



**HOUSE OF ASSEMBLY MANAGEMENT COMMISSION**

**2016 ANNUAL REPORT**

## MESSAGE FROM THE SPEAKER

As Speaker of the Nova Scotia House of Assembly and Chair of the House of Assembly Management Commission, I am pleased to present the Annual Report for the House of Assembly Management Commission for the calendar year January 1 to December 31, 2016.

This Report sets out the decisions and activities of the Management Commission as required by Section 11 of the ***House of Assembly Management Commission Act***. It also contains a narrative of the Audit Committee's work during the year.

Pursuant to Section 22(5) of the ***House of Assembly Act***, this Report contains as an Appendix the Auditor General's "Annual Audit Results" for the House of Assembly for the year ending March 31, 2016. The Auditor General's Report concludes that the House of Assembly expenditures are in compliance with the ***House of Assembly Management Commission Regulations*** and where applicable the policies of the public service of the Province of Nova Scotia for the year ending March 31, 2016 and that the Chief Clerk's assessment of the effectiveness of internal controls of the House of Assembly is fairly stated and the internal controls are operating effectively for the year ending March 31, 2016.

The House of Assembly Management Commission has worked diligently to meet its mandate as set out in legislation during the past year.

I would like to thank the members of the House of Assembly Management Commission, the members of the Audit Committee as well as the employees of the House of Assembly for their work during the 2016 calendar year.

Hon. Kevin Murphy  
Speaker of the House of Assembly  
Chair, House of Assembly Management Commission

Date: January 24, 2017

## **Purpose of the House of Assembly Management Commission**

The House of Assembly Management Commission (the Management Commission) was established pursuant to Section 3 of the ***House of Assembly Management Commission Act*** (the **Act**).

The purpose of the Management Commission is to oversee the financial operation of the House of Assembly. The duties of the Commission are set out at subsection 11(1) of the **Act**:

*11 (1) The Commission is responsible for the financial stewardship of all public money that may be voted by the House of Assembly for the use and operation of the Assembly, and for all matters of financial and administrative policy affecting the Assembly and its members, offices and staff and in connection with them and, in particular, the Commission shall*

*(a) monitor the expenditures of the Assembly;*

*(b) review and approve the administrative, financial, human-resource and management policies and procedures of the Assembly offices;*

*(c) implement and periodically review and update financial and management policies applicable to the Assembly offices;*

*(d) give directions with respect to matters that the Commission considers necessary for the efficient and effective operation of the Assembly offices;*

*(e) make and keep current regulations respecting the proper administration of allowances for members of the Assembly and reimbursement and payment of their expenditures;*

*(f) annually report, in writing, to the House of Assembly, through the Chair, with respect to its decisions and activities; and*

*(g) exercise other powers given to the Commission and perform other duties imposed on the Commission under this or another Act.*

Clause 11(1)(f) of the **Act** requires the Management Commission to report annually its decisions and activities. This Report is the Annual Report of the decisions and activities of the Management Commission for the calendar year January 1 to December 31, 2016.

In carrying out its duties, the Management Commission is greatly assisted by the work of its Audit Committee. The duties of the Audit Committee are set out at subsection 18(1) of the **Act**:

18 (1) *The Audit Committee shall*

(a) *provide assistance to the Commission in fulfilling its oversight responsibility to the House of Assembly and the public with respect to stewardship of public money;*

(b) *make recommendations to the Commission respecting the choice of and terms of engagement and compensation of the auditor appointed under Section 22;*

(c) *review the audit plans of the auditor, including the general approach, scope and areas subject to risk of material misstatement;*

(d) *review the audit report and recommendations of the auditor and give advice about them to the Commission;*

(e) *review the compliance report issued and recommendations, if any, provided by the Auditor General as a result of a compliance audit conducted under Section 23 and give advice on that report and those recommendations to the Commission;*

(f) *review internal audit reports and make recommendations to the Commission as required in respect of matters arising from those reports and generally make recommendations with respect to internal audit procedures of the Assembly;*

(g) *review with the Chief Clerk the effectiveness of internal control and other financial matters, as well as compliance with legal requirements respecting accountability, record-keeping, tendering and conflict of interest in the Assembly offices;*

