices, or had stockpiles of hazardous waste, but only 6 had a hazardous waste management plan.</li> </ul>	<p>The Department</p> <ul style="list-style-type: none"> <li>developed guidelines for the design and operation of solid waste site and sewage lagoons to help communities obtain required licences and improve compliance;</li> <li>did not provide sufficient training for solid waste and sewage lagoon operators; and</li> <li>began collaborating with other departments in the Government of the Northwest Territories to develop a Waste Resource Management Strategy and waste management programs and policies.</li> </ul>	<p>Inadequate</p>

**Exhibit 4 The Department of Municipal and Community Affairs did not adequately support community governments to help ensure they provided essential services in compliance with legislative and regulatory requirements (continued)**

<b>Essential service</b>	<b>The Department's monitoring of community governments' essential services delivery</b>	<b>The Department's response to assist community governments and help mitigate risks to essential services</b>	<b>Audit assessment of the Department's support to community governments</b>
Fire protection	The Department did not know which communities had fire departments and if existing fire departments met requirements of the <i>Safety Act</i> or could be considered responsive, including which had a sufficient number of trained firefighters. The Department's last assessment was conducted in the 2010–11 fiscal year.	The Department's response was limited to <ul style="list-style-type: none"> <li>• preparing a discussion paper in response to its 2010–11 fiscal year assessment; and</li> <li>• finalizing a Community Fire Protection Plan in 2014 as a response to the discussion paper. At the time of our audit, implementation had only just begun.</li> </ul>	Inadequate
Emergency preparedness planning	The Department determined that 10 communities had up-to-date and validated emergency plans, 22 communities had plans that required updating or validation, and 1 community did not have a formal plan.	The Department's response was limited to <ul style="list-style-type: none"> <li>• distributing public information on emergency preparedness to communities, and</li> <li>• delivering community workshops to assist in the development or updating of emergency plans in only 7 communities and delivery of exercises to validate plans in only 3 communities.</li> </ul>	Inadequate

32. We found that the Department provided adequate support to community governments to help them meet these three key requirements in the water quality regulations, and that its efforts to help mitigate risks to drinking water quality were adequate. However, continued support and improved monitoring are required of the Department in this area.

33. Regarding water quality testing, the regulations require regular testing of four aspects of water quality by water treatment plant operators to ensure that the drinking water is safe:

- daily tests for chlorine and turbidity levels (degree of cloudiness from particles) in the treated water,
- weekly tests of bacteriological samples, and
- quarterly and yearly tests for the presence of chemicals.

According to the Department, the daily tests of chlorine and turbidity levels are the most important tests to monitor drinking water quality. The results of all water quality tests must be provided to the Department of Health and Social Services.

34. We found that the Department of Municipal and Community Affairs did not receive complete information on water quality testing from community governments or from the Department of Health and Social Services. Therefore, it did not know if communities were conducting all the required tests as a means to determine what supports community governments required. For tests of chlorine and turbidity, the Department of Municipal and Community Affairs did not automatically receive this information from either community governments or from the Department of Health and Social Services. Rather, it relied on informal communications with environmental health officers—who are Health and Social Services employees who work with communities to monitor testing. This made it difficult for the Department of Municipal and Community Affairs to determine whether these two key tests were conducted by community governments as required.

35. We also noted that there were indications that some communities were not conducting other required water quality tests. For example, according to the Department of Municipal and Community Affairs' most recent drinking water report, which reported on water quality testing in 2013, all of the required weekly bacteriological samples were not completed in 11 communities. We also analyzed information from the Department's online public Drinking Water Quality Database and found that this trend continued. Specifically, we found that in 2014 and 2015, both bacteriological and chemical testing were not always conducted as required.

36. We also examined water treatment plant operator certification. Regulations require that these operators be certified to the classification level of their plant. Certification requires the operator to have a minimum

level of experience and to pass an examination consistent with the class of the plant, while the Department of Municipal and Community Affairs is responsible for providing training to water treatment plant operators to become certified.

37. We found that as of May 2016, the Department's information confirmed that only 16 of 30 communities had a primary water treatment plant operator certified to the classification level of the plant in the community. (Three communities did not have a water treatment plant because they received trucked water from a neighbouring community that was treated before it was transported.) The Department also knew that most back-up operators, who were expected to perform the duties of primary water treatment plant operators in their absence, did not have the certification needed to assume responsibility for operating these plants. Department officials cited various contributing factors to the lack of certification, including capacity challenges for some operators and lack of sufficient training.

38. Department officials told us that they increased oversight and support in communities without fully certified operators through the Circuit Rider Training Program—which gave on-site training and guidance to help communities manage their water treatment systems. The Department also supported community governments by providing operators with water treatment plant training courses to help them achieve and maintain their required certification. For example, according to its training data, the Department delivered water treatment plant training to 38 participants from 16 communities during the 2015–16 fiscal year.

39. We also examined water treatment plant specifications. Starting in 2002, the Department provided support to communities to upgrade water treatment plants to meet the *Water Supply System Regulations*. The Department indicated that as of June 2016, 26 of 30 plants met the specifications, and that a new plant was being constructed and was scheduled to be operational and in compliance with regulations by December 2016. We found that the Department had a plan to work with the Department of Public Works and Services to upgrade the remaining three plants.

40. In our opinion, the Department of Municipal and Community Affairs has made adequate efforts to support community governments and mitigate risks to drinking water quality. Department officials told us that they were confident the drinking water in communities was safe, in large part due to the clean water sources and limited agricultural and industrial activity affecting water quality. However, insufficient information on water quality testing, along with the lack of certification for many primary water treatment operators, posed ongoing risks to drinking water quality that warranted the Department's continued support to communities. Without improved monitoring and continued support in these areas, there are risks that potential problems could affect residents' health.

41. **Recommendation.** The Department of Municipal and Community Affairs should formally assess its information gaps with respect to water quality testing and use the information to work with community governments and the Department of Health and Social Services to identify and provide communities with the required types of support to comply with water testing requirements. It should also work with community governments to ensure that all water treatment plant operators receive the required training and support to obtain the appropriate certification.

*The Department's response.* Agreed. The Department of Municipal and Community Affairs will support the recommendation by

- continuing to work with the Interdepartmental Drinking Water Committee, whose mandate is to provide coordinated Government of the Northwest Territories support for technical issues relating to drinking water and waste management in the Northwest Territories. This includes drinking water systems, support to water and waste system operators, maintaining water quality data, and governance and regulation of water and waste in the Northwest Territories;
- implementing a new database in the 2017–18 fiscal year that incorporates drinking water information needs of the Government of the Northwest Territories;
- exploring options with the Department of Health and Social Services to expand and formalize the current process for sharing water testing results. This will include establishing a protocol for identifying the status of results and enabling the Department of Municipal and Community Affairs to make necessary adjustments to its support for community governments, including to the Circuit Rider Training Program; and
- continuing to support training through delivery of the Circuit Rider Training Program, which provides hands-on formal training, course delivery through the School of Community Government, and one-on-one training to support community governments and ensure that their operators obtain required training and certification.

42. **Waste management.** Waste management involves the collection, treatment, and disposal of solid waste (garbage) and sewage in communities. There are 32 solid waste sites and 32 sewage lagoons in the Northwest Territories (in one case, two communities share services). The territory's waste management challenges in communities included limited seasonal or no road access, high costs and technical challenges in transporting waste for small communities, and lack of community waste management expertise.

43. Primary responsibility for developing and enforcing waste management and disposal regulatory requirements rests with other government departments and with the Northwest Territories' regional land and water boards. However, the Department of Municipal and

Community Affairs provides funding, technical support, and training to community governments to support local waste management. We examined whether the Department had sufficient information to identify and mitigate community governments' risks in this area and whether it supported their efforts to meet essential service requirements. Our audit focused on

- water licences,
- solid waste sites and sewage lagoons, and
- management and disposal of hazardous waste.

44. We found that the Department provided inadequate support to community governments in their efforts to meet waste management requirements in these three areas, and that the Department's efforts to mitigate risks from improper waste management were inadequate.

45. In general, we found that the Department of Municipal and Community Affairs gave little attention to community governments' waste management, despite the fact that the Department had a long-standing awareness that waste management practices had been inadequate. The Department did not adequately monitor community governments to determine whether they were meeting regulatory requirements and to determine the specific supports they required. It also did little to adequately support community governments or help mitigate the risks associated with inadequate waste management. This is despite the fact that public information was available on the results of inspections conducted by the Department of Environment and Natural Resources of community government compliance with water licences, which indicated that compliance with key requirements was low in many communities. A 2016 joint Study of NWT Waste Management Systems by the Department of Municipal and Community Affairs and the Department of Environment and Natural Resources confirmed that there were significant deficiencies in waste management in many communities.

46. Regarding water licences, the *Waters Act* and the federal *Mackenzie Valley Resource Management Act* regulate the use of water and waste deposits, and establish the boards that licence community governments to do so. These licences are intended to help protect community drinking water sources by specifying how community governments must dispose of solid waste, sewage and hazardous waste to avoid harming water bodies, including those which supply drinking water. To obtain a licence from a board, community governments must submit an application, including details such as waste disposal methods and planned mitigation measures.

