

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, April 3, 2024

RED CHAMBER

**2024 Report of the Auditor General - Report on Misuse of Public Funds at the
Liberal Association of Nova Scotia**

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Public Accounts Committee

Hon. Kelly Regan (Chair)
Danielle Barkhouse (Vice Chair)
Tom Taggart
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Melissa Sheehy-Richard
Braedon Clark
Susan Leblanc
Lisa Lachance
Nolan Young

In Attendance:

Kim Langille
Committee Clerk

James de Salis
Administrative Support Clerk

Gordon Hebb
Chief Legislative Counsel

WITNESSES

Elections Nova Scotia

Dorothy Rice - Chief Electoral Officer

Lindsay Rodenkirchen - Assistant Chief Electoral Officer

Li Chao - Chief Financial Officer

Liberal Association of Nova Scotia

Margaret Miller - President

Paul Doucette - Former President

Joseph Khoury - Former President

Hon. Zach Churchill - Leader of the Official Opposition and Leader of the Liberal Party
of Nova Scotia

Hon. Iain Rankin - MLA, Timberlea-Prospect



HALIFAX, WEDNESDAY, APRIL 3, 2024

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIR

Hon. Kelly Regan

VICE CHAIR

Danielle Barkhouse

THE CHAIR: Order. I call the Standing Committee on Public Accounts to order. My name is Danielle Barkhouse, I am the MLA for Chester-St. Margaret's and the Chair of the committee for today.

Just a reminder to place your phones on mute. I'd like the committee members to introduce themselves, and I'll start with MLA Regan.

[The committee members introduced themselves.]

THE CHAIR: Note the officials from the Auditor General's Office, the Legislative Counsel Office, and the Legislative Committees Office are in attendance. On today's agenda, we have officials with us from Elections Nova Scotia, the Liberal Association of Nova Scotia, as well as the honourable Zach Churchill and the honourable Iain Rankin with respect to the 2024 Report of the Auditor General *Report on Misuse of Public Funds at the Liberal Association of Nova Scotia*.

For the record, two approved witnesses were not able to attend today's meeting. A poll was held to reschedule the meeting, which was not successful, and the meeting is proceeding without Mr. Shupe and a representative from Deloitte.

I'd like to ask all witnesses to introduce themselves, including the ones in the back row if they are witnesses. I will start with Ms. Rice.

[The witnesses introduced themselves.]

THE CHAIR: We will have some opening remarks. I will be timing at two minutes per person just because there are so many of you. Who would like to start off? The honourable Iain Rankin.

HON. IAIN RANKIN: Thank you for this opportunity to speak to the committee about the Auditor General's recent report into a personnel and financial management issue internal to the Liberal Association of Nova Scotia. My role during the relevant times as a member of the Liberal caucus and Leader of the party did not have me involved in the financial or administrative management of the association, which limits my ability to provide this committee with answers to the questions raised by the Auditor General in her report.

I first learned of this issue in the last few days of 2020 when I was a leadership candidate. The association told the other two leadership candidates and me that an employee had been making unauthorized disbursements, that the employee in question was fully co-operating and would no longer be working for the association, and that the association had sought and was following legal advice. I was satisfied that the association had engaged appropriate expert resources and had the matter in hand.

When I became party Leader and Premier in February 2021, the association had retained forensic audit experts to assist their legal team in investigating the misappropriation of funds. The association's response was directed by the party staff and provincial board, without involvement from me as political Leader. When I was next substantively updated by the association in March or April 2021, it was clear that the work was ongoing and remained unresolved, but I understood that the association was closely following all expert advice from reputable firms.

I did not have another update on the progress of this issue by the association until December of 2021, when I asked that the caucus be briefed. We all learned at that time that the funds had been repaid and the matter had finally been resolved, but that the terms of the resolution were confidential. I did inquire at that time whether it was necessary for the association to involve police and was told that it was not.

After that meeting, I followed up with association staff and we met to review the progress that had been made in implementing improvements to its internal financial controls. I understood from that meeting that the association had received some advice on this question . . .

THE CHAIR: Order. Your time has expired. The honourable Zach Churchill.

HON. ZACH CHURCHILL: I first want to thank Auditor General Kim Adair for her work on this report. She certainly approached it with a lot of rigour, as she has other reports directed toward government spending.

This issue does date back to a former employee who misappropriated money from the Liberal Association. That was discovered in 2020. I am pleased that the association took steps to recoup that funding, and I believe the association followed legal and auditing advice at the time.

That said, the Auditor General has exception with elements of this process, so I certainly do support all of the Auditor General's recommendations. As soon as I became aware of her recommendations on February 13th, before the report was made public, I followed her advice and contacted the RCMP within 24 hours to make a formal complaint. The matter is now in the capable hands of the RCMP, and we have reiterated to them - both the party and I - that if there's anything else that needs to be investigated, they will have our full co-operation.

As soon as I became Leader, I made clear my advice to the association, which was to provide all documents that the Auditor General was looking for. The association also had to consider legal advice that they were receiving at the time.

The second recommendation of the report calls on the provincial government to make amendments to the Elections Act, which we certainly support. This would allow Elections Nova Scotia to provide better oversight over all party financials. I know the current government has read this report thoroughly, and I hope they take this recommendation as seriously as they have taken the rest of the report.

This is an unfortunate situation that happened to our party - our party association. It can happen to any party. There was trust in a staff member who misappropriated money, and we believe that having more oversight by Elections Nova Scotia can help prevent this from happening to any party in the future.

THE CHAIR: Dr. Doucette.

PAUL DOUCETTE: Thank you, everyone, for the invitation to attend the meeting. I'm glad to be here to speak to the process that the Nova Scotia Liberal Party followed in complying with the Auditor General's requests.

I'd like to make note and make it clear that the events surrounding the unauthorized disbursement of funds by a former employee of the party in 2020 occurred prior to my tenure as president of the Nova Scotia Liberal Party, which was from March 5, 2022, to February 10, 2024. By that time, the party had already secured legal counsel and an independent auditor to conduct a thorough audit and then to work with the Auditor General to comply with her requests to complete her report.

When Mr. Churchill became Leader of the Nova Scotia Liberal Party, he and I discussed the matter, and he made his position clear to the board and me that the party should comply with the Auditor General's requests and turn over all required documents in a timely manner. During my tenure, every step of the way, I and our board followed the advice of our legal counsel and our independent auditor.

I would like to take this opportunity to say that it was not the Nova Scotia Liberal Party that acted inappropriately here. A former employee made decisions of her own accord, which had serious repercussions for our party and membership. The association is the victim in this matter.

I truly hope this situation never occurs to any other political party. I urge the government members of the committee . . .

THE CHAIR: Order. Your time has expired. Dr. Khoury.

JOSEPH KHOURY: Thanks to the committee for the opportunity to convey the facts related to this matter after nearly three and a half years, and to correct the record as it pertains to the Auditor General's misinterpretations of facts.

The Liberal Party is not the wrongdoer in this matter. The wrongdoer is the employee who misappropriated donor and taxpayer money, which my team and I discovered. The Nova Scotia Liberal Party acted decisively, responsibly, and correctly in handling this misappropriation. We swiftly obtained independent legal counsel and independent forensic investigators, and we listened to these experts. Our priorities were to protect taxpayers and donors, judiciously deal with the human resource elements of this matter, and fully understand the depth of this fraud.

We did everything above-board, and we reported to Elections Nova Scotia as required by law. The Nova Scotia Liberal Party's handling of this matter led to the complete restitution of both the misappropriated funds and the money spent to retrieve those funds, exactly achieving our objectives exactly as prescribed by the Auditor General's recommendation 1.2 in this very report.

While I no longer speak for the Nova Scotia Liberal Party, I will certainly speak up for the way we handled the situation while I was president, and I will not allow any misconstrued motives to be applied to our actions in hindsight. The Auditor General accuses the party of delaying and concealing the reporting of this matter to the independent auditor and to Elections Nova Scotia, accusations which the independent auditor unequivocally disproved in his statement to the media on February 27, 2024. Further, the Auditor General did not interview me until 13 months into her investigation and towards the end, and never interviewed the executive director who discovered the misappropriation. Had she done so, she may have then gotten the facts right.

These are among the many inaccuracies which the Auditor General's report has stated, and which I will be refuting in my testimony today. I look forward to your questions so that I can rectify these matters and put this finally to rest.

THE CHAIR: Ms. Miller.

HON. MARGARET MILLER: Thank you for the opportunity to address the Standing Committee on Public Accounts today. It's a little different for me being on this side of the room, as some of our other members, but certainly we are here to answer your questions. I come before you as the current President of the Nova Scotia Liberal Party.

I want to start off by saying thank you to Auditor General Kim Adair for her work and commitment to ensuring transparency and integrity. I want to make it clear that the events surrounding the unauthorized disbursement of funds by a former employee in 2020 occurred prior to my tenure as president. However, I do not take the responsibility lightly, and I am fully committed to ensuring that such an incident never happens again.

Upon discovering the loss, it is my understanding that the party took immediate action by engaging legal counsel and independent auditors Cox & Palmer and Deloitte to rectify the situation. Through their efforts, we were able to recover all of the funds. Since then, the party office has also implemented stringent compliant controls to prevent any incidents in the future. These measures include multiple levels of review for all expenditures, mandatory board approval for expenditures exceeding \$5,000, and consistent oversight of bank account reconciliations by both the executive director and the party board.