(h) *establish procedures for the receipt and treatment of complaints regarding accounting and internal controls, and the confidential submission by staff of the Assembly offices and by members of the public service of concerns regarding questionable accounting or auditing matters;*

(i) *use reasonable efforts to satisfy themselves as to the integrity of the Assembly's financial information systems and the competence of accounting personnel and senior financial management responsible for accounting and financial reporting;*

(j) *review disclosure practices of the Commission to ensure full, plain and timely disclosure of its decisions respecting financial matters; and*

(k) *act on, advise and report on other matters relating to the financial affairs of the Assembly as may be required by the Commission.*

The Audit Committee is established pursuant to Section 15 of the **Act**. There are four members of the Audit Committee: Mr Lauchlin McKenzie, FCPA, FCA (Chair), retired from KPMG and Mr Leo Gallant, FCPA, FCA, former Dean of Business at St. F.X. University, neither of these members are MLAs but are residents of Nova Scotia with demonstrated knowledge and experience in financial matters selected by the Chief Justice of Nova Scotia as required at clause 15(2)(b) of the **Act**. Hon. Labi Kousoulis and Hon. Chris d'Entremont, both members of the Management Commission, were selected by the Management Commission as required by clause 15(2)(a) of the **Act** and served on the Audit Committee for the 2016 calendar year. The Chief Clerk is the secretary of the Audit Committee as set out at Section 17 of the **Act**.

### **Composition of the House of Assembly Management Commission**

The composition of the Management Commission, as set out at subsection 3(2) of the **Act** is: The Speaker (the Chair), the Deputy Speaker, the Government House Leader, two additional members of the Government Caucus (of whom only one may be a member of the Executive Council), the Official Opposition House Leader, one additional member of the Official Opposition Caucus and one member of the caucus of each other recognized party.

At present there are eight members of the Management Commission. The Chief Clerk is a non-voting member and secretary of the Management Commission. For the reporting period of January 1 to December 31, 2016, the voting membership of the Management Commission was:

Hon. Kevin Murphy, Speaker

Ms Margaret Miller, Deputy Speaker (until January 12, 2016)

Mr Gordon Wilson, Deputy Speaker (since January 13, 2016)

Hon. Michel Samson, Government House Leader

Mr Iain Rankin, member of the Government Caucus

Hon. Labi Kousoulis, member of the Government Caucus

Hon. Chris d'Entremont, Official Opposition House Leader

Mr Larry Harrison, member of the Official Opposition Caucus

Hon. David Wilson, member of the NDP Caucus

## **Meetings of the House of Assembly Management Commission**

The Management Commission met on the following dates during the reporting period:

January 21, 2016

July 28, 2016

November 29, 2016

In accordance with subsection 9(3) of the **Act**, following each meeting, the Chief Clerk prepares for consideration and approval by the Management Commission at its next meeting, the minutes containing the substance of all decisions of the Management Commission. The minutes as approved by the Management Commission along with the Hansard transcribed recordings of the meetings are posted on the House of Assembly website. The address is: <http://nslegislature.ca>

The Management Commission held *in camera* meetings as provided for by subsection 9(1) of the **Act** to discuss personnel matters, potential litigation, legal advice and matters protected by privacy and data protection law as follows:

### **January 21, 2016**

An *in camera* meeting was held during which the following resolution was passed by the Management Commission:

The Contract of Service of Constituency Assistant was changed as follows:

- paragraph 1(c) – delete the words “term of” in the first line and insert the words “end of employment under”.
- delete paragraph 4 and substitute: “The employment commencement date under this Agreement is \_\_\_\_\_”.
- paragraph 5(a)
  - delete the “s” at the end of the word “subparagraph” in the first line;
  - delete “and (c)” in the first line; and
  - delete the words “before the end of its term” in the second line.
- paragraph 5(b) delete and re-letter remaining clauses in paragraph 5.