47. We found that as of June 2016, 25 out of 31 community governments (2 were exempt due to their size or shared services with another community) had a water licence to regulate their solid waste site and sewage lagoon management. However, according to the 2016 joint

study, only 6 community governments complied with their licence requirements. Areas of non-compliance noted in the report included improper segregation of solid waste materials and improper storage of hazardous waste. As well, Department officials noted that those community governments without a licence faced capacity challenges that affected their ability to obtain one. These included lack of community expertise in this area.

48. We found that the Department had developed community guidelines in 2003 on how to design and operate solid waste sites, and had assisted the Department of Environment and Natural Resources and the territorial water boards in 2015 with the development of templates to assist community governments in obtaining or complying with their water licences. However, continuing challenges regarding community governments' skills and capacity to operate these sites affected compliance, and we found that the Department did little to mitigate risks associated with this. For example, the Department's water and waste water program included only one solid waste course, which did not address hazardous waste management. We also noted that only about one-third of solid waste site operators received training from the Department, indicating that many personnel operating these sites—including handling hazardous waste—had not been trained.

49. We also looked at the Department's support for life-cycle management of solid waste sites. The 2016 joint study confirmed that solid waste sites in 7 of 32 communities had reached the end of their useful life, and that the useful life of 26 lagoons remained undetermined. Department officials told us, however, that the Department had been aware that solid waste sites were historically problematic well in advance of the study's results. Yet we found that the Department had done little to adequately support community governments or help manage risks. Officials informed us that the Department's capital planning managers did, however, provide advice to community governments planning new waste sites. Plans included constructing new sites or modifying existing sites in 8 communities.

50. Under the Public Sector Accounting Board guidelines relating to liability for contaminated sites, which were adopted by the Government of the Northwest Territories in 2014, the Department of Municipal and Community Affairs is also required to assess the environmental liability related to solid waste sites. However, officials told us they did not know which level of government is responsible for remediating them. We found that the Department, as a member of the Environmental Liabilities Committee, was working to help identify responsibilities in this area.

51. We examined the Department's support for community governments' management and disposal of hazardous waste. The 2016 joint study confirmed that about two-thirds of communities had accumulated stockpiles or were poorly handling and storing hazardous

waste, but only six communities had a hazardous waste management plan. The study reported that this left some communities concerned about soil and groundwater contamination and potential human health impacts. Yet, we found that the Department had done little to assist community governments and to help mitigate the associated risks. The Department's support was limited to recent collaborations with the Department of Environment and Natural Resources and other stakeholders on an NWT Waste Resource Management Strategy, part of which was intended to help identify waste management priorities.

52. Department officials told us that waste management received less attention than other high-risk areas, such as drinking water, partly due to 2009 changes to the *Water Supply System Regulations*. These required the Department to focus on water quality rather than on other areas, despite the fact that inadequate waste management can affect drinking water.

53. **Recommendation.** The Department of Municipal and Community Affairs, in consultation with the Department of Environment and Natural Resources, should work with community governments to help identify and provide the necessary support and capacity building, so that they can comply with regulatory and other waste management requirements. This should include

- support needed by each community government to comply with the water licence that regulates the management of solid waste sites and sewage lagoons; and
- support needed by community governments to ensure proper management of solid waste sites, and proper handling and disposal of hazardous waste.

*The Department's response.* Agreed. Through its work on the 2014 Municipal Funding Review, the Department of Municipal and Community Affairs acknowledges the need for improved support to community governments to fulfill their responsibilities related to solid waste. The Department will work with the other representatives on the Interdepartmental Drinking Water Management Committee to seek an extension of its terms of reference to create a subcommittee focused on waste management. Through this subcommittee, the Department will seek to formalize its understanding of the current condition of solid waste facilities in the Northwest Territories and any compliance issues with those facilities.

*The Department will also work with the subcommittee to identify resources to advance solid waste management, including through identifying best practices and providing training on solid waste management to community governments. This work will also be coordinated with the implementation of the Asset Management Strategy*



*to create a complete inventory of solid waste sites, their capacity, and known issues with existing sites.*

*Finally, the Department will bring forward changes to its Water and Sewer Funding Policy in the 2017–18 fiscal year to include funding for solid waste management. In association with efforts to fully fund a needs-based funding model, this will ensure that community governments receive funding to adequately operate and manage their solid waste facilities.*

54. **Fire protection.** As is the case in many jurisdictions across the country, fire represents a significant risk to residents' health and safety. In 2014 alone, there were 276 reported fires in the Northwest Territories (not including wildfires), which resulted in three deaths. The Department is responsible for providing funding, training, and support to community governments to establish fire departments and provide local fire services. While there is no legislative requirement for community governments to have a fire department, where a fire department does exist, its operations are governed by the *Safety Act*.

55. The Department also established standards for fire departments, which are specific to each level of fire protection service a community government may choose to offer—standard, advanced, and professional. For each level of fire protection service, these standards identify specific elements that a fire department needs in order to be considered responsive. This means that each fire department has the authority, specific tools, and capacity in place to deliver its chosen level of fire protection service to the community. Among the elements that a fire department needs to be responsive are an approved bylaw or band council resolution that identifies the level of service to be delivered, equipment in good condition that meets minimum standards, and a sufficient number of firefighters trained to the identified level of service. We assessed whether the Department

- knew if the existing fire departments met the standards to be considered responsive,
- helped fire departments not meeting these standards to improve their fire protection services, and
- supported community governments that did not have a fire department.

56. We found that the Department's support to community governments for fire protection was inadequate, as were its efforts to mitigate risks related to inadequate fire protection for these communities.

57. We examined whether the Department of Municipal and Community Affairs identified if existing fire departments met the standards to be considered responsive. We found that the Department knew little about the state of communities' fire protection services, and was unable to tell us which had operating fire departments. As a result,

using information reported by community governments under the Department's accountability framework, we calculated that approximately 23 communities had a fire department. However, as we later report, there were issues with the reliability of this data. We found that the Department did not know which of these communities' fire departments met the standards, including which communities had a sufficient number of trained firefighters. Officials indicated that this was because a full assessment of the fire departments had not been conducted since the 2010–11 fiscal year.

58. The 2010–11 assessment, conducted by the Office of the Fire Marshal within the Department of Municipal and Community Affairs, focused on existing fire departments' equipment, training, general operations, and governance in 28 of 33 communities. The assessment revealed significant gaps and deficiencies in existing fire departments, which included insufficient numbers of firefighters, lack of training, and outdated equipment that did not comply with standards.

59. In 2013, the Department used these assessment results for a discussion paper to engage stakeholders in creating a shared vision for an effective community fire protection service. The paper included 18 recommendations to address identified gaps and deficiencies, improve fire protection services, and reduce fire threats. In response to the paper, the Department developed a Community Fire Protection Plan, but at the time of our audit, it had only begun implementation.

60. Under both the *Safety Act* and the Department's standards, community governments with existing fire departments are responsible for ensuring they have the recommended minimum number of firefighters, and that these firefighters have the required training and equipment to ensure their health and safety. The Act and standards also require community governments to establish standard operating procedures for their fire departments, which provide structure and consistency in decision making, particularly with regard to both firefighter and resident health and safety.

61. We examined whether the Department of Municipal and Community Affairs helped fire departments not meeting these requirements to improve their fire protection services. We found that the Department's support was inadequate. While the Department provided community governments with a toolkit in 2014 to help guide their efforts to recruit and retain volunteer firefighters, and offered a range of basic fire protection courses, it faced some challenges. For example, officials told us that sometimes individuals signed up for fire training but did not attend, and that many fire departments continued to lack the recommended minimum number of trained firefighters required for their community size. Further, we found that the Department did not adequately assist community governments to ensure that they had the proper equipment or in developing standard operating procedures.

62. We also found that the Department of Municipal and Community Affairs had limited success in engaging community governments without fire departments. This was due in part to some communities' lack of capacity to actively deal with fire protection issues, as well as the Department's limited efforts to engage community governments. Although we found that the Department provided community governments with some general information on fire prevention and safety, limited engagement of these community governments presented a fundamental risk to community safety.

63. **Recommendation.** The Department of Municipal and Community Affairs should take immediate action to reassess whether communities with fire departments meet requirements under the *Safety Act*. For those fire departments that do not, it should work with community governments to establish a plan to assist them in meeting requirements. For community governments without fire departments, the Department should work with them to develop a strategy for fire safety.