As soon as the Leader became aware of the Auditor General's recommendation, he followed her advice and contacted the RCMP within 24 hours to make a formal complaint. Since the Leader's official complaint, I have advised the RCMP that they have the full support of me as president and the Nova Scotia Liberal Party board. Our door is wide open. The matter is now in the capable hands of the RCMP, and we are fully co-operating with them.

In closing, I want to assure you that I am fully committed to upholding the trust of our members and the public. I will continue to work diligently alongside our Leader, Zach Churchill, to ensure that our party operates with the utmost integrity and accountability.

THE CHAIR: Perfect timing. Ms. Rice.

DOROTHY RICE: I don't have any opening remarks.

THE CHAIR: Perfect. We will start with questioning. Here in the committee, for all of you who have never been to one or watched one, we start with 20 minutes at a time. It goes from the Liberal caucus to the NDP caucus, then to the PCs. We shall have some

time left over. We don't know how much time it will be, but then we will start the rounds again. I ask you to wait to be acknowledged in order for the microphones to be turned on. I will start the questioning with MLA Clark.

[9:15 a.m.]

BRAEDON CLARK: Good morning, everyone. Thank you all for being here. I really appreciate it.

Mr. Rankin, I wanted to start with a couple of questions to you - something you touched on in your opening statement, which is the role of the Leader of the party in the affairs of the association. I'm just wondering if you could kind of outline for all of us how that system works within the Liberal Party of Nova Scotia.

THE CHAIR: MLA Rankin.

HON. IAIN RANKIN: The governing authority for the Liberal Association is the provincial board, led by the chair, who is the president of the Liberal Party. The Liberal board - the board of the association, together with the president - supervises all the affairs and administration of the party. That includes personnel and financial matters. There's also a management committee that has a treasurer, and they are solely responsible for financial reporting and dealing with the party's auditor.

The Leader of the Liberal Party does not have a seat on the board. The role of the Leader of the Liberal Party is to deal with political matters. The Leader of the Liberal Party does not have any authority on or supervision of the administration or anything to do with personnel or financial matters. I would also say that all the elected Liberal MLAs do not have any role with the Liberal Association.

BRAEDON CLARK: Just to clarify, Mr. Rankin, as a former Leader, and Mr. Churchill, as the current Leader - anyone who happens to be a Leader of the Liberal Party does not have the authority to compel the board to do anything. Is that correct?

IAIN RANKIN: That's correct.

BRAEDON CLARK: Mr. Rankin, in your view, has this matter been properly dealt with by the association throughout the last few years?

IAIN RANKIN: That is a question, really, for the chair of the board, because of what I just explained and the two separate functions. I will say, as the past political Leader of the party, that I was very concerned about financial management within the association for our party's interests, and to be able to be sure that I had the confidence and shared that confidence with Liberal members and donors, that there were strict controls on donor money.

I was confident - based on the information that I saw and the steps that I was told the Liberal Association was taking - that they were following legal and accounting advice to the letter and ensuring that they were taking the steps required to improve internal controls to be sure that this would never happen again within our association, to protect the integrity of the Liberal Party.

BRAEDON CLARK: Mr. Rankin, I just want to touch on something that is in the report as well that has generated a good amount of interest. I want to clarify this point. Leading up to the 2021 election, you were not just the Leader of the party, you were the Premier of Nova Scotia. Was there any intentional decision on your part to avoid reporting any misappropriation of funds in order to gain some kind of political advantage in the lead-up to an election in 2021?

IAIN RANKIN: Absolutely not. What I can tell this committee is that as the Leader of the Liberal Party, I was the person responsible for calling the election in 2021. This issue had nothing to do with the timing of that election. I didn't have any conversation with anyone at the association about whether or not this issue would have any impact on an election at all.

As my role as the Leader of the Liberal Party, again, I had no role in financial reporting. I didn't review any statements - 2020 financial statements. I was focused on governing the Province and getting ready for an election call.

BRAEDON CLARK: A couple of questions now for Mr. Churchill. Mr. Churchill, just to clarify here, there are two recommendations in this report, the first dealing with the Liberal Party specifically and the second, all parties more generally.

You support both of those recommendations? Is that correct?

THE CHAIR: MLA Churchill.

ZACH CHURCHILL: Yes, we do. Within 24 hours of receiving the Auditor General's report, before it was released on February 27th - I received it on February 13th - I directly contacted the RCMP and followed through with Recommendation No. 1 of the report. We fully support Recommendation No. 2, which is for the Auditor General and the government to bring in new legislation to give Elections Nova Scotia new authorities to oversee finances of all registered parties.

We think this is important because we had a misappropriation of funds by a staff person, someone who was trusted. This happens to organizations, it happens to volunteer organizations, it obviously happened to us, and we certainly think any improvements we can make with oversight to help prevent that from happening in the future to any party would be beneficial to donors and all parties involved.

BRAEDON CLARK: Mr. Churchill, in the AG's report, she notes that in her view, between June and October of 2022, for about a four-month period, there were some difficulties in getting documents from the Liberal Party. I'm just wondering what your view was when you saw that within the report.

ZACH CHURCHILL: I certainly wasn't happy to read that. My advice to the president, Dr. Paul Doucette, and to the board was to comply with any requests that were coming forward, but I do recognize that Dr. Doucette and the board also had legal advice to follow as well related to the negotiated agreement with the staff person, which was necessary to recoup all the funds. Again, that is a pretty remarkable feat I think that was accomplished by the past leadership of the party, to recoup those funds.

I understand that there was legal advice pertaining to that as well that they had to consider when answering questions.

BRAEDON CLARK: Mr. Churchill, just to reiterate a point from earlier: Obviously, you would have had opinions or views on what should have been done and when, but in terms of the decision on when and how to turn over any documents, that would not be a decision that would rest with you personally, or you would have any ability to execute on?

ZACH CHURCHILL: No. The political leader of our party does not have the authority to direct the president or the board. There's a very clear division of authority there, and while I believe that the association took my advice and acted on it to the best of their ability, I also recognize that they had legal advice that they had a responsibility to follow as well.

BRAEDON CLARK: Ms. Miller, just a couple of questions for you as well. As the incoming and quite new president of the party, I think this whole situation has been very difficult for everybody involved, not just from a professional but from a personal standpoint as well. It's obviously one of an employer's worst days when this kind of thing happens. There's no doubt that it's been difficult. I'm just wondering, as the new president - and you touched on this in your opening statement - what kind of steps has the party put in place and will put in place going forward to minimize the risk of any situation like this happening again in the future?

THE CHAIR: Ms. Miller.

HON. MARGARET MILLER: Certainly it has been a very trying time, as my predecessor had mentioned. No employer wants to find out that their employees have been misappropriating funds. I have to commend Dr. Khoury for his efforts in recouping those funds. I think that was the most important thing to move forward and follow the advice of the RCMP and his lawyers. Beyond that, we are looking at the measures that we have in

the office. There are our dual sign-offs on any expenses, and anything over \$5,000 does have to be approved by the board.

BRAEDON CLARK: Ms. Miller, you touched on this as well, but in terms of any involvement with the RCMP, I know Mr. Churchill has written a letter to them back in February about this. The party's position is that we will cooperate fully with whatever decision the RCMP may or may not make on this matter. Is that correct?

MARGARET MILLER: Yes, that is correct. I personally have met with the RCMP and let them know that our doors are wide open. If they require any further information from us, we are available for anything that they need. We have nothing to hide.

BRAEDON CLARK: Dr. Doucette, just a couple of questions for you. I mentioned this when I asked Mr. Churchill about this as well, but during the time when you were president and in the AG's view there were some delays in getting documents turned over the Auditor General's Office, I'm just wondering if from your perspective you could explain that time there and what took some time to get those things to the Auditor General?

THE CHAIR: Dr. Doucette.

PAUL DOUCETTE: The process depended a lot on acquiring material and information, to satisfy the Auditor General's request, that was being held by other parties as much as by the Nova Scotia Liberal Party. Those parties also had their own concerns about client-solicitor privilege and client-advisor privilege. We were following the legal advice that was being provided to us by our external legal counsel and doing as much as we could to comply with the Auditor General's request.

BRAEDON CLARK: Dr. Doucette, any time that it took to turn over documents, would primarily have been due to the fact that they were dealing with very sensitive matters of accounting and of legal sensitivities and that, in your opinion, based on what you know as the president at the time, was the reason why it took some time to get documents turned over - is that accurate?

PAUL DOUCETTE: Yes, that's accurate.

BRAEDON CLARK: Dr. Khoury, a few questions for you here as well. I want to touch on something that you mentioned in your opening statement as well. You were the president of the party when the misappropriation was first discovered. You said in your opening statement that you were not contacted by the Auditor General's office until a little over a year, 13 months, after her investigation began and that the former executive director was not contacted at all as part of this investigation. Is that correct?

JOSEPH KHOURY: That is accurate. I was contacted 13 months afterwards, at which time I did express surprise that they had not contacted me. I was not aware that there was an investigation. The executive director was never contacted to this day.

BRAEDON CLARK: Dr. Khoury, would it be safe to say that you and the former executive director would be two of the people who would have the most knowledge and the most information to give a full and accurate picture of what took place here, given you were in key positions at the time when this appropriation was discovered in the first place.

JOSEPH KHOURY: That is accurate, yes. I would say that.

BRAEDON CLARK: Dr. Khoury, I wanted to ask a question about auditing and financial statements. I'm not necessarily an auditor but I just want to clarify one point here: In the party's 2020 financial statements, which were released in April 2021, there was no mention of any kind of misappropriation of funds at that point, although by that point, as the Auditor General points out, there had been close to \$20,000 repaid by the former employee. I'm just wondering why that is the case. Was there a reason as to why it wasn't specifically acknowledged in that financial statement, and it was the following year?