## **July 28, 2016**

An *in camera* meeting was held during which the following four part resolution was passed by the Management Commission:

- (a) that effective immediately and each time hereafter when a salary increase is approved for EC civil servant employees, all permanent House of Assembly employees who are on the EC salary scale are, subject to clause (b) of this resolution, entitled to the same salary increases on the same effective dates as those approved for EC employees in the civil service;
- (b) that the payment of the salary increases pursuant to clause (a) of this resolution is subject to confirmation that there are sufficient available funds in the House of Assembly budget to pay the salary increases;
- (c) that for greater certainty the salary increase referred to in clause includes the salary increase granted to EC employees in the civil service made retroactive to April 1, 2015; and
- (d) that the Director of Administration will advise the Public Service Commission of any changes or variations made by the House of Assembly Management Commission to the administrative, financial and human-resources policies pursuant to subsection 11(2) of the House of Assembly Management Commission Act.

## **Meetings of the Audit Committee**

The Audit Committee met on the following dates during the reporting period:

June 1, 2016

November 1, 2016

As required by subsection 18(3) of the **Act**, the Audit Committee reported formally on January 24, 2017, to the Management Commission as follows:

- 1) At the January 21, 2016 meeting the Chair requested that Ms Lusby provide an update on the five issues identified for attention in the report she prepared in November 2013 in response to the requirements set out in subsection 27(7) of the *House of Assembly Management Commission Regulations* reviewing MLA rental accommodation rates.

The Committee confirmed that the Management Commission's inventory policy requiring the tracking and tagging of all items over \$100 by divisions, items over \$50 for

MLAs and all MLA apartment furnishings on the Archibus System notwithstanding the Province of Nova Scotia has moved to tagging and tracking only “higher risk” items. Higher risk items are those of high value and susceptible to theft such as technology, expensive and easily portable or concealable items.

The 2015-16 3<sup>rd</sup> and 4<sup>th</sup> quarter financial were reviewed. On reviewing these reports variances between actual expenses and forecast were noted. Since there is no longer a limit on advertising and the former “franking and travel” allowance have been added to the constituency allowance as an “additional allowance”, this may have contributed to an increase in MLA constituency advertising expenses. Robust guidelines may be helpful in curtailing some of the items that are questionable as “advertising”, such as promotional items like hats and pens with the MLA name on them, and it was suggested that the Management Commission may wish to review the advertising guidelines and provide clearer direction.

The Committee requested staff to report back on: a) the holding of committee meetings by telephone, b) the availability of maternity benefits for Constituency Assistants.

- 2) At the November 1, 2016 meeting, representatives from the Office of the Auditor General were present to discuss the House of Assembly audit for the year ending March 31, 2016. Two “clear” opinions resulted from the annual audit: a) Auditor’s Report on the operational effectiveness of, and the Chief Clerk’s assessment of the effectiveness of, internal controls of the House of Assembly, and b) Auditor’s Report on compliance with the policies of the House of Assembly Management Commission.

There were no specific recommendations in the report, however, the Auditor General did raise concern with the Audit Committee’s non-conformity with clause 18(2)(a) of the **Act** requiring the Audit Committee meet at least four times a year. The Chair responded that on a go-forward basis the timing of committee meetings would coincide with the quarterly statement to insure four meetings are held each fiscal year (April 1 - March 31).

A similar concern was raised relating to the Management Commission’s challenge in fulfilling its obligation to meet “at least quarterly” as set out in clause 11(3)(b) of the **Act**.

The House of Assembly continues to participate in the government business continuity plan processes. The Sergeant-at-Arms will be responsible for security of the parliamentary precinct and Ms Lusby will be responsible for the administrative business continuity components of the risk plan.

On a go-forward basis Risk Assessment/Management will be a permanent agenda item for the committee and it is recommended that the item also be a permanent one on the Management Commission’s agenda.

Ms Lusby provided the review update requested by the Committee regarding member accommodation. No changes will be made to the present accommodation arrangements.

The 2015-16 4<sup>th</sup> quarter and the 2016-17 1<sup>st</sup> and 2<sup>nd</sup> quarter financials were reviewed.

