



**HOUSE OF ASSEMBLY MANAGEMENT COMMISSION**

**2017 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, 2017.

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 Management Commission 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, 2017. The Auditor General's Report provides three opinions as follows:

- (a) the Chief Clerk's assessment of the operating effectiveness of internal controls of the House of Assembly is fairly stated for the year ending March 31, 2017;
- (b) the House of Assembly's expenditures were, in all material respects, made in accordance with the policies of the House of Assembly, and, where applicable, the policies of the public service of the Province of Nova Scotia per Section 22(5)(b) of the *House of Assembly Management Commission Act* for the year ending March 31, 2017; and
- (c) the House of Assembly was in compliance, in all material respects, with the criteria established by Section 23(1) of the *House of Assembly Management Commission Act*, for the period October 8, 2013 to March 31, 2017.

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 2017 calendar year.

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

Date: January 23, 2018

## **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, 2017.

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 2017 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, 2017, the voting membership of the Management Commission was:

Hon. Kevin Murphy, Speaker

Mr Gordon Wilson, Deputy Speaker (January 24 and April 4, 2017 meeting)

Mr Chuck Porter, Deputy Speaker (September 12 and December 12, 2017 meeting)

Hon. Michel Samson, Government House Leader (January 24 and April 4, 2017 meeting)

Hon. Geoff MacLellan, Government House Leader (September 12 and December 12, 2017 meeting)

Mr Iain Rankin, member of the Government CAUCUS (January 24 and April 4, 2017 meeting)

Mr Gordon Wilson, member of the Government CAUCUS (September 12 and December 12, 2017 meeting)

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 (January 24 and April 4, 2017 meeting)

Mr Tim Halman, member of the Official Opposition CAUCUS (September 12 and December 12, 2017 meeting)

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 24, 2017

April 4, 2017

September 12, 2017

December 12, 2017

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 an *in camera* meeting 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:

### **April 4, 2017**

No decisions were made or reported to the Management Commission from this *in camera* meeting.

## **Meetings of the Audit Committee**

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

January 17, 2017

March 29, 2017

September 19, 2017

November 28, 2017

As required by subsection 18(3) of the **Act**, the Audit Committee reported formally on January 23, 2018, to the Management Commission as follows:

- 1) At the January 17, 2017 meeting, the Office of Auditor General presented the 2016-17 Audit plan pointing out that a third opinion would be included as subsection 23(1) of the **Act** requires a compliance audit at least once during every General Assembly.

The Committee reviewed MLA promotional item expenses and concluded that it was not its role to micromanage these expenses when the amounts spent are within allowable limits but the Committee will continue to monitor these types of expenses.

The 2016-17 3<sup>rd</sup> quarter financials were reviewed.

- 2) At the March 29, 2017 meeting, the Committee was informed that the House of Assembly would participate in the Staunch Maple tabletop exercise as part of its continuing risk assessment.

After much discussion, the Province's ICTS department agreed that the *House of Assembly Management Commission Regulations* allow MLAs to buy-back their computing devices, however the department recommends that an agreement be signed by the MLA exercising that option, regarding the confidentiality of the personal information on the device as well as protecting the privacy of the individuals.

- 3) At the September 19, 2017 meeting, representatives from the Auditor General's Office confirmed that the Auditor General's 2016-17 Audit Report would contain three unmodified auditor's opinions as follows:
  - (a) 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;
  - (b) 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 ending March 31, 2017; and
  - (c) that the House of Assembly's Accounts are in compliance with Section 23(1) of the *House of Assembly Management Commission Act* for the October 8, 2013 to March 31, 2017 period.

The Auditor General's Office informed the Committee that there were no matters requiring a management letter and that the 2016-17 audit was a clean audit.

The 2017-18 Audit Plan was presented and the following changes were discussed:

- (a) as new MLAs were elected in the May 2017 General Election, the audit procedures will include a focus on testing on higher value claims and the sample size of new MLA expense claims will be tested to ensure compliance with regulations, policies, etc.; and
- (b) as there is an elevated risk due to possible management override, the audit procedures will include examining journal entries and proper control documentation.