JOSEPH KHOURY: Yes. We followed legal advice and the Auditor General's advice. The Auditor General was aware that there was some misappropriation that took place, but we also suspected that there had been more that we wanted to pursue. That's why we hired the forensic investigators. The Auditor General simply said, We don't know how much so it would not be correct to put in amounts that we're guessing at. The initial amount was put in there as an accounts receivable and we were waiting for the conclusion of the forensic investigators, which we did, and then we fully reported it when we did have that amount.

BRAEDON CLARK: Dr. Khoury, I want to ask you a question that I also asked to Mr. Rankin as well. Given you were the president of the party in the lead-up to the 2021 provincial election, was there any intentional decision on your part to delay reporting any misappropriation in order to gain some perceived political advantage in the lead-up to an election?

JOSEPH KHOURY: The answer is easy: I was not involved at all in political decision-making whatsoever. I was simply the chief bureaucrat, if you will. That's all. There was no contact whatsoever regarding politics.

BRAEDON CLARK: One final question here for you, Dr. Khoury: Why did the Association choose up to this point not to pursue any criminal complaint against the former employee? What was the prioritization in terms of the decision-making there?

JOSEPH KHOURY: We contacted an external legal counsel within one hour of discovering the misappropriation. The advice was basically that if you want to recoup the

money, if that is your priority - to recoup the money to make sure that the taxpayers' dollars were made whole - then you need to have a discussion with the person so that you can recoup the money, which we did. That was the main thrust of our investigation - not only did we recoup the money, but we also recouped the money that we spent to recoup the money.

BRAEDON CLARK: On the final point you made, Dr. Khoury: Correct me if I'm wrong, but about \$130,000 was repaid in terms of misappropriation and a little over \$60,000 in terms of the legal and professional costs associated, so a sum total of a little over \$190,000 was recovered. That's correct?

JOSEPH KHOURY: Yes, that is correct. I will further note that the Auditor General says that that is the ideal thing for any organization to do, is to recoup the cost, which we are very happy to see, because that's exactly what we did. We didn't know whether she was going to make these recommendations. We just thought that this is the thing to do, which we did, and we're very proud of doing that.

BRAEDON CLARK: I believe I have about three minutes left here so I will turn to Ms. Rice, if I could, for the last three minutes.

There are two recommendations in this report, as we know, the first one dealing with the Liberal Association and the second one dealing with political parties more generally and Elections Nova Scotia. In order to implement those changes there needs to be amendments to the Elections Act and to other pieces of legislation, which is under the purview of the Department of Justice. I'm just wondering, Ms. Rice: At this point in time, have you heard from the Department of Justice or government in general with interest in making legislative amendments, and if not, at least a general interest in making the changes that the Auditor General proposes?

DOROTHY RICE: I thought you might ask that question. Yes, we have been in contact with the Department of Justice. We have a process within Elections Nova Scotia whenever we have a legislative amendment that we'd like to make. It's that we have an advisory committee called the Election Commission. We've started discussions with them as well. We would try to get consensus within that group to go forward, and then once we have come up with some language to recommend, at that point we would table it with the Department of Justice and have further discussions. It'll go through that process, and there has been a receptiveness to make the changes, yes.

BRAEDON CLARK: We all know that legislation doesn't always move as quickly, perhaps, as we would like. We're about 15 months out from the next scheduled provincial election next July. I'm wondering in those discussions - and I know they're probably preliminary at this point - is there any discussion of timeline or when we might see these changes come forward? Would it be reasonable to think we could get that done prior to the next scheduled provincial election?

DOROTHY RICE: Yes, we will certainly target to get something tabled and passed before the next general election. We're starting that process, and we'll work through it.

BRAEDON CLARK: I'm putting you in a tough spot here, Ms. Rice. I know it's a speed round, but if you could quickly, in 35 seconds, give us a Coles Notes version of how these changes would benefit all parties, all voters and ultimately Nova Scotia.

DOROTHY RICE: What we're really looking at is to improve the transparency and the timeliness of that transparency. We have a lot of regulations within the Elections Act for reporting, for financial reports, et cetera. We do a lot of disclosure. The changes would implement a faster turnaround on that, so we would discuss how quickly that would be, and we've . . .

THE CHAIR: Order. The time for the Liberal caucus has expired. We will now move on to the NDP. MLA Lachance.

LISA LACHANCE: Thank you to everyone for being here today. I think my question is either for Dr. Khoury or Dr. Doucette, depending on timelines, but I think probably Dr. Khoury.

A confidentiality agreement was put in place with the former employee. I'm wondering when that was put in place and why, and where did the recommendation come from to put that in place?

JOSEPH KHOURY: It's a misnomer to call it a confidentiality agreement. We insisted and got in it that we had the right to report to authorities, as required by law, whatever is in that agreement. The only way to get the money was to have some kind of agreement. It was a settlement more than an agreement. We still insisted with our legal counsel, who communicated with the person's legal counsel, that we have the right to report it, and we did - to ENS, for example.

We never said that there is no chance of reporting. That's illegal, actually, and we certainly were not going to break the law. It's a misnomer. It's a settlement. There is no confidentiality, per se.

LISA LACHANCE: Was this agreement in place prior to any amounts being recovered by the Liberal Association?

JOSEPH KHOURY: I'm sorry. I don't quite understand the question.

LISA LACHANCE: I'm just trying to clarify the timeline. Was this agreement, this settlement, in place before any disbursements were made - or any repayments were made to the Liberal Party?

JOSEPH KHOURY: We put it in place once the forensic investigators completed and declared that this is the amount that's required. On top of that, we added the expenses to the legal counsel and to the forensic investigators on top of the amount that they discovered was misappropriated. The agreement had those totals in place, and that's where we got.

LISA LACHANCE: Just to clarify, the initial \$20,000-odd that was recovered was done before the forensic audit was complete and before the settlement was in place?

JOSEPH KHOURY: Yes. That was what the person admitted to initially, but we weren't going to trust somebody who had misappropriated funds to say, This is all I took. That's when we then started our own internal investigation. We suspected some things, which we reported to legal counsel, who then advised us to hire forensic investigators, which we did. We gave them full independence, opened up everything they required - gave them full access to every document that they deemed necessary for their work.

Once they concluded that - which took a long time, necessarily, unfortunately - then when we discovered the money, we were able to say, This is what we need, and on top of that, the expenses required to get that money.

LISA LACHANCE: The Auditor General reported that in fact a full forensic audit wasn't completed. I'm wondering if you can speak to why a full forensic audit wasn't completed, and what you feel you gained from that process.

JOSEPH KHOURY: The investigators themselves told us what they needed to do. They're the experts. I'm not. I don't have any accounting background. I teach literature.

They said, This is what's appropriate for our work, and that's what we gave them access to. They deemed that going back seven years was necessary, which we said was perfectly fine with us, and to go ahead and do it.

It was at great expense, but we took their advice. They're the forensic investigators. I have no idea how accounting works. We just said, This is what you need? Then this is what you get. We gave them full access.

LISA LACHANCE: Still, the Auditor General didn't regard that as a full forensic audit. Was there a decision at some point where the auditors gave you a choice about a pathway - whether to go further? Or did they offer an assessment of the limitations of the process that they did do?

JOSEPH KHOURY: The forensic investigators themselves told us that this is what they needed, that is appropriate for what they needed. As I say, I'm not an accountant. I just followed their advice. They were the forensic investigators. It was Deloitte. This is a very prominent - one of the most prominent in the country. Who am I to question them?

I asked them what they needed. They said this is what we needed. This is what they deemed appropriate for the circumstances. I said, "Fine. Go for it." That's it.

LISA LACHANCE: Can you share with me discussions that you had within the association, within the executive association regarding whether or not to seek a criminal charge through the RCMP? Even at \$20,000, that bumps you into the ability for the RCMP to investigate and potentially lay charges. You had that admitted by the employee. Can you talk about the process by which you decided not to contact the RCMP?

JOSEPH KHOURY: We informed the board immediately. The first thing we did was we informed the Leader, then we informed the board. Legal counsel basically advised us that it would be very difficult to recoup the money if legal charges are pursued now, which is not in our authority. The RCMP is the one who lays charges anyway.

The whole purpose was to recoup the donors' and taxpayers' money. As I say, we also insisted on recouping the expenses that we spent to get the money. If we had not pursued the path that we took, we would never have retrieved that money. I point out that the AG herself declares that this is a priority for any organization - to recoup the money. I think it's Recommendation 1.2, if I'm not mistaken. We did pursue that.

There was nowhere at any point that the RCMP - they could still lay charges if they wanted to. We can't direct them, but legal counsel said in most such circumstances, it's very difficult to recoup the money when charges are laid. You need to try to pursue to get the money, because that's what you said your priority is. You can proceed this way, and the RCMP can certainly lay charges whenever they want.

LISA LACHANCE: Just to clarify, notifying the RCMP and providing them with information doesn't preclude seeking the reimbursement of the funds that were misappropriated.

JOSEPH KHOURY: It would be very difficult, I imagine. Basically, the idea is why would someone pay back when they're going to be tried, essentially? As I say, the RCMP did also twice - the AG herself says she reported them, and they said, We're not interested. She says that in her report, you will notice. I forget which paragraph it is, but she herself says that she called the RCMP, and they said, We're not interested.