The Committee studied a 2015-16 MLA budget to actual expense comparison and observed the following:

By merging franking and travel two trends have emerged:

- i. members are spending more of their available and budgeted funds; and
  - ii. because of the lifting of restrictions more money is being spent by members on advertising.
- members are not spending more than was budgeted but rather they are spending more of the budgeted amount than they did in the past when more restrictions were on the funds (i.e. franking and travel specific)
  - it is not the role of the committee to “micro-manage” the spending within the approved members’ budgets, however because of increased advertising spending, it would be helpful for both members and staff to have guidelines regarding reimbursement – such as maximum dollar amount per item or number of items or pre-approval of larger items. The committee agrees there should be a “balancing” between member flexibility in the cost of advertising and what the public perception is of the House of Assembly itself or the decisions being made by the members on spending. It was requested that the next meeting agenda include an item on advertising guidelines to continue the committee discussions.
  - the issue of per diem guidelines was also raised as it specifically relates to a portion for meals. Ms Lusby identified 2 challenges:
    - i. when members attend conferences and meals are provided, these amounts are to be deducted from the per diem based on the civil servant meal rate (breakfast \$8, lunch \$15 and dinner \$20) – this is not always done by the member (or understood by the member that it should be done) so the Speaker’s Office requests a copy of the agenda/itinerary and deducts for meals included as part of the conference; and
    - ii. when members claim per diems related to their duties in the Province it is very difficult to track whether meals are provided as part of the duties or not (i.e. caucus meeting where lunch is provided by caucus office from caucus budget or a lunch provided at some other meeting). It was suggested that the House of Assembly Management Commission could come to an agreement on how the per diems should work, with the onus on the members themselves to inform the Speaker’s

Office when meals are provided, and that a memo be circulated to the members setting out this requirement.

The Committee wishes to examine on a go-forward basis the 2011 to 2016 MLA expense summary corresponding to the presentation model of the quarterly report.

The Annual Audit Results for the fiscal year ending March 31, 2016 were approved and the Committee recommended the appointment of the Auditor General as the House of Assembly Management Commission Auditors for the fiscal year 2016-2017.

The Committee members were advised that unless the **Act** is amended to permit telephone meetings, the Audit Committee must hold its' meeting in person.

Written information regarding maternity leave benefits for Constituency Assistants was distributed to the Committee.

### **Activities and Decisions of the House of Assembly Management Commission**

At the January 21, 2016 meeting, the Management Commission:

- (a) adopted the 2015 House of Assembly Management Commission Annual Report and directed the Speaker to table the report in the House of Assembly;
- (b) adopted the 2015 Audit Committee Annual Report;
- (c) adopted the 2014-15 Office of the Auditor General Audit update; and
- (d) reviewed the 2015-16 2<sup>nd</sup> and 3<sup>rd</sup> quarter financials.

At the July 28, 2016, meeting, the Management Commission:

- (a) approved amendments to subsection 3(4), subsection 21(1), clause 26A(1)(a); subsection 27(2), clause 27(4)(a), subsections 28(1) and (2), clause 44(1)(b), subsection 43(5), Section 49 and subsection 55(2) of the **Regulations**;
- (b) waived the CPI increases under Section 52 of the **Regulations** for the 2016-17 fiscal year; and
- (c) reviewed the 2015-16 4<sup>th</sup> quarter financials and the 2016-17 1<sup>st</sup> quarter financials.

At the November 29, 2016 meeting, the Management Commission:

- (a) approved amendments to subsection 18(1), Section 27 and subsection 28(1) of the ***Regulations***;
- (b) adopted the 2015-16 Office of the Auditor General report;
- (c) recommended the appointment of the Office of the Auditor General as the auditors of the House of Assembly Management Commission for the fiscal year ending March 31, 2017;
- (d) received a risk assessment update; and
- (e) adopted the 2016-17 2<sup>nd</sup> quarter financials.

### **Auditor General's Audit**

Attached to this Annual Report is:

Appendix 1 – Office of the Auditor General of Nova Scotia Annual Audit Results for the House of Assembly for the year ending March 31, 2016



Office of the Auditor General of Nova Scotia

# Annual Audit Results

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House of Assembly  
Year Ending March 31, 2016



5161 George Street  
Royal Centre, Suite 400  
Halifax, Nova Scotia  
B3J 1S7

## Auditor General of Nova Scotia

To the Audit Committee of the House of Assembly of Nova Scotia:

We are near the end of our audit of internal controls and compliance of the House of Assembly, "the Assembly" for the year ended March 31, 2016 in accordance with Section 22 of the House of Assembly Management Commission Act.

