

HOUSE OF ASSEMBLY MANAGEMENT COMMISSION

MINUTES

The eighth meeting of the House of Assembly Management Commission was held in Committee Room 1, Dennis Building, on Wednesday, September 28, 2011 at 9:30 a.m.

Present were all of the members of the Commission, namely: Ms Becky Kent, Hon. Frank Corbett, Ms Pam Birdsall, Mr Maurice Smith, Q.C., Hon. Manning MacDonald, Mr Andrew Younger, Hon. Chris d'Entremont, Mr Neil Ferguson (Chief Clerk) and Hon. Gordie Gosse, who acted as Chair. Also present was Annette M. Boucher, Q.C. for Gordon D. Hebb, Q.C., Counsel to the Commission, and Deborah Lusby, Director of Administration, Office of the Speaker.

1) Minutes

It was moved by Ms Pam Birdsall and seconded by Hon. Frank Corbett that the Minutes of the April 27th, 2011 meeting be approved. **CARRIED.**

2) Audit Committee Report and Appointment of Auditor

Mr Lauchlin McKenzie, Chair of the Audit Committee of the House of Assembly Management Commission circulated a written report and highlighted the following points in his verbal presentation:

- i) - recommendation of an auditor for the House of Assembly Management Commission – after a few meetings over a six month period, the Province's Auditor General agreed to carry out the audit with conditions. The conditions are standard and were of no concern to the committee. The motion will be put before the Commission to accept the recommendation of the Audit Committee that the Province's Auditor General be appointed as auditor of the Commission.
- ii) - scope of the audit – this has become an issue for the Audit Committee and the Auditor General as the Commission is not a separate independent entity with financial statements that can be audited in the traditional manner. The Commission is basically a cost centre. It is not a separate entity with a set of financial statements, which under the Act, need to be audited. So it is going to take a bit of time to sort out these issues and to clearly define the scope of the audit to be carried out pursuant to the legislation.

In addition to this, as part of the audit the Auditor General must express an opinion on whether the Chief Clerk's assessment of the effectiveness of internal controls is fairly stated and if the internal controls are operating effectively. The Chief Clerk's background is in law like the other Chief Clerks in the country and in order to provide the type of assessment required he would need to have some fairly substantial background in auditing – he is not in a position to do this. Therefore, as was the case in Newfoundland, an outside firm of auditors will need to be retained to come in, do a review and provide an opinion to the Chief Clerk so in turn he can provide an assessment to the auditor of the effectiveness of the internal controls. A meeting was held with Byron Rafuse and Ted Doane from the Internal Audit Centre to determine whether they could offer assistance for the purposes of this independent opinion. They along with the Auditor General have been able to put a plan together to move forward and have the required audit completed.

- iii) - investigation of a sampling of internal controls – the Audit Committee decided to request that the internal control centre come in and look at the processes around the members' expenses by examining a sampling – there were two minor issues raised which have now been corrected and in all other regards the investigation went well and the system in place was found to be functioning well.

Following the presentation of the verbal report, Mr Smith informed the Commission that he had two resolutions to bring forward flowing from the Audit Committee report. The first resolution was for the appointment of the Auditor General as auditor of the Commission. Mr Ferguson pointed out that the resolution referred to the first and the second audit required under the Act and the reason for this wording is to insure that if the Auditor General chooses to treat the old calendar year as one financial year and the three month transition period as a separate financial year, the entire 15 month period would be captured and be part of the contemplated audit. It was moved by Mr Maurice Smith and seconded by Ms Becky Kent:

Be it resolved that upon the recommendation of the Audit Committee of the House of Assembly Management Commission, the Nova Scotia Auditor General be appointed as auditor of the accounts of the House of Assembly pursuant to Section 22 of the *House of Assembly Management Commission Act*, to conduct the first and the second audit required under the *Act*.

CARRIED

The second resolution is to authorize the Chair of the Commission to procure external auditing services as required for the purposes of supporting the legislative required assessment of the Chief Clerk on the effectiveness of the

internal controls. Mr Ferguson informed the Commission that discussions were taking place with the Department of Finance to “piggyback” on any external work presently being done on internal controls to limit the cost of the independent audit. The objective is to limit the cost, if possible. The first audit will likely be the most expensive and Mr Ferguson informed the Commission that the first audit carried out in Newfoundland and Labrador while estimated to cost \$50,000 came in at approximately \$124,000 with some of that amount being for the external audit. It was moved by Mr Maurice Smith and seconded by Ms Pam Birdsall:

Be it resolved that the Chair of the House of Assembly Management Commission be authorized to procure such external audit consulting services as the Audit Committee of the House of Assembly Management Commission considers advisable to support an assessment by the Chief Clerk of the effectiveness of internal controls of the House of Assembly for the purpose of clause 22(5)(c) of the *House of Assembly Management Commission Act* and for the purposes of conducting the first and the second audit required under the *Act*.

CARRIED

3) Management Commission Annual Report

Mr Ferguson informed the Commission that clause 11(1)(f) of the *House of Assembly Management Commission Act* requires the Commission to file an annual report of its decisions and activities and further clause 11(3)(g) requires an annual report of an audit and the steps taken as a result of the audit. The Newfoundland and Labrador annual report is a large document with over half of the pages relating to the audit and financial information. In light of the discussion above, the audit and financial information will not be ready for some time, therefore Mr Ferguson recommends that the Commission proceed at this time with the preparation of the annual report on its decisions and activities. It was moved by Mr Andrew Younger and seconded by Mr Chris d'Entremont that the staff proceed with the preparation of the Commission's annual report on its activities and decisions and that the annual report be tabled at the next Commission meeting.

CARRIED

4) House of Assembly – Quarterly Financial Update

Mr Ferguson informed the Commission that pursuant to the *House of Assembly Management Commission Act* it must, at least quarterly, review the financial performance of the House of Assembly accounts. The report for the first quarter (April, May and June 2011) was distributed and it tracks the real expenses against the forecast. Ms Lusby pointed out that the expenses should total 25% of the forecast for the three month period and the report shows that the real expenses were 22% of the forecast, therefore the expenditures are on track.

The meeting adjourned at 9:56 a.m.

These minutes were approved by the Management Commission on January 24, 2012.

Certified

Speaker

Chief Clerk