I don't know how the RCMP work. It's not my place to guess that, but they're obviously aware. She mentions that they twice declared that they're not interested. My interest was in making sure that the taxpayers and donors were made whole.

LISA LACHANCE: How much time do I have left?

THE CHAIR: You have 11 and a half minutes.

LISA LACHANCE: Dr. Khoury, just one more question for you, I think. I may have two. You think that the executive director should have been contacted by the Auditor General. Can you explain why?

JOSEPH KHOURY: The executive director is the day-to-day operations person of the party, and therefore he would have been there all the time, and he's pretty much the one who discovered it. To me, if you're going to do a proper investigation, then you need to talk to the people who were involved, especially in the day-to-day activities. She never did. As I say, she waited 13 months to contact me, which was toward the end of her investigation, which I found surprising. I expressed that to her.

The ED was never contacted. He was the one who discovered the misappropriation, and she never contacted him.

LISA LACHANCE: I presume that the ED was working closely with the auditors and was privy to the legal advice being provided to the Liberal Association, so in a sense they were quite involved because of their role day to day. The fiduciary trust rests with the board of the Association and again, back to this idea of contacting the RCMP, was this brought to the board as a discussion item or a decision item?

JOSEPH KHOURY: Sorry, you referred to two things. Which was brought to the board? The board was fully informed of everything from the start, so I'm curious as to which.

LISA LACHANCE: Was the board asked to make a decision about whether or not the Liberal Association would contact the RCMP?

JOSEPH KHOURY: The board was fully apprised of the investigation as it was proceeding. We regularly met with them and fully informed them of everything from the very start to the very end, on everything. They were fully, fully informed. We had many, many meetings - way more than I want to remember, to be honest.

LISA LACHANCE: So the board as a whole decided not to go to the RCMP?

JOSEPH KHOURY: The board had consensus. We brought the circumstances, we explained what our legal counsel has advised us, we had discussions, we voted, and we made a decision.

LISA LACHANCE: I have a question for Mr. Churchill. When you were apprised of this, you said, Contact the RCMP. I'm wondering: Did you do that personally or did someone else, and what was the reaction of the RCMP at that point?

HON. ZACH CHURCHILL: Again, within 24 hours of first seeing the Auditor General's report, I reached out directly to the RCMP by email and informed them of the

recommendation of the Auditor General and that we were following through on that recommendation with this complaint and seeking whether they believe there is anything requiring further investigation. Since then, I know party officials have met with the RCMP for an initial conversation.

Again, President Miller and I are in alignment. If they require anything further - we don't know that they will. We don't know that this is going to be something that's pursued or not at this point, but certainly the party president and I are in alignment that if there is something that's going to be further pursued, they will have the full co-operation of both the political leadership and the association leadership.

LISA LACHANCE: But would you say that your outreach to the RCMP was received with openness? In Dr. Khoury's response, he referred to them not being interested in the matter. In your view, are they interested and are they doing the steps they need to make a decision about whether to lay criminal charges?

ZACH CHURCHILL: We certainly hope to have an answer to that. We do want a timely conclusion to this issue. They took us up on our offer, had an initial meeting, and again, the matter is with them now and we are not aware of any decisions they are making one way or the other in terms of pursuing any further investigation into the matter.

LISA LACHANCE: I'm wondering, looking forward - I guess this question would be for Ms. Miller - regarding the steps that the Association has taken to avoid this type of issue in the future.

HON. MARGARET MILLER: No, going forward, we are certainly looking at all expenses. They have to be signed off by two individuals. Then they're all reconciled with the bank records. Also, any expenditures currently over \$5,000 do have to be approved at a board meeting before they can be disbursed.

LISA LACHANCE: Previously expenditures over \$5,000 could be expended without a board decision - was it a decision with the executive director? Who had that spending authority?

MARGARET MILLER: To my understanding, the \$5,000 limit has been in effect for a while.

LISA LACHANCE: We've heard about the no-trust philosophy, as it's been termed for the Liberal Association of Nova Scotia now. I'm wondering if you can talk a bit about what that means to you and how it's being enacted.

MARGARET MILLER: Could you repeat that? The no-trust philosophy?

LISA LACHANCE: I think that was in the Auditor General's report - this idea of going forward operating on a no-trust philosophy - tightening financial controls and that sort of thing. We understood it was termed no-trust.

MARGARET MILLER: Certainly, I would interpret that to mean that everything does have to be verified. We want to be very clear and open, but we don't want to allow any employees to have that opportunity to misuse their ability or their powers in the office to appropriate funds.

This was a case where an employee had taken, from what I understand, very creative measures to misappropriate funds. So we're going to make sure moving forward that there will be no room for that. We'll be double-checking everything. It will be going through our own accounting department. It will be going through me, the executive director, and the board when necessary.

We're going to make sure that this doesn't happen again and follow the Auditor General's report and suggestions with her measures. We know that this happens. All of us as MLAs have been in the room when a business has come in and said, I've had funds misappropriated from my business. What do I do? Where do I go forward?

We all need to tighten that up a little bit to make sure that it doesn't happen again. We were all the victims of an employee we did trust. In many cases, we found it unbelievable that she would misappropriate funds. We were the victim of this act, but now we're going to take steps to make sure . . .

THE CHAIR: Order. MLA Lachance.

LISA LACHANCE: Have there been any changes in how the financial management of the Liberal Association is discussed or relayed with the political Leader of the party?

MARGARET MILLER: I don't understand your question.

LISA LACHANCE: Actually, I'll back it up. Previously, when and how did the Leader of the Liberal Party review the financial statements of the Liberal Association of Nova Scotia? Has that process changed?

MARGARET MILLER: Everything goes through the board. All the finances of the board go through the board. That really doesn't have anything to do with the Leader of the party. Certainly, they are separate entities. The Leader's purview is with the leadership of the party. Mine is with the presidency of the party and the administration of the party. That's the way we're going to be moving forward.

There is a separation, but in effect, we are all Liberals and we are all very much family. We're all trying to work toward the same thing, and that's making sure that there's accountability and . . .

THE CHAIR: Order. MLA Lachance.

LISA LACHANCE: I think evidently, I would suggest that the Leader - all members of the Liberal caucus - would be interested in the financial health and strength of the Liberal Association of Nova Scotia, especially thinking about things like elections, voter engagement, and that sort of thing. Is the Leader formally presented with the financial statements after they've been reviewed by the board, or does he need to go look them up with the Registry of Joint Stock Companies? How is the Leader aware of the financial status of the Liberal Association?

MARGARET MILLER: As as you said, I'm fairly new to this, so that's something that I haven't dealt with yet, but certainly it is a good question. Perhaps one of my predecessors can answer that question. Dr. Khoury?

THE CHAIR: Dr. Khoury.

JOSEPH KHOURY: Under my terms, we always apprised him of our state, but the Leader also has a very clear and distinct expense account, which we authorize - the board authorizes, not him. The reason for that is that . . .

THE CHAIR: Order. The time for the NDP caucus has now expired.

We'll now move on to the PC caucus and MLA Young.

NOLAN YOUNG: My first question is to Mr. Churchill. You became Leader in July 2022. Can you confirm when you first heard about the theft?

HON. ZACH CHURCHILL: We were first notified in December 2021 through a presentation at the caucus . . .

THE CHAIR: Order. MLA Young.

NOLAN YOUNG: Yes or no: would you agree that theft is wrong?

ZACH CHURCHILL: Of course.

NOLAN YOUNG: When did you call the police?

ZACH CHURCHILL: Within 24 hours of receiving the Auditor General's recommendations to do so.

NOLAN YOUNG: February 2024?

ZACH CHURCHILL: Yes.

NOLAN YOUNG: So you learned about the theft in December 2021, and you agree that theft is wrong, yet you didn't call police until 2024?

ZACH CHURCHILL: Yes. We were informed as a caucus before I was Leader, in 2021, that there had been a misappropriation of funds . . .

THE CHAIR: Order. MLA Young.

NOLAN YOUNG: Just so I can understand this - if the average Nova Scotian, for example, had their car stolen, which is theft, and theft is wrong, do you think it would be acceptable to wait almost 19 months to call the police on a theft? This is no different. Theft is theft. Do you think that's acceptable?

ZACH CHURCHILL: I think the party that was dealing with this issue at the time had a priority of recouping the funds, which I think there is very good rationale for. It was a substantial amount. I know that the leadership at the time followed legal advice to do so and were successful.

NOLAN YOUNG: When you became Leader and you knew about the theft, why didn't you bring the RCMP in then?

ZACH CHURCHILL: Because the matter had been concluded, as far as I understood. There was a misappropriation of funds. It was found. There was a forensic investigation, and the full scope of dollars that were taken, plus the money that it cost to recoup those funds, were given back to the association. That was a positive outcome, I think - certainly in line with what any organization would want to achieve, and I think very unique. It's not often that an association is able to reacquire all the money . . .

THE CHAIR: Order. MLA Young.

NOLAN YOUNG: Just looking back at this in hindsight, a theft occurred of taxpayers' dollars in 2020. It's now 2024. Looking back at it, do you feel that the RCMP should have been phoned earlier? If we know that theft is wrong and taking money is wrong, and you ended up calling the RCMP anyhow, do you think you should have called them earlier?

ZACH CHURCHILL: Just to clarify, as was noted in the Auditor General's report, the RCMP were aware of this and determined that no further investigation was needed at the time.

That said, we recognize the consequential nature of the Auditor General's recommendations, and we followed through on them as swiftly as we could.