In this report, we provide all of the information that our audit plan indicated we would communicate to you at the conclusion of our audit, and where appropriate, other communications required under Canadian generally accepted auditing standards (Canadian GAAS). We have addressed all of the matters that came to our attention during the course of the audit that we believe the Audit Committee should be aware of regarding the Assembly.

We will be pleased to elaborate on any of these points, to the extent you desire or consider necessary, during the Audit Committee meeting on November 1, 2016.

We would like to take this opportunity to express our appreciation to the Assembly for the cooperation and assistance provided to us by the Assembly's management and staff during the audit.

Yours sincerely,

Michael A. Pickup, CBA, CA  
Auditor General of Nova Scotia

November 1, 2016

Enclosure

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## Summary

We have performed our audit in a manner consistent with the Report to the Audit Committee - Annual Audit Plan, which was discussed with the Audit Committee on November 29, 2015.

This report has been prepared to include the communications between an auditor and Audit Committee, as required by Canadian Auditing Standards. It provides the Committee with timely observations arising from the audit that are significant and relevant to its responsibility to oversee the operations process; the promotion of effective two-way communication; and assisting Committee members in their review of the Chief Clerk's assessment of internal controls and the compliance of expenses with the policies of the House of Assembly Management Commission and, where applicable, the policies of the public service of the Province of Nova Scotia.

## Audit objectives

An audit is an independent examination of evidence supporting the assessment of internal controls and the compliance of the House of Assembly expenses in accordance with applicable policies.

The objectives of our audit were designed to provide reasonable assurance that the Chief Clerk's assessment of the effectiveness of internal controls of the House of Assembly is fairly stated and internal controls are operating effectively; and that the expenses incurred by the House of Assembly are in accordance with the House of Assembly Management Commission policies and the policies of the public service of the Province of Nova Scotia.

Our independent auditor's reports addressed these audit objectives.

## Independent Auditor's Report

Our audit is now complete and we will issue an unmodified auditor's opinion for the House of Assembly on the Chief Clerk's assessment of the effectiveness of internal controls and that the internal controls of the House of Assembly are operating effectively; as well as an unmodified auditor's opinion that the House of Assembly's expenditures are in compliance with the House of Assembly Management Commission policies and the policies of the public service, for the year ended March 31, 2016.

The form and content of our independent auditor's report was prepared in accordance with Canadian Auditing Standards.

Our auditor's reports will be released once we have received the following items:

- Communication of the acceptance of the Office of the Auditor General's report on audit results; and
- Receipt of management's signed letter of representations, to be dated November 1, 2016, indicating they have fulfilled their responsibilities in relation to the implementation, monitoring, and operation of internal controls; and the compliance of expenses in accordance with the policies of the Commission and the policies of the public service of the Province of Nova Scotia.

### Important information on the results of our audit

#### Significant audit, accounting, and financial reporting matters

Canadian Auditing Standards outlines that an important management responsibility is to establish and maintain internal control on an ongoing basis. Management's monitoring of controls includes considering whether they are operating as intended and that they are modified, as appropriate, for changes in conditions. Monitoring is done also to ensure that controls continue to operate effectively over time. Management's negligence to adhere to these standards can have a significant impact on the House of Assembly's internal controls.

We are responsible for discussing our views with the Audit Committee about the significant qualitative aspects of the House of Assembly's internal controls including the appropriateness of internal controls and the adequacy of controls to address risks' within the House of Assembly.

#### Significant risks and responses

Our audit plan did not identify any significant risk areas. As a result, we did not need to develop any additional audit procedures.

There were no significant changes from the audit procedures outlined in the Audit Plan. We are satisfied that our audit procedures appropriately addressed normal audit risks.

## Other observation

**Frequency of Audit Committee and House of Assembly Management Commission meetings**

The House of Assembly Management Commission Act, Section 18(2)(a), states that the Audit Committee shall meet at least four times a year or more often as required. In addition, the House of Assembly Act, Section 11(3)(b), indicates that the House of Assembly Management Commission shall meet regularly, and at least quarterly, review the financial performance of the House of Assembly as well as the actual expenditures of members compared with approved allocations.