***The Department's response.** Agreed. Through its efforts under the Community Fire Protection Plan, the Department of Municipal and Community Affairs is putting tools and actions in place to strengthen community fire protection services for the Northwest Territories. As part of this, the Department has initiated consultation to update the Fire Prevention Act and further define community governments' role in fire protection.*

*The Department's efforts also include a fire department assessment tool, scheduled for completion in spring 2017, which will assess administrative aspects of community fire services including compliance under the Safety Act. Once the assessment tool is complete, the Department will provide councils and staff with information on the tool and seek their commitment and interest in using it to identify current levels of service and gaps or risks. As assessments are completed, the Department will work with community governments to identify actions required to address gaps, obtain compliance with the Safety Act, and meet their desired level of service.*

*The full suite of tools and resources, including sample bylaws, standard operating procedures, training strategies, and public education tools, will be complete by winter 2018.*

*If a community does not have a fire department, efforts will focus on fire prevention to reduce the risk of injury or damage.*

64. **Emergency preparedness planning.** Under the *Civil Emergency Measures Act*, community governments are responsible for preparing and approving emergency plans, and the Department is responsible for funding and supporting them in developing and validating these plans. Community emergency plans guide emergency response by assigning roles and responsibilities and providing information such as emergency

contacts and checklists with specific actions required during most likely emergency events, such as floods, wildfires, or critical infrastructure failure. We examined whether the Department of Municipal and Community Affairs adequately supported community governments in developing and validating their emergency plans.

65. We found that the Department provided inadequate support to community governments to ensure emergency plans were current, and to mitigate associated risks.

66. We found that the Department determined most communities had emergency plans but that many plans were not current; that is, they had not been updated and validated. The Department considered a plan as up to date and validated if it had been reviewed and practised through an exercise or an actual emergency response event in the past two years. As of April 2015 (the latest date at which it assessed emergency plans), the Department identified 10 communities as having current emergency plans, 22 communities as having plans that required updating or validation, and 1 community that did not have a formal plan. Keeping the plan current is important to ensure that community management knows how best to respond appropriately in an emergency situation, and that officials have updated and important information, such as critical infrastructure to be protected and people who must be notified if an emergency situation occurs.

67. We found that the Department provided little support for emergency preparedness in communities. The limited support provided was in the form of planning workshops to help community governments develop or update emergency plans and **table-top exercise** workshops to validate these plans. However, we found that the Department had conducted these workshops and exercises in very few communities. It conducted only seven emergency planning workshops and three table-top exercises over the course of the 2013–14 and 2014–15 fiscal years. Officials told us that funding limitations prevented them from doing more. We noted that at this rate, it would take several years to conduct planning workshops and table-top exercises in all communities that needed it. We did find, however, that the Department developed and distributed general information on emergency preparedness to communities.

68. In a 2015 report, the Department assessed actions taken during the unprecedented wildfire season of 2014. The review underscored the importance of adequate emergency plans in all communities and found that the level of community emergency preparedness varied widely. Communities with updated and validated plans were more confident and

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**Table-top exercise**—A simulation of an emergency situation without undertaking a physical mock exercise of an event. Participants gather around a table to discuss general problems and procedures in the context of an identified emergency scenario. The focus is on training and familiarization with roles, procedures, or responsibilities.

prepared to deal with the impacts of the wildfires. The report concluded that recent table-top exercises had contributed to the success of wildfire response. One of the review's recommendations was to build community resilience by working with community governments to improve knowledge of emergency management, hazards, and risks, and to continue adapting and improving community emergency plans. In response, the Department indicated that it intends to continue to deliver community emergency planning and exercise workshops and to work with communities to assess their emergency response readiness.

69. **Recommendation.** The Department of Municipal and Community Affairs should work with community governments to provide the required supports, so that all communities have current emergency plans and receive training to implement these plans.

*The Department's response.* Agreed. The Department of Municipal and Community Affairs is updating the Civil Emergency Measures Act and anticipates introducing new legislation in fall 2017. This work will coincide with efforts to maximize available support to create and maintain emergency plans and training. The Department intends to use additional staff to help review existing plans and conduct table-top exercises, so that Department staff can assist community governments in understanding, practising, and updating their existing plans, as required (for example, minor updates to contact information). More comprehensive plan development will continue to be supported by existing staff. At a minimum, the Department will review 5 plans per year and will endeavour to increase that to 8 to 10 plans per year in the 2017–18 fiscal year with additional staff.

*As part of its effort to expand learning opportunities, the Department will assign resources to create a basic emergency management course. For fall 2016 development, this resource will provide an online opportunity for individuals to learn basic emergency management concepts. Successful completion of this online course, combined with emergency plan workshops and table-top exercises, will significantly increase community representatives' capacity to prepare for and respond to emergency situations.*

## The Department's accountability framework was limited by its design and implementation

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### What we found

70. We found that the NWT Community Government Accountability Framework was introduced as a tool to help community governments monitor their performance in providing essential services. It allowed the Northwest Territories' Department of Municipal and Community Affairs to monitor and report community governments' performance and engage them in identifying the support they needed to improve service delivery to their residents. It significantly advanced accountability and transparency for essential municipal service delivery. However, we found that design

flaws, such as the Department's weaknesses in validating the accuracy of information provided by community governments, limited the framework's usefulness.

71. Our analysis supporting this finding presents what we examined and discusses

- design of the accountability framework, and
- implementation of the accountability framework.

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**Why this finding matters**

72. This finding matters because accurate information on essential services is critical to supporting the accountability framework's goals, and to targeting the support and the resources available to community governments.

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**Recommendations**

73. Our recommendations in these areas of examination appear at paragraphs 80, 81, and 86.

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**Analysis to support this finding**

74. **What we examined.** We examined whether the Department's design and implementation of the NWT Community Government Accountability Framework facilitated adequate monitoring of and support to community governments.

75. **Design of the accountability framework.** In 2010, the Department began developing the accountability framework as a tool for community governments to monitor their own performance, and for the Department to monitor community governments' program and service delivery. To determine which community government services were essential and warranted inclusion under the framework, and to identify appropriate indicators to monitor delivery, we found that the Department consulted with community governments, consultants, officials across government departments, and third-party stakeholders in designing the framework.

76. The framework was designed to provide annual information on a series of performance indicators related to a range of essential services. There were 14 key performance indicators under four categories:

- good governance;
- comprehensive planning;
- sound financial management and administration; and
- safe, healthy, and vibrant communities.

These indicators addressed most essential services that community governments were required to provide to residents: drinking water quality, elements of waste management, fire protection, and emergency planning. It also included those required for strong community government, such as

governance, financial management, and capital planning. The exception was solid and hazardous waste management, for which there were no indicators.

77. For each key indicator, the Department developed an annual checklist with yes/no questions for each community government to assess and report on its previous fiscal year's performance and submit to the Department. Officials were to use this information to rate the community government's performance on each indicator as satisfactory, limited, or unsatisfactory. Along with information from other sources, the Department was to use it for an annual report back to each community government highlighting priorities requiring their attention.

78. However, we found that design flaws limited the reliability of the information collected from community governments. For example, we found no provisions for the Department to validate the accuracy of the completed checklists. This is important because this information was to be used by the Department to inform its own operations, including where to focus its support to community governments. It was also intended to form the basis for reports to the Legislative Assembly on key issues relating to essential services in communities.

79. As well, we found the wording for some checklist questions was unclear. Department officials told us that community governments often misinterpreted the questions and therefore submitted incorrect information. We also found that the Department did not define the requirements for a community government to respond positively for several questions, nor did it define how the community government's performance on the indicator would be rated.

80. **Recommendation.** The Department of Municipal and Community Affairs should regularly review and modify (as required) the wording of the questions in the NWT Community Government Accountability Framework to ensure community governments can correctly answer them.

*The Department's response. Agreed. Each year, the Department of Municipal and Community Affairs reviews questions and stakeholders' feedback to ensure the questions are understood and that community government representatives comprehend the nature of the questions and their responses.*

*The Department has communicated and reaffirmed to stakeholders that the NWT Community Government Accountability Framework is a living document and that, as required or appropriate, the questions and indicators will be updated to ensure that the tool is useful to community governments and the Department, to inform their engagement and priorities to work together.*

*In an effort to provide community governments with additional opportunity to provide comments, the Department adjusted the*

*framework tool for the 2015–16 data collection to include a place for community governments to record comments and feedback on each indicator. That way, if they wish to raise issues with a question or provide further explanation, they are able to do so. As the Department continues to enhance the tool, it will seek continued opportunity to refine questions and provide opportunities for stakeholder feedback.*

**81. Recommendation.** The Department of Municipal and Community Affairs should develop clear guidance for community government officials to complete and Department officials to assess the NWT Community Government Accountability Framework's performance indicator checklists. The guidance should explain the criteria for each question and provide community governments with clear guidance on how to respond appropriately to each question.