NOLAN YOUNG: I think the RCMP were called and the Liberal Party said this was an internal matter, as I recall from the Auditor General's report.

You became Leader in July 2022, but the association didn't fully comply with the Auditor General's requests until October 2023. Why did it take more than 15 months for the association to comply?

ZACH CHURCHILL: As was answered earlier, there is a very clear constitutional separation of authority within the Liberal Party of Nova Scotia, where the political leadership – I, as the leadership of our caucus - does not have the authority to direct the association. I certainly gave the association what I believed the best advice was, and that was to comply and hand over all the information . . .

THE CHAIR: Order. I'm just going to stop the clock for a second. There seems to be a little confusion on why. This is a symphony, and the MLA directs the Chair when they've had enough. So I will call order, and I will stop the questioning.

I'm going to start the time back up. MLA Young.

NOLAN YOUNG: I know you say that there's a separation between the party and the leadership, but the buck stops at the leadership. The leadership is the face of the party. In fact, in fundraising documents that are sent out, it's the Leader who's on these. I'll table that.

Did you direct the association to comply?

ZACH CHURCHILL: The bylaws are very clear. Those are available to the member if he's interested in seeing them. While I don't have the authority to direct the association, because they are a separate entity and follow the leadership of the president and the board, I did give them advice. They also had advice and recommendations coming from legal counsel, which was explained earlier in the committee.

NOLAN YOUNG: I just think that Nova Scotians expect that if a theft were to happen, they would expect that one would call the authorities. They wouldn't call in lawyers. They would call in the authorities immediately for an investigation. It wouldn't be kicking the can down the road for years.

I can't understand the delineation. You directed them to call the authorities in February 2024; however, you're saying that you have no authority over the internal Liberal Association. It doesn't work both ways. You could have directed them to call the RCMP in July 2022.

[10:00 a.m.]

ZACH CHURCHILL: Listen, I know that any Nova Scotian who has something taken from them inappropriately, the first thing they want is to get that back. Our association was successful in doing that, plus recouping the funds that it took to discover the full scope of misappropriation, and all of those funds were recouped. I think it's very .

..

THE CHAIR: MLA Young.

NOLAN YOUNG: The whole purpose of this was to recoup the funds. It wasn't to get the authorities involved, it wasn't to do the right thing, and it wasn't to pursue someone who committed a criminal act. It was to recoup all the funds. I think there have been other cases out there where the RCMP would have been involved, and they were still able to recoup the funds. Do you have a comment on that?

ZACH CHURCHILL: Again, I wasn't directing what happened at the time - nor do or any political leader or I have the ability to do that - but I do think anybody in this room who had something taken from them inappropriately, the first course of action, the number one thing that anybody would want, would be to get that back.

Our association and the leadership at the time took steps, followed legal advice, and were successful in doing that. That's not usual. Usually, people can't get back what's been taken from . . .

THE CHAIR: MLA Young.

NOLAN YOUNG: You agree theft is wrong and we didn't call in the authorities. We prolonged it.

Mr. Rankin, do you agree that theft is wrong?

THE CHAIR: MLA Rankin.

IAIN RANKIN: Absolutely.

NOLAN YOUNG: Have you ever had discussions with Mr. Churchill about this internal theft?

IAIN RANKIN: As was mentioned in my intro, the entire caucus was briefed at the same time by the president and executive director of the party of what they were able to share in terms of how they were handling the personnel matter.

NOLAN YOUNG: Why do you suppose you didn't call the police in July 2022?

IAIN RANKIN: Sorry, why did who not . . .

NOLAN YOUNG: Why do you think that Mr. Churchill hadn't called in the authorities when he became Leader?

IAIN RANKIN: I would say because he had to rely upon the association saying that they were following the expert advice of their legal counsel that guided their response and the accounting of that, and that they were following through on the steps needed to make sure that this was coming to an end.

NOLAN YOUNG: Mr. Rankin, why didn't you call in the authorities when you had the chance? When you found out about it - knowing that theft is wrong - why didn't you make the call?

IAIN RANKIN: I found out at the end of December 2020 with two other people who were running in the leadership campaign. There was a lawyer present for the party, and then we were told independent legal advice would be secured, and that they would be following all the protocol and the steps. I wasn't even the Leader at the time, but even if I was, I knew at that time that the Leader does not have a seat at the table at the board to make those decisions.

NOLAN YOUNG: When did you inform party members of the theft?

IAIN RANKIN: I was satisfied that the association would fulfill their obligations to deal with this personnel matter and the financial reporting of it. I continued to ensure that my role as the Leader was interested in ensuring that they continued to follow due process.

I was updated . . .

NOLAN YOUNG: While you were still leader and while there was the theft of money - while there was missing money that was there, you continued to send out solicitations for donations for campaign funds and stuff. I have four documents I can file here: March 12, 2021; March 21, 2021, March 30, 2021; and March 28, 2021.

Do you think, knowing that the money hadn't been recouped, knowing the money was still out there, that it was responsible to still solicit donations knowing that since the money was not recouped, some of that money could potentially be going to cover the costs of the missing money?

IAIN RANKIN: Based on the information that I had, I understood that the former employee was fully co-operating and that there was an anticipation that all of the funds that were taken would be given back to the party, the party would be made whole, and that the advice by the reputable law firm and Deloitte, doing the forensic auditing, was followed to

the letter. That's what I was informed of, so I had no problem fundraising and getting ready for an election campaign.

NOLAN YOUNG: While you were leader, the funds were still being solicited out there. Now you're taking advice from lawyers - I just have a hard time understanding this. As soon as you found out that money was missing, the first phone call that took place was to a lawyer and then it was to the Leader, or vice versa? I fundamentally can't understand why the first phone call wouldn't have been to the authorities. That's what Nova Scotians really would be expecting. Do you think Nova Scotians should expect that, Mr. Churchill?

HON. ZACH CHURCHILL: Again, I think any donor, contributor to the party - even the Auditor General herself in her report said the first order of business should be to recoup the funds and thankfully that happened. Obviously, the steps that were taken, whether there's agreement on the process or not, were successful in recouping the full scope of money that was misappropriated by a staff person as well as . . .

THE CHAIR: Order. MLA Young.

NOLAN YOUNG: I want to mix it up some. Dr. Khoury, you had some pretty critical remarks of the Auditor General's report. Are you saying that the Auditor General would be incompetent with this report? It was quite critical. I wonder if you can comment on that.

JOSEPH KHOURY: The Auditor General recommended requiring registered parties, candidates, and electoral district associations make reasonable efforts to recover all misused public funds, which we did, including the expenses, and she did not investigate fully because she did not interview me for 13 months afterwards, when her initial report was completed and we have to make corrections, and she never interviewed the ED.

NOLAN YOUNG: A bounce back to Mr. Churchill here. The whole purpose of this was to recoup funds. It was not to do what's right. It was putting the Liberal coffers before doing the right thing and phoning the authorities. Do you agree with that?

ZACH CHURCHILL: Again, I think anybody who suffers a theft, or misappropriation of funds in our case - everybody would want to get back what was taken. I think it is very rational and responsible to pursue that as a first order of business.

NOLAN YOUNG: During the run-up to the election, when this could have come out, this could have been public, this could have informed the members during the lead-up to the election, it could be perceived that you're putting politics ahead of doing the right thing. I think the right thing would have been to phone the RCMP.

Do you think your playing politics superseded the right thing to do, by calling the RCMP, Mr. Rankin?

IAIN RANKIN: No. Well, the association was a target of an unscrupulous individual taking actions of her own accord. My understanding was the association was following the same process that they originated before I even became leader and that they had ascertained the right legal counsel, and they were following that advice and they were ensuring that they were complying with all . . .

THE CHAIR: Order. MLA Young.

NOLAN YOUNG: Did you fundamentally agree that that was the right process? Do you agree that it would have been the right process to keep this away from the public, to keep this out of the media and out of the membership and pursue advice from a lawyer, as opposed to reporting a theft? Do you feel that?

IAIN RANKIN: I'm not a trained lawyer, nor am I a trained accountant, to give that professional advice. I was satisfied that the association was following that advice and taking the right steps required. I did suggest, if this could be in the public interest, to notify the police, and the answer to that was no. I was satisfied that the individuals who would consider that took those steps and really followed the advice . . .

THE CHAIR: Order. MLA Young, with four and a half minutes remaining.

NOLAN YOUNG: It makes me think of leadership here. If you're the Leader - the head of the party, the Leader of the party - and you feel that you're taking advice from the association - this is what we're going to do - but you're the head of the party. When things are sent out, the buck stops there, at the leadership.

Who's in control here? Is the leadership in control? Is anybody in control? Is it the association?

IAIN RANKIN: I think even the Auditor General herself, when she calls the Liberal Association "the association", that's what it is. It has bylaws you can find that are readily available online. I knew that's the case during the leadership run, which is why I even campaigned on the idea of having the Leader have a seat on the board. I do see separations . . .

NOLAN YOUNG: Back to Mr. Churchill. Mr. Churchill, you're the Leader of the party. You're the figurehead of the party. This is your brand of the party. Are you leading this party? Are you taking direction from the association? Who's in charge here?

HON. ZACH CHURCHILL: There's a very clear separation of authority. I'm certainly responsible for caucus, leading the elected MLAs, developing the platform, and leading our work in the Legislature. The board and the president of the party, specific to our bylaws, are responsible for the corporate management of the association.

In this case, I actually followed the recommendations of the Auditor General and reached out to the RCMP within 24 hours of receiving her report.