A form was prepared and distributed to remind MLAs of their obligations to keep secure and confidential all personal and confidential information they acquire as they carry out their duties as MLAs. The form also reminded MLAs of their obligation regarding the protection of confidential information on repurchased devices. MLAs are asked to sign and return the form to the Speaker's Administration Office.

An update was given on the April 24, 2017 business continuity tabletop exercise.

The 4<sup>th</sup> quarter 2016-17 financials and the 1<sup>st</sup> quarter 2017-18 preliminary financials were reviewed – given that the 2017-18 Provincial Budget was not yet approved by the House of Assembly, 50% of the 2016-17 budget was allocated by special warrant and thus the 1<sup>st</sup> quarter report is preliminary.

The 2016-17 MLA Summary of Expenses show that the year-to-year advertising and promotional item amounts have increased due to individual MLA choices regarding amounts spent on advertising, promotional items, communications and advertising printing.

The proposed change from the bi-weekly to a monthly pay cycle for the MLA indemnities was discussed and the Committee concluded that this was a subject for the Management Commission to study. Any proposed legislative changes to give effect to Management Commission decisions regarding MLA pay cycles would need to be proposed by the Commission.

The Committee discussed the processing of expense claims by the Speaker's Administration Office. The time prescribed by the *House of Assembly Management Commission Regulations* is 7 days from receipt of the claim. Most claims are processed in less time, however more processing time is required when claims are incomplete or supporting documentation is missing. The Chair of the Committee was of the opinion that 7 days was a reasonable processing time.

- 4) At the November 28, 2017 meeting, the Committee was informed that the following activities were planned as part of the ongoing risk assessment for the House of Assembly a) suspicious package handling exercise; b) business continuity exercise; and c) police familiarization with the building.

The 1<sup>st</sup> quarter 2017-18 - Final and 2<sup>nd</sup> quarter 2017-18 financials were reviewed. The Indemnity/Expense Allowance was greater than forecast because of MLA transition allowance payments following the May 2017 General Election. Should additional funds be required to cover these expenses a request to Treasury Board will be made, however such a request is not necessary at this time. Caucus office renovations expenses were also discussed – these expenses are covered by the caucus budget and if they exceed the budget an additional request is made to Treasury Board.

The Committee received the opinion that the Province of Nova Scotia Fraud Policy applies to MLAs. The Committee referred the matter of whether the online module should be completed by MLAs to the Commission.

The Committee discussed options to minimize the loss of institutional history and the assurance of continuity when replacing the lay members of the Committee.



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

At the January 24, 2017 meeting, the Management Commission:

- (a) adopted the 2016 House of Assembly Management Commission Annual Report and directed the Speaker to table the report in the House of Assembly;
- (b) adopted the 2016 Audit Committee Annual Report;
- (c) reviewed the 2016-17 3<sup>rd</sup> quarter financials; and
- (d) received a risk assessment update.

At the April 4, 2017 meeting, the Management Commission:

- (a) adopted a resolution approving overnight hotel stays for February 12 and 13, 2017; a \$20 allowance for the evening meal of February 12; and a per diem rate of \$50 for February 13 for non-outside MLAs who attended the House of Assembly during a blizzard;
- (b) approved amendments to subsections 23(6), (8) and (9), 23 (11), (12) and (13) and 28(1) of the *House of Assembly Management Commission Regulations*;
- (c) received updates regarding risk assessment, internal control review and 2016-17 audit; and
- (d) approved the purchase of apartment furniture by an MLA.

At the September 12, 2017 meeting, the Management Commission:

- (a) waived the CPI increases under Section 52 of the *House of Assembly Management Commission Regulations* for the 2017-18 fiscal year;
- (b) appointed two of its members as Audit Committee members;
- (c) reviewed the 2016-17 4<sup>th</sup> quarter financials; and
- (d) received updates regarding the 2016-17 audit; the 2017-18 audit plan and risk assessment – business continuity exercise.