***The Department's response.*** *Agreed. The Department of Municipal and Community Affairs will develop a handbook for the NWT Community Government Accountability Framework.*

*The handbook will have two components. The first, to be completed by March 2017, will provide information to community government stakeholders on the accountability framework. This will include*

- an explanation of the tool and the intended purpose;*
- information on how the tool works, including online data collection;*
- information on the questions, their intent, and what a green, yellow, or red response may look like (with a help button for respondents if software permits that it be included directly in the tool itself);*
- information on how indicators are scored and how the green, yellow, and red assessment is determined; and*
- what to expect from the Department once the tool is complete.*

*The second component of the handbook for departmental use, to be completed by September 2017, will provide guidance to departmental staff on the implementation of the tool, including a calendar for implementation, information on tracking and validating indicator questions, and guidance on developing and implementing community government annual reports.*

**82. Implementation of the accountability framework.** The Department of Municipal and Community Affairs began implementing the accountability framework in fall 2013, and piloted the framework to measure community governments' performance during the 2013–14 fiscal year. We found that the Department provided information and support to community governments to help them complete the checklists used to rate their performance. For example, officials travelled to communities to explain the framework and hold information sessions with community government officials. It also hired five new assistant regional



superintendents, whose role was to lead the accountability framework's implementation at the regional level and assist community governments as needed.

83. The Department of Municipal and Community Affairs received the completed checklists from most community governments for both the 2013–14 and 2014–15 fiscal years. However, Department officials told us that some of the answers submitted during the 2013–14 pilot year did not match their understanding of the situation in these communities. This was because, in some cases, community governments did not understand the question and reported inaccurate information, and in other cases, the Department did not agree with a community government's assessment of its situation. As a result, the Department decided to verify the information submitted for the 2014–15 fiscal year. To do this, headquarters and regional officials discussed the information submitted and followed up with community governments, as necessary.

84. We tested how the Department of Municipal and Community Affairs verified the community governments' responses to selected questions on essential services and governance. To do this, we examined the Department's review of positive responses to these questions. We found that it adequately verified the accuracy of the responses for only about half of the questions we examined. For example, we found that in some cases, the Department did not have the information required to verify a community government's response, while in other cases, it had the information but did not use it. This meant that the Department was not assured of the accuracy of information on essential services in these communities, limiting its usefulness to target its support.

85. We found that in June 2016, the Department provided an annual report to the Legislative Assembly summarizing community governments' performance against the framework's indicators for the 2013–14 and 2014–15 fiscal years. However, without assurance that the community government's information was accurate, the report may be of limited use.

86. **Recommendation.** The Department of Municipal and Community Affairs should develop a strategy to verify the accuracy of information from community governments under the NWT Community Government Accountability Framework, in order to support meaningful engagement with community governments on required supports and foster accurate decision making about its departmental operations.

*The Department's response.* Agreed. As part of the development of the handbook described in the response to Recommendation 81, the Department of Municipal and Community Affairs will take a critical look at the questions in each indicator and the methodology for verifying each community government's response.

*As part of the work on the handbook, the Department intends to develop a prioritization (or weighting) exercise for the questions in each key indicator. The purpose of this change to the NWT Community Government Accountability Framework tool will be to properly distinguish between the relative importance of different questions in a key indicator. By adding a weighting criteria into the indicator, the results will more accurately reflect the performance of the community government.*

*In terms of verifying accuracy, the Department will ensure that the items that are weighted more heavily have documented verification available. Less heavily weighted questions may be captured through discussions and meetings but not verified through a formal process or document. Given the purpose of the accountability framework as an initial self-assessment of a community government performance, the Department will not document and track every question but will focus on the more critical items related to performance.*

## **The Department did not use contribution agreements to fill information gaps in community governments' essential services delivery**

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### **What we found**

87. We found that the Department of Municipal and Community Affairs made limited use of contribution agreements to monitor community governments' essential services delivery. For example, contribution agreements between the Department and community governments, including designated authority communities, included conditions related to financial reporting but did not include conditions such as required performance information for essential services. These would have enabled it to more closely monitor community governments' provision of essential services. We did find, however, that the Department used more informal means to engage with community governments on an ongoing basis.

88. Our analysis supporting this finding presents what we examined and discusses

- contribution agreements, and
- regular communication with community governments.

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### **Why this finding matters**

89. This finding matters because adequate engagement with community governments and ongoing monitoring is key to the Department providing them with the required support at the required time. It can help prevent significant issues in some communities and may also assist essential service delivery.

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### **Recommendations**

90. Our recommendations in these areas of examination appear at paragraphs 95 and 99.

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**Analysis to support  
this finding**

91. **What we examined.** We examined whether the Department of Municipal and Community Affairs used its available mechanisms to monitor essential service delivery, specifically contribution agreements and regular communication with community governments.

92. **Contribution agreements.** The Department of Municipal and Community Affairs enters into annual contribution agreements with community governments to provide them with funding for essential services. These agreements include financial reporting requirements for community governments, as well as general provisions enabling the Department to collect additional information from recipients, including on performance. We found that the Department did not use this provision to identify and collect more in-depth performance information relating to essential services, although this information could have been helpful in determining how well the essential services were being delivered. We also found that the Department did little to ensure that it received the required financial information from all community governments and on a timely basis. This could have helped identify potential problems and support required for community governments.

93. We assessed how well the Department monitored financial reporting requirements from a random sample of 44 of its contribution agreements with 25 community governments for the 2013–14 and 2014–15 fiscal years. These agreements required community governments to submit quarterly reports on their spending and ensure their annual financial statements were audited. We found that community governments submitted quarterly reports to the Department only 42 percent of the time (74 of a total of 176 reports) and of those submitted, 80 percent were late. We found that each of the 25 communities in our sample submitted their audited financial statements for the fiscal years sampled, although about half were submitted late.

94. Department officials indicated that they did not follow up with community governments when quarterly reports were not submitted or were submitted late. This is despite the fact that the requirement for quarterly reports was introduced to allow for more frequent monitoring so that potential problems could be identified earlier and addressed before they escalated. Officials further added that once a community government falls into a budgetary deficit position, it is very difficult for it to eliminate the deficit. This is particularly the case for non-tax-based communities. Officials told us that community governments often lack financial management capacity to meet these types of financial requirements.

95. **Recommendation.** The Department of Municipal and Community Affairs should identify standard performance information for essential services that could be required under its contribution

agreements. It should also follow a risk-based approach to identifying those higher-risk communities for which more frequent information should be provided.

***The Department's response.** Agreed. The Department of Municipal and Community Affairs will implement a broad, risk-based approach using tools to tailor community governments' engagement, based on the nature of the issues and the relative risk to the public or community governments.*

*The Department will work with stakeholders to map out a staged approach for this engagement strategy:*

- *The initial stage will use the NWT Community Government Accountability Framework tool, during which the community government self-assesses its performance and the Department identifies how it can support issues identified.*
- *The mid-range stage is the contribution agreement, where there is defined accountability. This tool can be enhanced, when deemed necessary, to have specific actions related to essential services.*
- *The next stage may be an operational review or municipal inspection, where the Department goes into a community and investigates the specific issue to determine whether there is risk requiring formal intervention.*
- *The highest stage of engagement with stakeholders would be represented by co-management, supervision, or administration, where the Department takes a hands-on approach to overseeing the community government to ensure that critical tasks are completed to the Government of the Northwest Territories' satisfaction.*

96. **Regular communication with community governments.** Officials told us that a primary way they monitored community governments was through regular communication by email, telephone, and community visits, rather than through more formal mechanisms. For example, when community governments were considering major capital projects, they often called on the Department to provide technical expertise. The Department also provided ongoing advice and guidance to community governments on numerous issues including financial management, elections, and procurement. Finally, we found that senior management at the Department of Municipal and Community Affairs headquarters and regional offices met weekly to discuss what was occurring in communities and potential strategies to address issues of concern.

97. We noted that the Department had to intervene in a small number of communities where community governments experienced difficulties in managing their affairs and where essential services could be affected. The Department conducted operational reviews to assess a community government's financial management, entered into co-management agreements, and—in a small number of extreme cases—placed

community governments under supervision or administration. We did not audit the Department's use of these mechanisms.

98. We also noted that the Department had begun to develop an operational evaluation checklist based on a Government of Nunavut model, and to align the checklist with the accountability framework. The checklist included detailed questions covering many aspects of community government operations, including essential municipal services, financial administration, and human resources. Once adapted, the Department intended to use this tool to obtain further information when the accountability framework results indicate serious issues or to help with the verification process when officials question the validity of the results.

99. **Recommendation.** The Department of Municipal and Community Affairs should review its monitoring mechanisms—notably contribution agreements and the NWT Community Government Accountability Framework—to determine how to use them more thoroughly to facilitate ongoing engagement with community governments. This would help provide community governments with required and timely support for essential services. The Department should also continue to develop tools aimed at identifying and collecting information critical for community government support.

*The Department's response.* Agreed. The Department of Municipal and Community Affairs envisions creating and documenting a process by which the Department engages with community governments using tools such as the NWT Community Government Accountability Framework, contribution agreements, and other reports and activities. Department engagement can range from support and advice, to increasing formal requests for compliance with contribution agreements or legislation, to formal authority through municipal supervision or administration.