NOLAN YOUNG: Respectfully - I say this with the utmost respect - you waited until the Auditor General's report was completed, knowing that a theft had occurred, knowing that there was money missing, knowing that there was criminal activity. You could have phoned the authorities before, instead of waiting 19 months. Is 19 months an acceptable amount of time - since you became Leader - to phone the authorities and do the right thing?

ZACH CHURCHILL: Just to correct the record for the committee, there wasn't money missing when I became Leader. Again, as has been stated, all the money was recouped, plus the money it cost to recoup that money. I believe that all the advice was followed with the independent accounting firms, Deloitte and the independent advice of Cox & Palmer.

From my perspective, until I received the Auditor General's report, the matter had been concluded. The Auditor General clearly had a different interpretation of events, which led to her recommendations, which I take very seriously and followed through on.

NOLAN YOUNG: With respect, yes, the money would have been recouped by the time you were there. However, someone still took money and then was let go to go on to wherever else that individual may have gone on to, right? When you don't have the authorities involved in stuff - anything can happen, right? The right thing to do would have been to phone the authorities. Even if it was before your time, the right thing would have been to get the authorities involved in this and not wait until the Auditor General's report came out to do something that you could have done initially.

When you became Leader, what was the first thing you instructed the board to do regarding this matter?

ZACH CHURCHILL: Again, I don't have the authority to instruct the board, but we certainly do work together. My advice to the board - as was stated by Dr. Doucette and me at the beginning of the committee meeting - was to comply with the Auditor General. The board also had legal advice on what documents they were able to share, which they followed.

NOLAN YOUNG: Why did it take so long for the Auditor General to get the documents?

ZACH CHURCHILL: As Dr. Doucette pointed out, there was . . .

THE CHAIR: Order. The time has elapsed. I'm going to stop the clock altogether here. There have been some side conversations. We have an MLA who is running their

own clock. I start the clock as soon as a person starts speaking, and as soon as I see an MLA acknowledging or giving some kind of signal that they have had enough, then I will call order. I'm keeping the clock and I'm watching for signals.

[10:15 a.m.]

We will now move on to the second round of questioning. We will start with the Liberal caucus. I recognize MLA Clark with about eight to nine minutes. I'll narrow it down in a second.

BRAEDON CLARK: I just wanted to start on a couple of things here. First and foremost, as we heard in our first round of questioning, there is a clear distinction between the Leader of the Liberal Party and the Liberal Party Association - I think rightfully so. I think it's inappropriate to have political leadership running everything all the time. I think that leads to problems. There is a clear distinction between political issues and criminal and legal issues. Those things don't mix, and one entity doesn't direct the other. The Leader of the Liberal Party does not direct the board of the Liberal Party to do things. The Leader can suggest, the Leader can encourage - that is the extent of it. I just want to make that very, very clear because it wasn't clear in the last 20 minutes.

When you're dealing with an issue of human resources involving misappropriation of \$132,000 over several years, it would be negligent not to include lawyers. It would be negligent not to include auditors. There is no grand criminal conspiracy here swimming beneath the water. Those are the facts. It would be negligent not to invite professionals in to render their opinion.

As the AG points out in her report, this issue has not been hidden from the RCMP. In April 2023, Page 12 of the AG's report: "In April 2023, the RCMP Commercial Crime Section (CCS) informed our Office they would not be proceeding with an investigation." As we heard from witnesses in the opening statements and in the first round of questioning, there is an open-door policy with the RCMP right now. If the RCMP chooses to proceed with something in the future, that's their decision, as it should be in a free and democratic society. That's how it works. I just want to clarify those points, because it's pretty easy to mix things up and try to draw conclusions where there's nothing there. So I wanted to say that to begin with.

I finished with Ms. Rice, actually, and I probably didn't give you enough time to respond. Could you just clarify, Ms. Rice, how Recommendation 1.2, if enacted - hopefully prior to the next provincial election - would help political parties and the public have more confidence in the financial management of parties in general?

DOROTHY RICE: Some of the tenets of good electoral management bodies across Canada are the transparency, the accountability, and the high level of integrity. If we have a timely disclosure that there's been an issue and then we in turn disclose that to the public,

then we feel that we've upped the game on transparency, and that if we have the powers to investigate - which many of the other provinces across Canada do - then we would be pursuing that perhaps in conjunction with the Auditor General or perhaps alone.

BRAEDON CLARK: I appreciate that. This is probably a question for either or both Dr. Doucette and Dr. Khoury to clarify some issues around the RCMP and criminal investigations and so on: Did the association at any point in time since December 2020 say unequivocally, No, we will never, ever pursue a criminal complaint - that's something we're not interested in and we've closed entirely? Or was that instead one possibility of several, the primary of which, as you've mentioned, was the recovery of funds, which did take place? (Interruption) Either or.

JOSEPH KHOURY: No, that was never a consideration. It would be illegal to make that determination beforehand. It's illegal to promise not to call the police. That was always on the table. The priority was to get the money and the expenses used to get the money, which we did. The RCMP were aware and they chose not to, as the AG herself admits. They chose not to pursue criminal - whatever they do. We don't have the authority to direct them, but that promise not to call the police was never ever made. It is illegal and I was not going to break the law.

BRAEDON CLARK: Dr. Doucette, perhaps if you'd like to chime in on that point, given your leadership of the party as well.

PAUL DOUCETTE: Of course, it was always a consideration. We were following the advice of our external legal advisers throughout.

BRAEDON CLARK: Ms. Miller, being the current president, that option still remains on the table, correct?

HON. MARGARET MILLER: Absolutely. We've informed them that our doors are wide open and they can investigate if they please. We'll be fully cooperative.

BRAEDON CLARK: Mr. Churchill, perhaps I'll give you a chance just to talk a bit about the timeline of this from when, as you mentioned, December 2021, when caucus was informed as to what had gone on with misappropriation. You became leader about seven months later, I believe - July 2022. If you could just walk us through the timeline from your perspective and your engagement since you first heard of this in December of 2021.

HON. ZACH CHURCHILL: Our caucus was informed of the situation officially when Mr. Rankin was Leader of the party and once the investigation was concluded. We were informed that there had been misappropriation of funds by a staff person, that the funds had been recovered plus the funds that were spent with the forensic investigation with Deloitte and the legal counsel through Cox & Palmer, that all those funds were

recouped as well. I believed at that point for the matter to be closed. The association was made whole.

I don't recall exactly when I was informed that the Auditor General was conducting an investigation on this. I think maybe when it was made public. During that time I spoke with the president and I said I think the best course of action is to provide her with whatever she's looking for, again, within our legal ability to do so. Dr. Doucette informed me that they also had legal advice on this and that there were other entities that were actually the custodians of some of this information. I did not meet with the Auditor General during that process until February 13th, when I was provided with her final copy of the report.

It was a tough report to go through, but certainly I respect that office and the role that she plays in our democracy. I took the night to think on it, and then spoke with Ms. Adair the next day and informed her that we would be supporting the recommendations moving forward. After I had that conversation with her, I reached out directly to the RCMP and told them that if there was anything else that they felt was necessary to investigate here, we would certainly be compliant, because we want to make sure that everything that happened appropriately.

BRAEDON CLARK: How much time do I have?

THE CHAIR: About a minute.

BRAEDON CLARK: Mr. Rankin, perhaps I'm putting you on the spot here again, but if you could just give your thought process around the RCMP and criminal issues during your time as Leader and Premier when you were dealing with this as well.

HON. IAIN RANKIN: Again, I found out in 2020, the same as the other leadership candidates. I was informed they were following the right process. The question of whether the RCMP would be part of the investigation - I posed the question verbally when I had an informal update around the time March or April - some time ago, I don't know the exact date - and it was deemed not necessary, not advised by legal counsel. I trusted that the process would continue to be followed in the way that it was previous to my being Leader. Again, I did bring that forward as an idea in December 2021, given that the investigation had been complete, given that the funds had been increased . . .

THE CHAIR: Order. The time has expired for the Liberal caucus.

We will now move on to the NDP with nine minutes. MLA Leblanc.

SUSAN LEBLANC: I just have a couple of follow-up questions from the first round. The first one is for Ms. Rice. Who is on the Nova Scotia Election Commission?

THE CHAIR: Ms. Rice.

DOROTHY RICE: The Election Commission is comprised of a chair plus two representatives of each party who are in the House of Assembly.

SUSAN LEBLANC: You were referencing the Election Commission to look at the legislation going forward. Has that been struck yet? Do we know which MLAs in the House currently are on that commission?

DOROTHY RICE: Sorry, they aren't MLAs who are on the commission. They are representatives who are nominated by the party Leader. We have members at large. They're not MLAs.

SUSAN LEBLANC: Same question. Do we know who those actual people are, or does this commission have to be struck for this investigation?

DOROTHY RICE: We have a standing committee. We meet periodically, depending on what's going on. When we're in a period where we're developing some legislative changes or whatever, we would be meeting more frequently, but we do meet regularly, yes. It's struck there. It's a two-year term that each member takes.

SUSAN LEBLANC: I want to know, in terms of whatever the agreement or whatever you want to call it with the person who misappropriated the funds - I want to know, was there anything in their leaving the organization and moving forward that would protect other organizations from them and their misuse of funds? If it was public, then people would just do a Google search of a candidate and find that oh, wait, maybe we won't hire that person because of this history.

Was there anything as they departed the party or the organization that would protect other organizations?

THE CHAIR: Dr. Khoury.

JOSEPH KHOURY: I'm not sure I fully understand the question.