We observed that these committees both met twice during the 2015-16 fiscal year.

Since the two Acts are prescriptive with regards to the frequency of meetings, it is important that the committees document on record the decision taken to meet less than is required in the Act.

## Other required communications

Canadian Auditing Standards require that we communicate certain other matters to the Audit Committee that may assist in its role of review of the financial performance of the House of Assembly, as well as expenditures of members. This information is noted in the following table.

Matters to be communicated	Results of our audit
<b>Auditor's independence</b>	We confirm that the Office of the Auditor General of Nova Scotia remained independent of the House of Assembly throughout the audit. No new matters have arisen since our presentation of the Audit Plan to the Audit Committee that could reasonably be thought to bear on our independence.
<b>Audit approach</b>	We performed our audit in accordance with the approach previously communicated in the Audit Plan.  Furthermore, as previously communicated, we planned our audit using a risk based approach. During the audit, no significant developments or new information came to our attention to indicate that a change in our initial assessment was warranted.
<b>Significant difficulties encountered in performing the audit</b>	We did not encounter any difficulties or disagreements with the House of Assembly management while performing our audit that would require the attention of the Audit Committee.
<b>Significant deficiencies in internal control</b>	Auditing standards require us to communicate control weaknesses identified during our audit that we consider to be significant deficiencies.

	A significant deficiency in internal control is a deficiency or combination of deficiencies, which in the auditor's judgment, are of enough importance to merit being reported to the Audit Committee. There were no significant observations noted during our audit.
<b>Fraud inquiry and communication with Management</b>	During the course of our audit, no fraud involving senior management or employees with a significant role in internal control, or that would cause a significant deficiency, came to our attention as the result of our audit procedures. Additionally, we have observed no other matters related to fraud that are, in our judgment, relevant to your responsibilities.
<b>Management representations</b>	We have requested certain written representations from management. A copy of management's representations is included as Appendix C.
<b>Management letter</b>	We have no observations to report to management.

## Related matters

### Audit hours and costs

The Auditor General Act indicates that, where the Auditor General performs the audit of a government agency, the Auditor General may charge fees directly to the government agency for the cost of the audit. We recognize it is in the best interest of all parties for us to perform efficient audits and keep costs low for all Nova Scotians. Therefore, we strive to ensure our work is planned and executed with maximum efficiency.

Our fees for the current year end audit are as follows:

	2016	2015
Audit costs	\$19,250	\$19,250

Our bill will be finalized and sent to management subsequent to the completion of our audit.

**Appendix A—Draft Independent Auditor’s Report – Internal Control**

**AUDITOR’S REPORT ON THE OPERATIONAL EFFECTIVENESS OF, AND THE CHIEF CLERK’S ASSESSMENT OF THE EFFECTIVENESS OF, INTERNAL CONTROLS OF THE HOUSE OF ASSEMBLY**

To the Chair of the House of Assembly Management Commission of Nova Scotia:

In accordance with Section 22(5)(c) of the House of Assembly Management Commission Act, I have audited the Chief Clerk’s assessment of the operating effectiveness of the House of Assembly’s internal controls for the year ended March 31, 2016. I have also conducted an audit of the operating effectiveness of these controls for this period.

***Management’s Responsibility***

Management of the House of Assembly is responsible for maintaining effective internal controls, and preparing the Chief Clerk’s assessment of the effectiveness of internal controls.

***Auditor’s Responsibility***

My responsibility is to express an opinion on whether the Chief Clerk’s assessment of the effectiveness of internal controls of the House of Assembly is fairly stated, and whether the internal controls are operating effectively.

I conducted my audit in accordance with Canadian Auditing Standards. Those standards require that I obtain evidence to support that the Chief Clerk’s assessment of internal controls is fairly stated, including tests of the evaluations to support that assessment. Those standards also require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal controls are operating effectively. My audit of internal controls included obtaining an understanding of internal controls, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as I considered necessary in the circumstances.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Because of its inherent limitations, internal controls may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

***Opinion***

In my opinion, the Chief Clerk’s assessment of the effectiveness of internal controls of the House of Assembly is fairly stated, and the internal controls of the House of Assembly were operating effectively for the year ended March 31, 2016.