*The Department will pay particular attention in this exercise to identifying the type of engagement associated with each of the tools and how that engagement would escalate if issues and risks were identified.*

*This process must clearly define the respective roles and responsibilities of the community governments and of the Department. For example, contribution agreements should define the expectations of community governments in relation to funding being provided. This work will align with the handbooks and exercises noted earlier and will be fully completed by September 2017.*

*The Department will engage with stakeholders in developing these processes to ensure that actions and expectations are reasonable, are well understood, and can be effectively delivered.*

## The Department did not adequately address risks specific to designated authority communities

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### What we found

100. We found that the Department of Municipal and Community Affairs did not take adequate action to mitigate risks specific to the delivery of essential services in designated authority communities. Although the Department lacked the legislative authority to intervene in these communities if the delivery of essential services was inadequate or threatened residents' well-being, it did not use contribution agreements that funded these services to specify performance conditions and situations where the Department could intervene if the delivery of these services was at risk.

101. We also found that the Department did not establish effective partnerships with the federal department of Indigenous and Northern Affairs Canada, which is responsible for developing governance capacity in First Nations communities to help support them.

102. Our analysis supporting this finding presents what we examined and discusses

- managing potential risks to essential services, and
- establishing partnerships to improve community governance.

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### Why this finding matters

103. This finding matters because designated authority communities are responsible for providing essential services to their residents, but the Department's monitoring found that some communities had significant capacity challenges. Without using contribution agreements to enable departmental intervention if needed or improving governance capacity in these communities, funding provided by the Department and delivery of the essential services for which this funding is provided are at risk.

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### Recommendations

104. Our recommendations in these areas of examination appear at paragraphs 109 and 112.

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### Analysis to support this finding

105. **What we examined.** We examined whether the Department of Municipal and Community Affairs used contribution agreements to address potential risks to the essential services it funded in designated authority communities. We also examined whether the Department established and implemented processes to work with Indigenous and Northern Affairs Canada to help governance capacity development in designated authority communities.

106. **Managing potential risks to essential services.** Of the 33 communities in the Northwest Territories, 9 fall within the jurisdiction of the *Indian Act*. The Department's mandate to support community governments extends to designated authority communities, funding and supporting them in the same way as other communities. However, it lacks the legislative authority to intervene in these communities if their essential services are at risk. Since these 9 designated authority communities are not established as municipalities, the territorial legislation that grants the Department these powers is not applicable.

107. Indigenous and Northern Affairs Canada also has responsibilities for these designated authority communities. Under the *Indian Act* and departmental policies, it has responsibilities for developing governance capacity within First Nations governments, including those in the designated authority communities. Its Default Prevention and Management Policy enables it to intervene if designated authority communities mismanage funds provided by Indigenous and Northern Affairs Canada, or these communities are unable to administer their affairs related to funding from the department. (Health Canada is also able to intervene under this policy in relation to funds it provides.) However, the policy does not allow Indigenous and Northern Affairs Canada to intervene when the mismanagement is related to territorial funding. This has created a gap; that is, neither the Department of Municipal and Community Affairs nor Indigenous and Northern Affairs Canada has the legislative authority to intervene in situations where essential services funded by the Department may be at risk.

108. We found that the Department did not use contribution agreements with these community governments to help identify and manage risks to essential services it funded and to help fill the gap. For example, we found that the Department's contribution agreements with these community governments did not include provisions for collecting performance information or taking corrective action for the essential services it funded. This was problematic because some designated authority communities had known risks to essential services and may have benefited from more departmental support.

109. **Recommendation.** The Department of Municipal and Community Affairs' contribution agreements with designated authorities should include provisions related to the delivery of essential services it funds, to allow it to collect required performance information and take corrective action when these essential services are at risk.

*The Department's response.* Agreed. Due to the complex relationship with the designated authorities, it is necessary to review the contribution agreements and enhance their effectiveness by establishing specific performance criteria that are required and identifying the consequences that will take place if those criteria are not met. The Department of Municipal and Community Affairs will consult with Indigenous and

*Northern Affairs Canada as part of this work. Given that municipal legislation does not apply to designated authorities, the Department of Municipal and Community Affairs must be able to identify mechanisms to intervene or find alternative ways to ensure that service delivery is conducted in a manner that protects public health and safety—particularly in the delivery of essential services.*

*The Department of Municipal and Community Affairs will also consult internally within the Government of the Northwest Territories to ensure that the engagement with designated authorities aligns with the Aboriginal Engagement Strategy. It will ensure that actions to be taken through the oversight of contribution agreements with designated authorities is in line with other actions of the Government of the Northwest Territories, and ideally supported by Indigenous and Northern Affairs Canada.*

*The Department of Municipal and Community Affairs will have a new contribution agreement format developed and reviewed for implementation in April 2017.*

**110. Establishing partnerships to improve community governance.**

Department officials expressed concern that the gap leaves both these communities and the Department's funding at risk, since under its Default Prevention and Management Policy, Indigenous and Northern Affairs Canada can consider intervention only if its funding is at risk.

111. We found that the Department made some attempts to engage Indigenous and Northern Affairs Canada in this area, given its responsibility for developing governance capacity in First Nations governments. However, these efforts did not result in a formal agreement between the two departments, setting out how they could work together to improve governance in these communities. Good governance is critical to the success of community governments; many of the issues surrounding funding management and service delivery may be related to the limited governance capacity in Northwest Territories' communities.

112. **Recommendation.** The Department of Municipal and Community Affairs should consult with Indigenous and Northern Affairs Canada to determine how the two organizations could work more effectively together to strengthen community governance in designated authority communities.

***The Department's response.*** *Agreed. The Department of Municipal and Community Affairs will continue its efforts to engage with Indigenous and Northern Affairs Canada and will strive to achieve the following:*

- *Develop a two- to three-hour presentation or workshop for local elected officials to explain the roles of Indigenous and Northern Affairs Canada, the Department of Municipal and Community Affairs, and local community governments in the following types of community structures: municipal corporation (including charter community), self-government, and designated authority.*



- *Develop a departmental protocol for engaging with designated authorities when the Department of Municipal and Community Affairs identifies a risk or issue that requires resolution. This identification of risk or issues may occur through the use of tools such as the NWT Community Government Accountability Framework and the monitoring of financial statements and contribution agreements, or it may come about through engagement with the community government, Indigenous and Northern Affairs Canada, or other government departments. The protocol must include available measures up to and including third-party management and co-management.*
- *Develop a long-range plan for jointly supporting capacity building of First Nations governments in the Northwest Territories. This will include supporting the delivery of training to First Nations government staff and councils.*

## Capacity development for community governments

**The Department identified and provided training to community governments, but its effectiveness was at risk**

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### Overall message



113. Overall, we found that the Department of Municipal and Community Affairs' School of Community Government offered a range of training to community governments, but some of its courses were neither kept up to date nor periodically reviewed to ensure they met the needs of the community governments they were meant to serve. Opportunities to make training more accessible to community governments, such as online learning, had not been extensively offered or incorporated into the curriculum delivery.

114. This is important because the Department's mandate is to help local governments develop their own expertise in managing their communities' essential services. The School is one of their few options for acquiring these skills within the territory. Without up-to-date and more accessible programs, community governments may lack the necessary knowledge to manage and provide essential services.

115. Our analysis supporting this finding presents what we examined and discusses

- identifying training needs for community governments,
- providing training to build community governments' capacity,
- adapting training to address emerging community needs, and
- delivery methods for training.

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**Context**

116. The Department's School of Community Government was established in 1999 to support capacity building for community government elected officials and staff. It provides training, development opportunities, and resources related to their responsibilities, and training is voluntary. In the 2015–16 fiscal year, the School had nine employees and a budget of \$3.2 million, including a \$580,000 grant from the Northwest Territories' Department of Human Resources to help strengthen community capacity.

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**Recommendations**

117. Our recommendations in these areas of examination appear at paragraphs 128 and 129.

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**Analysis to support this finding**

118. **What we examined.** We examined whether the Department adequately addressed community governments' training needs. We did not assess the quality of training provided or examine specific course materials.

119. **Identifying training needs for community governments.** We found that the Department used multiple approaches to identify community governments' training needs. Its analysis identified training for senior community government positions as a key priority, and—given their critical role—committed to offering courses in governance, finance, and training specific to their needs. To identify suitable courses, the Department relied on communication between its regional staff and community governments and on information collected under the NWT Community Government Accountability Framework. It looked for capacity gaps both in individual communities and across communities to determine training required to address these gaps. We noted, however, that there were identified weaknesses in the quality of information collected under the accountability framework that could affect accurately identifying capacity gaps and training needs.

120. Officials told us that some efforts were made to tailor training to specific needs by assessing individuals' position requirements and aligning training offered. However, they noted that this occurred on an ad hoc basis and not across all community governments. In our view, this was a good practice that the Department may wish to consider implementing more formally and extending to all community governments.

121. **Providing training to build community governments' capacity.** The School's identification of training needs resulted in 109 courses and workshops being listed. We found that each year, the Department developed a course calendar for the upcoming fiscal year, which was a subset of the 109 courses and workshops. Department officials indicated

that they purposely scheduled related courses over a period of two to three years so municipal officials and employees could progress through a program of related courses to obtain certifications.