SUSAN LEBLANC: The person in question - the person who took the money - was let go. Was there anything in the agreement, or whatever the way the parting words were - was there anything that would follow that person as they pursued employment elsewhere that would protect other organizations? Basically, something that would make it known that this person had done this, and therefore, if they were hired by someone else, there might be special precautions, as it were?

JOSEPH KHOURY: We did not give any character reference to the person. We were not going to do that. But we followed legal advice. There are employment provisions regarding law - regarding employment. There are legal provisions regarding employment, which lawyers informed us of, which we followed. No character reference was ever given.

SUSAN LEBLANC: Mr. Churchill, I'm wondering if you can tell me, in both scenarios, if you had been very public - or if the party had been very public - about this when it all went down in whenever it was, 2021 - what would be the political advantage of being open about this situation in public about it before the 2021 election, and what would be the political disadvantage?

HON. ZACH CHURCHILL: I don't think it's one case or the other. This wasn't directed by politics. It was an HR issue. It was a misappropriation of funds. The investigation was conducted by Deloitte, the forensic investigation - the investigation was concluded when it was concluded, and in the next reporting period, all of that information was shared with Elections Nova Scotia and of course available to the public, which did trigger the AG investigation. The party of the time, as they explained, made a decision to allow the investigation to be concluded. That, as I understand it . . .

THE CHAIR: Order. MLA Leblanc.

SUSAN LEBLANC: In a perfect world, he wouldn't be cut off so quickly, but yes, I do want to move on with another question.

Given what you've just said, on Page 18 of the - sorry, this is not the actual report. In 2024, the Auditor General became aware of a concerning situation - or concerning information - that suggested an indication that the association did seek to conceal and delay the situation due to the 2021 election. Can you speak to that? Mr. Rankin, you were the Leader at the time, so can you speak to that?

THE CHAIR: MLA Rankin.

HON. IAIN RANKIN: I don't know what information the Auditor General would be relying upon - it's not in the report - or who gave her information within the last part of creating the final version of her report. I can understand that the committee would want to ask questions to get to the bottom of that issue.

All I can say, and I'll say it very clearly, is that the timing of the election call was my decision, and that there was no conversation about this issue as it relates to timing of an election.

THE CHAIR: MLA Leblanc, with a little less than three minutes remaining.

SUSAN LEBLANC: Then I would like to go back to Ms. Miller. Just at the end of our last round, my colleague asked you about the no-trust philosophy, or the no-trust policy. You said something like the \$5,000 limit had been in place for a while. Can you elaborate on that? What does "a while" mean? When did the \$5,000 limit, without checks and balances - when did that come into existence in your bylaws?

[10:30 a.m.]

THE CHAIR: Ms. Miller.

HON. MARGARET MILLER: I will refer that to Dr. Khoury . . .

THE CHAIR: Dr. Khoury.

JOSEPH KHOURY: I want to correct the record a little bit here. That provision was always there. All the financial safekeeping ways were always there. The person in question became creative in the way that they misappropriated funds. All the provisions - the no-trust, the double signatures, the \$5,000 minimum - they were all there.

We did, of course, through the forensic auditors, tighten up the provisions to update them to the most recent. For example, now we have electronic fund transfer, which we didn't have before. That's something that my university just did this past month, the electronic fund transfer. But all those provisions, including the \$5,000, were always there.

SUSAN LEBLANC: The last question, Dr. Khoury: when you talked earlier about being the chief bureaucrat of the organization - it's a political organization. The Liberal Association exists as a political organization to elect candidates and to make the policies that govern the province. How is that? Your position is bureaucratic. You run the organization. But would you agree that it is for a political purpose and that you have a political instinct, and that you are interested in politics, and that's why you are involved with the Liberal Party?

JOSEPH KHOURY: Absolutely. I believe it's important for citizens of Canada to be involved in politics, but the idea of the separation of powers exists. I don't believe, for example, that the Leader should have control of all the finances of a party. In that case, what if the Leader decides to just spend it willy-nilly? That would not be appropriate.

We always inform the Leader . . .

THE CHAIR: Order. The time for the NDP caucus has expired. It is now time for the PCs.

MLA Young, with nine minutes.

NOLAN YOUNG: My first question is to Dr. Khoury. Who paid the money back? Did the money come back from the former employee, or did it come back from Liberal donors?

THE CHAIR: Dr. Khoury.

JOSEPH KHOURY: The former employee paid all the money, including the expenses to get the money back.

NOLAN YOUNG: Mr. Churchill, you say that you can't direct the board, but you then told the board to comply with the Auditor General. Which is it? Does the board do what it wants, or do you direct it?

THE CHAIR: MLA Churchill.

HON. ZACH CHURCHILL: The board does what it wants, and while I can't instruct the board, I certainly can give them advice. That's what I did.

NOLAN YOUNG: Your focus was to recoup money before reporting it. Are you comfortable with putting the Liberal coffers before doing the right thing and reporting it, Mr. Rankin?

THE CHAIR: MLA Rankin.

HON. IAIN RANKIN: As I stated earlier, I was satisfied that the association was handling the matter strictly according to the legal advice and what came out of the forensic audit that I was informed about.

NOLAN YOUNG: Mr. Churchill, the same question: Are you comfortable putting the Liberal coffers ahead of doing the right thing and reporting?

THE CHAIR: MLA Churchill.

ZACH CHURCHILL: I think the first order of business, whenever there's a misappropriation of funds, should be efforts to recoup those funds, of course. I think anybody who has suffered a theft in their own life, their number one priority would be to be made whole again and to get back whatever that was - whether it's a car or money or personal artifacts like jewellery - and the association certainly prioritized that. I think there's good rationale for that.

NOLAN YOUNG: Again, you say there's a clear difference between the Leader and the association, but the association sends out fundraising emails under your name, under your image. How do you square that up? If they're sending out with your image, your likeness, your name, but you're not in control?

ZACH CHURCHILL: I've got a responsibility as Leader to fundraise, as you do as well in your local association, so all of us as politicians do engage in the fundraising process, which is necessary to run elections. As Leader, I don't have control over the party finances or HR decisions. Those do rest legally with the board of directors. I think that's similar to other parties as well.

NOLAN YOUNG: Again, your name and image are used to raise money. Money is turned back over to the board, from your likeness, and at that point you no longer feel any responsibility for how the donations are handled.

ZACH CHURCHILL: Certainly, I care about how donations are handled. That's why once I received this report from the Auditor General, I followed up on her recommendations. I hope the government follows through on Recommendation No. 2, because that can help better protect donations that come in to all parties, by giving Elections Nova Scotia more financial oversight into fundraising and party expenses. Certainly, I have responsibility for that, but I don't have authority over it.

NOLAN YOUNG: As leaders of the party, as the face of the party, when these things take place, do you feel that you should take more ownership over this process? Do you feel that - your gut must say something. Your gut must be to say to the board that a theft of that magnitude is quite a substantial amount of money that you should pursue with the authorities. Knowing that your likeness and your image as the face of the party, do you feel that you should be able to have them comply, or do you feel that they should be a separate entity?

ZACH CHURCHILL: It doesn't matter how I feel about it. We've got a constitution with bylaws, and we follow the rules in the constitution that we have as a party. I certainly hope that the member, being in government, would follow the laws of the land as well.

I did take it upon myself to reach out directly to the RCMP as soon as I read this report. Within 24 hours, I reached out to them directly and did take responsibility for doing that. I didn't wait for the board to make a decision on that or the president at the time. I took it upon myself to do that, and took it upon myself to inform the RCMP . . .

THE CHAIR: Order. MLA Young.

NOLAN YOUNG: Mr. Rankin, in hindsight, looking back to when the election campaign was run in 2021, do you feel that had you let the membership know about the missing money, it would have impacted your ability to fundraise for that election campaign?

THE CHAIR: MLA Rankin.

HON. IAIN RANKIN: This was not on my desk. This was not even in my mind when I was looking at calling an election. This issue I knew was handled by the association, as the bylaws stated. I had other matters of importance leading the Province that I was focused on while the association focused on their internal HR personnel matters.

NOLAN YOUNG: How could a theft of funds from an organization of taxpayers' dollars - it's taxpayers' dollars that the theft of funds was from. How could that not be on your mind?

IAIN RANKIN: I was assured that they had advice from - and again, it was told to me, Cox & Palmer, Deloitte - what I knew to be reputable law firms. I had no reason to suspect that they were not following the process to the letter of what the advice was, and that they were going to make sure that this could never happen again. That's what was important to me: that the money was going to be repaid, which I was told was the expectation, and that we would have improved controls for confidence of . . .

THE CHAIR: MLA Young, with two and a half minutes remaining.

NOLAN YOUNG: If your car was stolen, would you call the cops or would you call a lawyer?

IAIN RANKIN: I would want to make sure that that car was brought back to me, but I would probably call the cops if my car was stolen.

NOLAN YOUNG: Would it be perceived, by not calling the authorities and calling a lawyer, that there was someone or something to hide?

IAIN RANKIN: It's important to follow the right process. The process was followed by the association, which had clear jurisdiction over personnel and financial matters.

NOLAN YOUNG: So even knowing what we know today, you agree with the process? You agree that it was the right thing to do, to lawyer up as opposed to calling the authorities?

IAIN RANKIN: I was satisfied that the association was taking the appropriate steps to ensure that the money was being repaid to the association, and that moving forward, there were improved internal controls. I even met with them afterward before I stepped down as Leader to review all of the recommendations that were put forward. There was progress on those recommendations, and all parties should . . .