At the December 12, 2017 meeting, the Management Commission:

- (a) received the 2016-17 Audit Results;
- (b) adopted a resolution that MLAs complete the online module regarding the Fraud Policy; and
- (c) reviewed the 2017-18 1<sup>st</sup> and 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, 2017



Office of the Auditor General of Nova Scotia

# Annual Audit Results

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NOVA SCOTIA HOUSE OF ASSEMBLY  
MARCH 31, 2017



5161 George Street  
Royal Centre, Suite 400  
Halifax, Nova Scotia  
B3J 1M7

## 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, 2017 in accordance with Section 22 and Section 23(1) of the House of Assembly Management Commission Act.

In this report, we provide all 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 the matters that came to our attention during 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 September 19, 2017.

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,

Tammy Squires, CPA, CA  
Assistant Auditor General of Nova Scotia

September 19, 2017

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 January 17, 2017.

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, 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; and the compliance of the Assembly's accounts with the criteria set forth in Section 23(1) of the *House of Assembly Management Commission Act*.

## Audit objectives

The audit is an independent examination of evidence supporting the assessment of internal controls and the compliance of the House of Assembly expenses and accounts in accordance with the *House of Assembly Management Commission Act* and the policies of the public service of the Province of Nova Scotia.

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; 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; and that the accounts of the Assembly are in compliance with the criteria set forth in Section 23(1) of the *House of Assembly Management Commission Act*.

Our independent auditor's reports address these audit objectives.

## Independent Auditor's Reports

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; 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 ending March 31, 2017; as well as an unmodified auditor's opinion that the House of Assembly's

accounts are in compliance with Section 23(1) of the House of Assembly Management Commission Act for the October 8, 2013 to March 31, 2017 period.

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 September 19, 2017, indicating they have fulfilled their responsibilities in relation to the implementation, monitoring, and operation of internal controls; 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; and the compliance of the Assembly in accordance with Section 23(1) of the House of Assembly Management Commission Act.

## **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**

As required by Canadian Auditing Standards, we assessed the risk of management override, including risk of bias to meet performance targets, such as budgets. Our audit procedures included the examination of journal entries and controls and we have no reportable instances of management override in our testing.

Additionally, 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.

### Managing the risk of fraud

The risk of fraud is unavoidable and present within all organizations. The two main types of fraud relate to misstatements arising from fraudulent financial reporting and misstatements from the misappropriation of assets.

Fraud within the public sector is especially concerning, because it can result in the loss of public money and reduce the public's confidence in the Government's financial reporting and ability to safeguard public assets. As a result, it is important that the House of Assembly Management Commission has mechanisms in place to appropriately manage the risk of fraud.

In the end, the House of Assembly Management Commission bear ultimate responsibility for fraud risk. Consequently, we encourage the Commission to ensure that it has in place an established fraud risk governance process, an assessment approach to identify fraud risks and implement controls and activities to address fraud risks.

We have been advised that the House of Assembly Management Commission is currently seeking clarification on whether the fraud policy of the Province of Nova Scotia is applicable to Members of the Legislative Assembly (MLA's). In addition, the House of Assembly Management Commission, should carry out and update its risk assessment from 2014, including its assessment of the risk of fraud. It is important that this be done on an ongoing basis.

As the auditors of the House of Assembly, we have met our responsibility under Canadian auditing standards related to fraud. Our work did not extend beyond this from an assurance perspective.

### 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.

<b>Matters to be communicated</b>	<b>Results of our audit</b>
<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>Matters to be communicated</b>	<b>Results of our audit</b>
<b>Audit approach</b>	<p>We performed our audit in accordance with the approach previously communicated in the Audit Plan.</p> <p>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.</p>
<b>Significant difficulties encountered in performing the audit</b>	<p>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.</p>
<b>Significant deficiencies in internal control</b>	<p>Auditing standards require us to communicate control weaknesses identified during our audit that we consider to be significant deficiencies.</p> <p>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.</p> <p>There were no significant observations noted during our audit.</p>
<b>Fraud inquiry and communication with Management</b>	<p>During 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.</p> <p>Additionally, we have observed no other matters related to fraud that are, in our judgment, relevant to your responsibilities.</p>
<b>Management representations</b>	<p>We have requested certain written representations from management. A copy of management's representations is included as Appendix D.</p>
<b>Management letter</b>	<p>We have no observations to report to management.</p>