122. We found that the School offered courses related to many of the essential services community governments must provide, including in governance, finance, and administration. For example, we found that in the 2015–16 fiscal year, the School offered 56 courses and workshops in these areas. This included a series of workshops specifically focused on helping community governments to develop their governance capacity. These workshops were delivered to 82 people from various communities in the 2015–16 fiscal year.

123. The Department also provided training to senior administrative officers, having identified their role as essential to good community functioning. According to the Department, the rate of turnover at the senior administrative officer level—two to three years on average—can adversely affect community government operations. Starting in 2009, the School partnered with the Northwest Territories’ Department of Human Resources and non-governmental organizations to offer the Advancing Local Government Administrators Program. This program was intended to train, support, and retain future senior administrative officers for a more stable, local, and effective senior public service in community governments. However, while the Department of Municipal and Community Affairs had spent close to \$3 million on this program since 2009, we noted issues with its effectiveness. For example, approximately \$1 million of program spending in the 2013–14 to 2015–16 fiscal years was targeted at training potential senior administrative officers to fill vacant positions, which yielded only four graduates. Officials told us there were several reasons for this, including high staff turnover, poor attendance, or student failure to successfully complete all program elements.

124. We also noted that the Department had experienced internal capacity challenges that affected its training efforts. For example, officials told us that the School had been forced to cancel several scheduled courses over the last two fiscal years due to lack of funding, including some related to essential services delivery. They further noted challenges in updating some course curricula to ensure it remained consistent with current legislative and other changes, including new land, water, and resource administration in the Government of the Northwest Territories. Officials told us the Department lacked the expertise or human resource capacity to undertake this work.

125. **Adapting training to address emerging community needs.** We found that while the Department collected a significant amount of information on its training quality by surveying participants after course completion, little of this information was used to measure and improve course delivery. Officials cited capacity issues as the reason for this.

126. **Delivery methods for training.** We noted that the School faced significant logistical constraints in delivering courses to remote communities. To address this challenge, we found that the School had begun to make limited use of distance education technology to offer training to community government officials for a small number of courses, but had plans to expand the range of available online courses. For example, we found that the School worked with the Local Government Administrators of the Northwest Territories to develop an online training series for local government administrators. The Department expected to launch this training by October 2016.

127. At the time of our audit, the Department was also considering other methods to provide the necessary training and skills upgrades for community governments, such as partnering with Aurora College to deliver its courses.

128. **Recommendation.** The Department of Municipal and Community Affairs should formally assess how it identifies training needs for community governments, as well as the suite of training offered, to ensure that it continues to help community governments meet their needs and develop the required capacity to deliver essential services.

*The Department's response. Agreed. The Department of Municipal and Community Affairs will work with stakeholders, including the NWT Association of Communities and the Local Government Administrators of the Northwest Territories, to determine whether current approaches to the following meet client needs:*

- *approach to identifying training requirements,*
- *course scheduling, and*
- *appropriateness of course content and the need for curriculum review.*

*The Department currently collects information on the above through trends analysis from the NWT Community Government Accountability Framework, requests for training through regional offices, and individual course evaluations.*

*If it is determined that a more formalized approach is desired, the Department will investigate conducting annual surveys potentially aligned with the accountability framework or the customer satisfaction survey, or as a stand-alone survey to ensure that the Department is collecting adequate information to determine whether its program delivery is meeting the needs of community government staff and councils.*

129. **Recommendation.** The Department of Municipal and Community Affairs should explore the use of distance education and partnership opportunities with educational institutions and other organizations as appropriate, to maximize the delivery of its programming.

***The Department's response.*** *Agreed. The Department of Municipal and Community Affairs is exploring maximizing programming delivery using a number of opportunities.*

*In the 2016–17 fiscal year, the Department is piloting online delivery of a number of training programs for both elected officials and community government staff. Once the model for this style of program delivery is developed, the Department can continue to expand delivery in a planned approach for other programs delivered by the School of Community Government. Among programs being piloted in the 2016–17 fiscal year are six municipal governance modules, six Aboriginal governance modules, and the Local Government Administrator Essentials program.*

*The Department currently works with a range of educational institutions to allow both program access as well as professional certification. The Department will continue to explore these types of partnerships in order to expand opportunities for education and certification of community government staff in the Northwest Territories. Current partners include Royal Roads University, the College of the Rockies, the University of Alberta, and Aurora College.*

*In addition to maximizing delivery, the Department will take advantage of these partnerships to validate our curriculum, seek to enhance our products, and continually improve the delivery of programs and services.*

## Conclusion

130. We concluded that the Department of Municipal and Community Affairs did not adequately support community governments' delivery of the essential services it funded. Although the Department monitored community governments' provision of some essential services to residents, it did not adequately assist community governments to help ensure essential services were provided in accordance with requirements. We found that risks remained in delivering these services and that the Department's actions to mitigate these risks in many cases were not sufficient.

131. Community governments are responsible for the delivery of essential services to their residents. However, the Department must adequately monitor and support these community governments, and assist them in managing risks associated with inadequate service delivery.

# About the Audit

The Office of the Auditor General's responsibility was to conduct an independent examination of support to communities for municipal services in the Northwest Territories to provide objective information, advice, and assurance to assist the Legislative Assembly in its scrutiny of the government's management of resources and programs.

All of the audit work in this report was conducted in accordance with the standards for assurance engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook—Assurance. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.

As part of our regular audit process, we obtained management's confirmation that the findings in this report are factually based.

## Objective

The objective of this audit was to determine whether the Northwest Territories' Department of Municipal and Community Affairs adequately supported community governments' delivery of the essential services it funded.

## Scope and approach

Audit work focused on the Department of Municipal and Community Affairs' activities to support community governments' delivery of essential services. Essential services included those related to

- safe drinking water,
- waste management,
- fire protection, and
- emergency preparedness planning.

These service areas were chosen due to their potential to directly and significantly affect human health and safety. While other services (for example, those related to recreation and road maintenance) are also important to quality of life, their potential for immediate impact on residents is lower.

This work included assessing the Department of Municipal and Community Affairs' tools to monitor community governments, and the nature and extent of the monitoring it carried out. Our audit included analyzing whether the Department's actions to support community governments to address issues related to service delivery (as identified through monitoring activities or requests from community governments) and to mitigate associated risks were adequate.

We also examined the Department's roles and responsibilities specific to supporting designated authorities and assessed departmental efforts to work with Indigenous and Northern Affairs Canada to address service delivery issues in these communities. The audit scope did not include Indigenous and Northern Affairs Canada.

Finally, we examined the Department of Municipal and Community Affairs' efforts to develop community government capacity through the School of Community Government, including how the Department maximized its available resources to best support community governments' needs.

We did not examine other key municipal services, including road maintenance, recreation programs, bylaw enforcement, land-use control and community planning, or borrowing and collecting property taxes. Nor did we audit community governments or the actions they took to deliver services to their residents, since our audit mandate did not extend to community governments. Our audit also did not examine the Department's use of mechanisms to intervene in communities experiencing difficulties managing their affairs. As well, while we refer to several Northwest Territories government departments in addition to the Department of Municipal and Community Affairs, our audit focused solely on the Department's performance. We did not audit federal departments, notably Indigenous and Northern Affairs Canada and Health Canada. Finally, we did not audit funding formulas used to provide communities with funds to provide essential services, nor did we audit whether communities received sufficient funds to provide those services.

When examining capacity development for community governments, we did not assess the quality of training provided or specific course materials.

**Criteria**

Criteria	Sources
<b>To determine whether the Department of Municipal and Community Affairs adequately supported community governments' delivery of the essential services it funded, we used the following criteria:</b>	
The Department of Municipal and Community Affairs adequately designs the NWT Community Government Accountability Framework and communicates its requirements to community governments.	<ul style="list-style-type: none"> <li>• Municipal and Community Affairs Establishment Policy</li> <li>• <i>Financial Management Board Handbook</i>, Government of the Northwest Territories</li> </ul>
The Department of Municipal and Community Affairs adequately monitors community governments to determine whether essential programs and services it funds are being adequately delivered to residents.	<ul style="list-style-type: none"> <li>• Financial Administration Manual, Government of the Northwest Territories</li> <li>• <i>Financial Management Board Handbook</i>, Government of the Northwest Territories</li> <li>• Community Government Funding policy</li> <li>• Municipal and Community Affairs Establishment Policy</li> <li>• NWT Community Government Accountability Framework</li> <li>• NWT Community Government Accountability Framework: Designated Authorities</li> <li>• Canada–Northwest Territories Infrastructure Framework Agreement</li> <li>• Administrative Agreement on the Federal Gas Tax Fund</li> </ul>

Criteria	Sources
<b>To determine whether the Department of Municipal and Community Affairs adequately supported community governments' delivery of the essential services it funded, we used the following criteria: (continued)</b>	
The Department of Municipal and Community Affairs takes corrective action to provide support to community governments as required.	<ul style="list-style-type: none"> <li>• Municipal and Community Affairs Establishment Policy</li> <li>• <i>Financial Management Board Handbook</i>, Government of the Northwest Territories</li> <li>• <i>Cities, Towns and Villages Act</i></li> <li>• <i>Charter Communities Act</i></li> <li>• <i>Hamlets Act</i></li> <li>• <i>Tłı̨chǫ Community Government Act</i></li> </ul>
The Department of Municipal and Community Affairs establishes and implements processes to work with Indigenous and Northern Affairs Canada to adequately support designated authorities.	<ul style="list-style-type: none"> <li>• Municipal and Community Affairs Establishment Policy</li> </ul>
The Department of Municipal and Community Affairs identifies and provides capacity-building opportunities to community government officials.	<ul style="list-style-type: none"> <li>• Municipal and Community Affairs Establishment Policy</li> </ul>

Management reviewed and accepted the suitability of the criteria used in the audit.