Michael A. Pickup, CPA, CA  
Auditor General of Nova Scotia

November 1, 2016  
Halifax, Nova Scotia

**Appendix B— Draft Independent Auditor’s Report – Compliance**

**AUDITOR’S REPORT ON COMPLIANCE WITH THE POLICIES OF THE HOUSE OF ASSEMBLY  
MANAGEMENT COMMISSION**

To the Chair of the House of Assembly Management Commission of Nova Scotia:

In accordance with Section 22(5)(b) of the House of Assembly Management Commission Act, I have audited the House of Assembly’s expenditures for the year ended March 31, 2016 to determine whether the expenses incurred by the House of Assembly were made in accordance with the policies of the House of Assembly Management Commission and, where applicable, the policies of the public service of the Province of Nova Scotia.

***Management’s Responsibility***

Management of the House of Assembly is responsible for ensuring that its expenditures comply with the policies of the House of Assembly Management Commission and, where applicable, the policies of the public service of the Province of Nova Scotia.

***Auditor’s Responsibility***

My responsibility is to express an opinion on whether the expenses incurred by the House of Assembly were made in accordance with the policies of the House of Assembly Management Commission and, where applicable, the policies of the public service of the Province of Nova Scotia.

I conducted my audit in accordance with Canadian Auditing Standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the House of Assembly complied with the criteria established by the provisions of the policies referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, and evaluating the overall compliance with these criteria.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Opinion***

In my opinion, the House of Assembly’s expenditures are in compliance, in all material respects, with the policies of the Commission and where applicable, the policies of the public service of the Province of Nova Scotia for the year ended March 31, 2016.

Michael A. Pickup, CPA, CA  
Auditor General of Nova Scotia

November 1, 2016  
Halifax, Nova Scotia

## Appendix C—Draft management representation letter

November 1, 2016

Michael A. Pickup, CPA, CA  
Auditor General of Nova Scotia  
5161 George Street  
Royal Centre, Suite 400  
Halifax, Nova Scotia  
B3J 1M7

Dear Mr. Pickup:

This representation letter is provided in connection with your audits of the Nova Scotia House of Assembly for the year ended March 31, 2016. Under Section 22 of the House of Assembly Management Commission Act, we have appointed the Auditor General of Nova Scotia to provide:

- an opinion on whether the expenses incurred by the Assembly are in accordance with the policies of the Commission as included in the House of Assembly Management Commission's Regulations (hereafter referred to as the policies of the Commission) and, where applicable, the policies of the public service of the Province, and;
- an opinion on whether the Chief Clerk's assessment of the effectiveness of internal controls of the House of Assembly is fairly stated and whether the internal controls are operating effectively.

We confirm that, to the best of our belief:

### **Compliance of Expenses**

We acknowledge our responsibility to ensure expenses incurred by the House are in compliance with policies of the Commission and the public service of the Province.

### **Chief Clerk's Assessment, and the overall effectiveness of Internal Control**

We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated August 5, 2016, and have provided you with the Chief Clerk's assessment of the effectiveness of internal control dated September 12, 2016.

Specifically, we

- acknowledge responsibility for establishing and maintaining effective internal controls of the House of Assembly;
- have performed an evaluation and made an assessment of these controls; and
- have concluded as to the effectiveness of the internal controls based on identified control criteria.

### **Information Provided**

- We have provided you with:
  - access to all information of which we are aware that is relevant to the preparation of your audit opinions, such as records, documentation and other matters;
  - additional information that you requested from us for the purpose of the audit; and
  - unrestricted access to persons within the entity from whom you have determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records.

- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations.
- We have disclosed to you all policies of the Commission and applicable policies of the public service.
- We have provided you with all documentation used to support the Chief Clerk's assessment on the effectiveness of internal controls.

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Honourable Kevin Murphy  
Chair, House of Assembly Management Commission

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Mr. Neil Ferguson  
Chief Clerk, House of Assembly

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Ms. Deborah Lusby  
Director of Administration