## 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:

	<b>2017</b>	<b>2016</b>
Audit costs	\$18,000	\$19,250

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

## **Appendix A—Draft Independent Auditor’s Report – Section 22(5)(c)**

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SECTION 22(5)(c) OF THE HOUSE OF ASSEMBLY MANAGEMENT COMMISSION ACT**

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 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 for the year ended March 31, 2017.

#### ***Management's Responsibility***

Management of the House of Assembly is responsible for ensuring that internal controls are operating effectively.

#### ***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, as required per Section 22(5)(c) of the *House of Assembly Management Commission Act*.

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 the internal controls of the House of Assembly is fairly stated, and whether the internal controls are operating effectively. Those standards also 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 provisions established in Section 22(5)(c) of the *House of Assembly Management Commission Act*. Such an audit includes examining, on a test basis, evidence supporting the assessment, and evaluating 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 Chief Clerk’s assessment of the operating effectiveness of internal controls of the House of Assembly is fairly stated for the year ended March 31, 2017.

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

September 19, 2017  
Halifax, Nova Scotia

## **Appendix B— Draft Independent Auditor’s Report – Section 22(5)(b)**

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SECTION 22(5)(b) OF THE HOUSE OF ASSEMBLY MANAGEMENT COMMISSION ACT**

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, 2017 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 are 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.

#### ***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 expenses incurred by the House of Assembly were made in accordance with Section 22(5)(b) of the *House of Assembly Management Commission Act*, and, where applicable, the policies of the public service of the Province of Nova Scotia. 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 were, in all material respects, made in accordance with the policies of the House of Assembly, and, where applicable, the policies of the public service of the Province of Nova Scotia per Section 22(5)(b) of the *House of Assembly Management Commission Act* for the year ended March 31, 2017.

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

September 19, 2017  
Halifax, Nova Scotia

## **Appendix C—Draft Independent Auditor’s Report –Section 23(1)**

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SECTION 23(1) OF THE HOUSE OF ASSEMBLY MANAGEMENT COMMISSION ACT**

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

In accordance with Section 23(1) of the *House of Assembly Management Commission Act*, I have audited the compliance of the accounts of the House of Assembly for the period of October 8, 2013 to March 31, 2017.

#### ***Management’s Responsibility***

Management of the House of Assembly is responsible for ensuring the compliance of the accounts of the House of Assembly during every General Assembly per Section 23(1) of the *House of Assembly Management Commission Act*.

#### ***Auditor’s Responsibility***

My responsibility is to express an opinion on whether the House of Assembly is in compliance with the criteria established by Section 23(1) of the *House of Assembly Management Commission Act*.

I conducted my audit in accordance with Canadian Auditing Standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the Assembly complied with the criteria established by the Act as 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 was in compliance, in all material respects, with the criteria established by Section 23(1) of the House of Assembly Management Commission Act, for the period October 8, 2013 to March 31, 2017.

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

September 19, 2017  
Halifax, Nova Scotia

## Appendix D—Draft Management Representation Letter

September 19, 2017

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, 2017.

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.

Under Section 23(1) of the *House of Assembly Management Commission Act*, we have appointed the Auditor General of Nova Scotia to provide:

- an opinion on whether the accounts of the Assembly are in compliance with the criteria noted in the House of Assembly Management Commission Act.

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 January 17, 2017, and have provided you with the Chief Clerk's assessment of the effectiveness of internal control dated March 31, 2017.

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.

### **Compliance with Section 23(1) of the House of Assembly Management Commission Act**

We acknowledge our responsibility to ensure the accounts of the Assembly are in compliance with the criteria noted in Section 23(1) of the Act, and have fulfilled our responsibilities, as set out in the terms of the engagement letter dated January 17, 2017.

#### **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