### Period covered by the audit

The audit examined the Department of Municipal and Community Affairs' activities covering the period from 1 April 2013 to 30 June 2016. Work related to the NWT Community Government Accountability Framework covered the period from 1 January 2010 to 30 June 2016. Audit work for this report was completed on 24 August 2016.

### Audit team

Assistant Auditor General: Jerome Berthelette  
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# List of Recommendations

The following is a list of recommendations found in the report. The number in front of the recommendation indicates the paragraph where it appears in the report. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Response
<p><b>Support for essential services in communities</b></p>	
<p><b>41.</b> The Department of Municipal and Community Affairs should formally assess its information gaps with respect to water quality testing and use the information to work with community governments and the Department of Health and Social Services to identify and provide communities with the required types of support to comply with water testing requirements. It should also work with community governments to ensure that all water treatment plant operators receive the required training and support to obtain the appropriate certification. <b>(23–40)</b></p>	<p><b>The Department’s response.</b> Agreed. The Department of Municipal and Community Affairs will support the recommendation by</p> <ul style="list-style-type: none"> <li>• continuing to work with the Interdepartmental Drinking Water Committee, whose mandate is to provide coordinated Government of the Northwest Territories support for technical issues relating to drinking water and waste management in the Northwest Territories. This includes drinking water systems, support to water and waste system operators, maintaining water quality data, and governance and regulation of water and waste in the Northwest Territories;</li> <li>• implementing a new database in the 2017–18 fiscal year that incorporates drinking water information needs of the Government of the Northwest Territories;</li> <li>• exploring options with the Department of Health and Social Services to expand and formalize the current process for sharing water testing results. This will include establishing a protocol for identifying the status of results and enabling the Department of Municipal and Community Affairs to make necessary adjustments to its support for community governments, including to the Circuit Rider Training Program; and</li> <li>• continuing to support training through delivery of the Circuit Rider Training Program, which provides hands-on formal training, course delivery through the School of Community Government, and one-on-one training to support community governments and ensure that their operators obtain required training and certification.</li> </ul>

Recommendation	Response
<p><b>53.</b> The Department of Municipal and Community Affairs, in consultation with the Department of Environment and Natural Resources, should work with community governments to help identify and provide the necessary support and capacity building, so that they can comply with regulatory and other waste management requirements. This should include</p> <ul style="list-style-type: none"> <li>• support needed by each community government to comply with the water licence that regulates the management of solid waste sites and sewage lagoons; and</li> <li>• support needed by community governments to ensure proper management of solid waste sites, and proper handling and disposal of hazardous waste. <b>(42–52)</b></li> </ul>	<p><b>The Department’s response.</b> Agreed. Through its work on the 2014 Municipal Funding Review, the Department of Municipal and Community Affairs acknowledges the need for improved support to community governments to fulfill their responsibilities related to solid waste. The Department will work with the other representatives on the Interdepartmental Drinking Water Management Committee to seek an extension of its terms of reference to create a subcommittee focused on waste management. Through this subcommittee, the Department will seek to formalize its understanding of the current condition of solid waste facilities in the Northwest Territories and any compliance issues with those facilities.</p> <p>The Department will also work with the subcommittee to identify resources to advance solid waste management, including through identifying best practices and providing training on solid waste management to community governments. This work will also be coordinated with the implementation of the Asset Management Strategy to create a complete inventory of solid waste sites, their capacity, and known issues with existing sites.</p> <p>Finally, the Department will bring forward changes to its Water and Sewer Funding Policy in the 2017–18 fiscal year to include funding for solid waste management. In association with efforts to fully fund a needs-based funding model, this will ensure that community governments receive funding to adequately operate and manage their solid waste facilities.</p>
<p><b>63.</b> The Department of Municipal and Community Affairs should take immediate action to reassess whether communities with fire departments meet requirements under the <i>Safety Act</i>. For those fire departments that do not, it should work with community governments to establish a plan to assist them in meeting requirements. For community governments without fire departments, the Department should work with them to develop a strategy for fire safety. <b>(54–62)</b></p>	<p><b>The Department’s response.</b> Agreed. Through its efforts under the Community Fire Protection Plan, the Department of Municipal and Community Affairs is putting tools and actions in place to strengthen community fire protection services for the Northwest Territories. As part of this, the Department has initiated consultation to update the <i>Fire Prevention Act</i> and further define community governments’ role in fire protection.</p> <p>The Department’s efforts also include a fire department assessment tool, scheduled for completion in spring 2017, which will assess administrative aspects of community fire services including compliance under the <i>Safety Act</i>. Once the assessment tool is complete, the Department will provide councils and staff with information on the tool and seek their commitment and interest in using it to identify current levels of service and gaps or risks. As assessments are completed, the Department will work with community governments to identify actions required to address gaps, obtain compliance with the <i>Safety Act</i>, and meet their desired level of service.</p> <p>The full suite of tools and resources, including sample bylaws, standard operating procedures, training strategies, and public education tools, will be complete by winter 2018.</p> <p>If a community does not have a fire department, efforts will focus on fire prevention to reduce the risk of injury or damage.</p>

Recommendation	Response
<p><b>69.</b> The Department of Municipal and Community Affairs should work with community governments to provide the required supports, so that all communities have current emergency plans and receive training to implement these plans. <b>(64–68)</b></p>	<p><b>The Department’s response.</b> Agreed. The Department of Municipal and Community Affairs is updating the <i>Civil Emergency Measures Act</i> and anticipates introducing new legislation in fall 2017. This work will coincide with efforts to maximize available support to create and maintain emergency plans and training. The Department intends to use additional staff to help review existing plans and conduct table-top exercises, so that Department staff can assist community governments in understanding, practising, and updating their existing plans, as required (for example, minor updates to contact information). More comprehensive plan development will continue to be supported by existing staff. At a minimum, the Department will review 5 plans per year and will endeavour to increase that to 8 to 10 plans per year in the 2017–18 fiscal year with additional staff.</p> <p>As part of its effort to expand learning opportunities, the Department will assign resources to create a basic emergency management course. For fall 2016 development, this resource will provide an online opportunity for individuals to learn basic emergency management concepts. Successful completion of this online course, combined with emergency plan workshops and table-top exercises, will significantly increase community representatives’ capacity to prepare for and respond to emergency situations.</p>
<p><b>80.</b> The Department of Municipal and Community Affairs should regularly review and modify (as required) the wording of the questions in the NWT Community Government Accountability Framework to ensure community governments can correctly answer them. <b>(70–79)</b></p>	<p><b>The Department’s response.</b> Agreed. Each year, the Department of Municipal and Community Affairs reviews questions and stakeholders’ feedback to ensure the questions are understood and that community government representatives comprehend the nature of the questions and their responses.</p> <p>The Department has communicated and reaffirmed to stakeholders that the NWT Community Government Accountability Framework is a living document and that, as required or appropriate, the questions and indicators will be updated to ensure that the tool is useful to community governments and the Department, to inform their engagement and priorities to work together.</p> <p>In an effort to provide community governments with additional opportunity to provide comments, the Department adjusted the framework tool for the 2015–16 data collection to include a place for community governments to record comments and feedback on each indicator. That way, if they wish to raise issues with a question or provide further explanation, they are able to do so. As the Department continues to enhance the tool, it will seek continued opportunity to refine questions and provide opportunities for stakeholder feedback.</p>

Recommendation	Response
<p><b>81.</b> The Department of Municipal and Community Affairs should develop clear guidance for community government officials to complete and Department officials to assess the NWT Community Government Accountability Framework's performance indicator checklists. The guidance should explain the criteria for each question and provide community governments with clear guidance on how to respond appropriately to each question. <b>(70–79)</b></p>	<p><b>The Department's response.</b> Agreed. The Department of Municipal and Community Affairs will develop a handbook for the NWT Community Government Accountability Framework.</p> <p>The handbook will have two components. The first, to be completed by March 2017, will provide information to community government stakeholders on the accountability framework. This will include</p> <ul style="list-style-type: none"> <li>• an explanation of the tool and the intended purpose;</li> <li>• information on how the tool works, including online data collection;</li> <li>• information on the questions, their intent, and what a green, yellow, or red response may look like (with a help button for respondents if software permits that it be included directly in the tool itself);</li> <li>• information on how indicators are scored and how the green, yellow, and red assessment is determined; and</li> <li>• what to expect from the Department once the tool is complete.</li> </ul> <p>The second component of the handbook for departmental use, to be completed by September 2017, will provide guidance to departmental staff on the implementation of the tool, including a calendar for implementation, information on tracking and validating indicator questions, and guidance on developing and implementing community government annual reports.</p>
<p><b>86.</b> The Department of Municipal and Community Affairs should develop a strategy to verify the accuracy of information from community governments under the NWT Community Government Accountability Framework, in order to support meaningful engagement with community governments on required supports and foster accurate decision making about its departmental operations. <b>(82–85)</b></p>	<p><b>The Department's response.</b> Agreed. As part of the development of the handbook described in the response to Recommendation 81, the Department of Municipal and Community Affairs will take a critical look at the questions in each indicator and the methodology for verifying each community government's response.</p> <p>As part of the work on the handbook, the Department intends to develop a prioritization (or weighting) exercise for the questions in each key indicator. The purpose of this change to the NWT Community Government Accountability Framework tool will be to properly distinguish between the relative importance of different questions in a key indicator. By adding a weighting criteria into the indicator, the results will more accurately reflect the performance of the community government.</p> <p>In terms of verifying accuracy, the Department will ensure that the items that are weighted more heavily have documented verification available. Less heavily weighted questions may be captured through discussions and meetings but not verified through a formal process or document. Given the purpose of the accountability framework as an initial self-assessment of a community government performance, the Department will not document and track every question but will focus on the more critical items related to performance.</p>

Recommendation	Response
<p><b>95.</b> The Department of Municipal and Community Affairs should identify standard performance information for essential services that could be required under its contribution agreements. It should also follow a risk-based approach to identifying those higher-risk communities for which more frequent information should be provided. <b>(87–94)</b></p>	<p><b>The Department’s response.</b> Agreed. The Department of Municipal and Community Affairs will implement a broad, risk-based approach using tools to tailor community governments’ engagement, based on the nature of the issues and the relative risk to the public or community governments.</p> <p>The Department will work with stakeholders to map out a staged approach for this engagement strategy:</p> <ul style="list-style-type: none"> <li>• The initial stage will use the NWT Community Government Accountability Framework tool, during which the community government self-assesses its performance and the Department identifies how it can support issues identified.</li> <li>• The mid-range stage is the contribution agreement, where there is defined accountability. This tool can be enhanced, when deemed necessary, to have specific actions related to essential services.</li> <li>• The next stage may be an operational review or municipal inspection, where the Department goes into a community and investigates the specific issue to determine whether there is risk requiring formal intervention.</li> <li>• The highest stage of engagement with stakeholders would be represented by co-management, supervision, or administration, where the Department takes a hands-on approach to overseeing the community government to ensure that critical tasks are completed to the Government of the Northwest Territories’ satisfaction.</li> </ul>
<p><b>99.</b> The Department of Municipal and Community Affairs should review its monitoring mechanisms—notably contribution agreements and the NWT Community Government Accountability Framework—to determine how to use them more thoroughly to facilitate ongoing engagement with community governments. This would help provide community governments with required and timely support for essential services. The Department should also continue to develop tools aimed at identifying and collecting information critical for community government support. <b>(96–98)</b></p>	<p><b>The Department’s response.</b> Agreed. The Department of Municipal and Community Affairs envisions creating and documenting a process by which the Department engages with community governments using tools such as the NWT Community Government Accountability Framework, contribution agreements, and other reports and activities. Department engagement can range from support and advice, to increasing formal requests for compliance with contribution agreements or legislation, to formal authority through municipal supervision or administration.</p> <p>The Department will pay particular attention in this exercise to identifying the type of engagement associated with each of the tools and how that engagement would escalate if issues and risks were identified.</p> <p>This process must clearly define the respective roles and responsibilities of the community governments and of the Department. For example, contribution agreements should define the expectations of community governments in relation to funding being provided. This work will align with the handbooks and exercises noted earlier and will be fully completed by September 2017.</p> <p>The Department will engage with stakeholders in developing these processes to ensure that actions and expectations are reasonable, are well understood, and can be effectively delivered.</p>

Recommendation	Response
<p><b>109.</b> The Department of Municipal and Community Affairs' contribution agreements with designated authorities should include provisions related to the delivery of essential services it funds, to allow it to collect required performance information and take corrective action when these essential services are at risk. <b>(100–108)</b></p>	<p><b>The Department's response.</b> Agreed. Due to the complex relationship with the designated authorities, it is necessary to review the contribution agreements and enhance their effectiveness by establishing specific performance criteria that are required and identifying the consequences that will take place if those criteria are not met. The Department of Municipal and Community Affairs will consult with Indigenous and Northern Affairs Canada as part of this work. Given that municipal legislation does not apply to designated authorities, the Department of Municipal and Community Affairs must be able to identify mechanisms to intervene or find alternative ways to ensure that service delivery is conducted in a manner that protects public health and safety—particularly in the delivery of essential services.</p> <p>The Department of Municipal and Community Affairs will also consult internally within the Government of the Northwest Territories to ensure that the engagement with designated authorities aligns with the Aboriginal Engagement Strategy. It will ensure that actions to be taken through the oversight of contribution agreements with designated authorities is in line with other actions of the Government of the Northwest Territories, and ideally supported by Indigenous and Northern Affairs Canada.</p> <p>The Department of Municipal and Community Affairs will have a new contribution agreement format developed and reviewed for implementation in April 2017.</p>
<p><b>112.</b> The Department of Municipal and Community Affairs should consult with Indigenous and Northern Affairs Canada to determine how the two organizations could work more effectively together to strengthen community governance in designated authority communities. <b>(110–111)</b></p>	<p><b>The Department's response.</b> Agreed. The Department of Municipal and Community Affairs will continue its efforts to engage with Indigenous and Northern Affairs Canada and will strive to achieve the following:</p> <ul style="list-style-type: none"> <li>• Develop a two- to three-hour presentation or workshop for local elected officials to explain the roles of Indigenous and Northern Affairs Canada, the Department of Municipal and Community Affairs, and local community governments in the following types of community structures: municipal corporation (including charter community), self-government, and designated authority.</li> <li>• Develop a departmental protocol for engaging with designated authorities when the Department of Municipal and Community Affairs identifies a risk or issue that requires resolution. This identification of risk or issues may occur through the use of tools such as the NWT Community Government Accountability Framework and the monitoring of financial statements and contribution agreements, or it may come about through engagement with the community government, Indigenous and Northern Affairs Canada, or other government departments. The protocol must include available measures up to and including third-party management and co-management.</li> <li>• Develop a long-range plan for jointly supporting capacity building of First Nations governments in the Northwest Territories. This will include supporting the delivery of training to First Nations government staff and councils.</li> </ul>

Recommendation	Response
<b>Capacity development for community governments</b>	
<p><b>128.</b> The Department of Municipal and Community Affairs should formally assess how it identifies training needs for community governments, as well as the suite of training offered, to ensure that it continues to help community governments meet their needs and develop the required capacity to deliver essential services. <b>(118–127)</b></p>	<p><b>The Department’s response.</b> Agreed. The Department of Municipal and Community Affairs will work with stakeholders, including the NWT Association of Communities and the Local Government Administrators of the Northwest Territories, to determine whether current approaches to the following meet client needs:</p> <ul style="list-style-type: none"> <li>• approach to identifying training requirements,</li> <li>• course scheduling, and</li> <li>• appropriateness of course content and the need for curriculum review.</li> </ul> <p>The Department currently collects information on the above through trends analysis from the NWT Community Government Accountability Framework, requests for training through regional offices, and individual course evaluations.</p> <p>If it is determined that a more formalized approach is desired, the Department will investigate conducting annual surveys potentially aligned with the accountability framework or the customer satisfaction survey, or as a stand-alone survey to ensure that the Department is collecting adequate information to determine whether its program delivery is meeting the needs of community government staff and councils.</p>
<p><b>129.</b> The Department of Municipal and Community Affairs should explore the use of distance education and partnership opportunities with educational institutions and other organizations as appropriate, to maximize the delivery of its programming. <b>(118–127)</b></p>	<p><b>The Department’s response.</b> Agreed. The Department of Municipal and Community Affairs is exploring maximizing programming delivery using a number of opportunities.</p> <p>In the 2016–17 fiscal year, the Department is piloting online delivery of a number of training programs for both elected officials and community government staff. Once the model for this style of program delivery is developed, the Department can continue to expand delivery in a planned approach for other programs delivered by the School of Community Government. Among programs being piloted in the 2016–17 fiscal year are six municipal governance modules, six Aboriginal governance modules, and the Local Government Administrator Essentials program.</p> <p>The Department currently works with a range of educational institutions to allow both program access as well as professional certification. The Department will continue to explore these types of partnerships in order to expand opportunities for education and certification of community government staff in the Northwest Territories. Current partners include Royal Roads University, the College of the Rockies, the University of Alberta, and Aurora College.</p> <p>In addition to maximizing delivery, the Department will take advantage of these partnerships to validate our curriculum, seek to enhance our products, and continually improve the delivery of programs and services.</p>