THE CHAIR: Order. MLA Young.

NOLAN YOUNG: Are you still satisfied?

IAIN RANKIN: I was satisfied that the people who were tasked with making sure that this would never happen again to the Liberal Party were following the steps that their legal advice guided them. I hope other parties are able to learn from this, so that they're not victim to a fraud and that we can improve processes . . .

THE CHAIR: Order. MLA Young.

NOLAN YOUNG: Mr. Churchill, are you satisfied? Knowing what you know now, are you satisfied with the process?

THE CHAIR: Mr. Churchill.

HON. ZACH CHURCHILL: The steps that were taken were successful in recouping all of the funds, which again, anybody who loses something from misappropriation or theft or otherwise - it would be a primary objective to get that back. I'm satisfied in that.

Again, I referred this issue to the RCMP. If there is further investigation that they believe is required, we will support them in conducting that investigation. I'll be satisfied once I know whether they're . . .

THE CHAIR: Order. MLA Young, with 20 seconds.

NOLAN YOUNG: Just quickly, calling the authorities, you still could have recouped the money. There have been other instances. By bringing the authorities in, it wouldn't eliminate the ability to recoup money - agreed?

ZACH CHURCHILL: Your assessment would be very different from what the lawyers' advice was to the PC association.

THE CHAIR: Order. The time for the PC caucus has elapsed.

I want to thank the witnesses for being here today. I will ask if anyone has closing statements. We will keep it down to about a minute. If so, just nod.

MLA Churchill.

ZACH CHURCHILL: I want to thank the committee for the opportunity to speak to this issue. This has been an issue that's affected the association and the party. We certainly don't want other parties or organizations to deal with misappropriation of funds by someone you trust and who you know.

I do want to thank the Auditor General for her work on this and her recommendations, which I believe can hopefully bring this particular issue to a conclusion for the party, but also support the government in moving forward with legislation that can better protect all parties from this sort of situation happening again.

I do know, and I believe, that the party officials at the time took what steps they believed were necessary to recoup the funds. They followed legal and accounting advice

from reputable firms. I think they've made changes to make the financial controls more supportive to good governance within the party.

THE CHAIR: Thank you. We will now move on. Seeing no other takers for closing remarks, you may leave. We now have to attend to committee business. Thank you for coming.

Order. We are looking for an endorsement. I'm going to ask for a motion with respect to the 2024 Report of the Auditor General *Report on Misuse of Public Funds at the Liberal Association of Nova Scotia*. MLA MacDonald.

JOHN A. MACDONALD: I move that the Public Accounts Committee formally accept and endorse the recommendations contained in the 2024 Report of the Auditor General *Report on Misuse of Public Funds at the Liberal Association of Nova Scotia* that have been accepted by the audited departments or agencies and ask those departments and agencies to commit to and take responsibility for full and timely implementation of the recommendations accepted by those departments and agencies.

THE CHAIR: All those in favour? Contrary minded? Thank you.

The motion is carried.

April 10, 2024, meeting: April 10th currently has witnesses scheduled to discuss a Review of Social Support Programs. Today, April 3rd, was to be the pre-hearing briefing for both the April 10th and the April 17th meetings. The April 17th meeting topic is Government Procurement Process and Practice. Since April 3rd is no longer a pre-hearing briefing date, the committee will need to decide if it will forgo a pre-hearing briefing for the topics scheduled for the April 10th and April 17th or if it would like a pre-hearing briefing to be held on April 10th, and the topic, Review of Social Support Programs, would be scheduled to another date. The April 17th meeting would proceed as scheduled. The AG is in Toronto on April 10th but could do the pre-hearing briefing virtually if that's what the committee decides.

JOHN A. MACDONALD: Just a question. I'm going back. When we agreed to have this thing, what was the motion? Maybe we just didn't word it properly because I thought it was the motion that this meeting was going to be the 3rd. I thought the motion was to do that and everything pushed, but if it wasn't clear in the motion, I apologize. Does anybody know what we actually moved?

THE CHAIR: We will find that out. MLA Leblanc.

SUSAN LEBLANC: I just want to clarify. Are you suggesting or are you thinking that the purpose of putting this meeting today was that we would just bump everything along? (Interruption) That might be a good idea.

[10:45 a.m.]

THE CHAIR: We can move on and we'll get back to that. That would be correspondence by Jessica Bouchard's email. I will open the floor to discussion. MLA Regan.

HON. KELLY REGAN: This is the third letter we received about this particular issue, the NSTU correspondence. This is the third letter we've received. We had two last week. Does the committee want a form letter to go back to people who've written to the committee on this? We didn't really deal with it last week. I realized after the meeting that we just glossed over it. I'm just wondering, do we want a response back to these folks?

SUSAN LEBLANC: Listen. Best case scenario would be that we amend the witness list and we add the NSTU to the witness list, but failing that, if that's not going to happen, I think a letter back to people who have written to the committee would be appropriate. We could talk about the process, and we could say that members of the public and members of the Nova Scotia Teachers Union are absolutely welcome to attend the meeting to watch. As I said, I really do think that the best thing would be to amend the witness list, but failing that a letter back would be great, to explain the process.

THE CHAIR: MLA Young.

NOLAN YOUNG: I find it unfortunate. I find this process is flawed, where we're set up to pick out witnesses for a report we haven't even seen. We have not seen this report. How can anybody in good faith pick out witnesses when you haven't even seen the report? The only thing that you can take are the recommendations that came from the person who made the report, who is the Auditor General. I just find the whole process is not transparent. It's not a transparent process. It's not functioning.

THE CHAIR: We will actually put this discussion on pause for just a moment. My apologies, but we do have a motion.

I recognize the committee clerk, Kim Langille.

THE CLERK: The motion that was moved to have the April 3rd meeting was that the topic of April 3rd be this topic: Report on Misuse of Public Funds at the Liberal Association of Nova Scotia.

THE CHAIR: So it was not clear. (Interruption) That's today.

Are we fine with the next meeting being April 10th and not having a pre-hearing, or do we want a pre-hearing for government procurement process practice and the review? MLA Regan.

HON. KELLY REGAN: I was just going to say that I do find the AG's pre-hearing briefings useful. I'm not sure we always need two hours, but often with her full reports, what we do learn is quite helpful.

We have a number of different options here. We could schedule another meeting for her to do that with us. I don't know how members feel about that.

THE CHAIR: The AG is in Toronto on the 10th but is willing to attend via Zoom.

I recognize the Auditor General, Ms. Adair.

KIM ADAIR: I just wanted to add, as you're making this decision, if it's helpful: if you want to proceed without the pre-hearing briefing, as the witnesses for the two topics have been set up on the dates for the next two weeks, we can provide the PowerPoint presentation to the members without having a separate meeting on it. The material has been prepared, and we can offer that to you.

KELLY REGAN: Could we get your speaking notes for that too? Sometimes there's a little more meat on those than there is on the actual PowerPoint. If we could get those, that would be very helpful, I think.

KIM ADAIR: I think that can be arranged.

THE CHAIR: Is anyone in favour of getting the Auditor General's PowerPoint and her speaking notes for the 10th and the review of social support programs? Or do we want a pre-hearing?

THE CHAIR: MLA Young.

NOLAN YOUNG: The pre-hearings are incredibly important. We've been doing this practice with this committee. I believe we should do a pre-hearing. Do we need a motion for a pre-hearing? Is that what we're looking for?

THE CHAIR: In this case, yes, where everything is already lined up. It would be a motion to have the pre-hearing on the 10th, I'm assuming, and move the witnesses to the 17th and then the following week - assuming they're available.

NOLAN YOUNG: Okay. Can I make that motion?

THE CHAIR: MLA Lachance.

LISA LACHANCE: I would like to weigh in on this discussion. I think the pre-briefings are really helpful, but I don't necessarily think that we need them all the time. I

think the compromise version of having either combined pre-briefings or having access to documents ahead of time, in some cases, would be appropriate.

THE CHAIR: MLA Regan.

HON. KELLY REGAN: I would say that when it is one of the AG's own reports - those are really important, because there is more meat on them. When it's the other topics, it's less a big deal to me, I think, if we simply have the notes.

It's my understanding that those two were to be held in one meeting. I don't think we should be putting it off for two other meetings. That makes zero sense to me. It becomes non-Public Accounts Committee. It becomes in camera accounts, and I don't think that's what this committee is called or what we're trying to do here. I think it's really important that - also, it's a lot of work to schedule these, and there are a lot of moving parts. I think when we have people firmed up, it's important to have them come on the dates. I think having the report sent to us - we can all read it. I don't think we need to reschedule everything.

SUSAN LEBLANC: I agree that the pre-hearing briefings are helpful, but in this case, because it's pushing things down the road a little bit, I think my preference would be for the next two meetings to have the information sent digitally by the Auditor General, stay with the schedule the way it is, and then as we move forward we can get back on track with the pre-hearing briefings.

THE CHAIR: MLA Clark.

BRAEDON CLARK: I just want to make a quick point on this as a newer member to the committee. I think the AG's office writes good reports and in a lot of cases fairly self-explanatory and they make sense. I don't think pre-hearing briefings are a necessity from my perspective. I think we can understand them pretty well by reviewing them ourselves, generally speaking. I think to MLA Regan's point, the more often we have public meetings in Public Accounts Committee, I think that makes sense.

THE CHAIR: MLA Young or anyone there, would you like to keep your motion, or what would you like to do with your motion after hearing the other side? Would you like to keep it or retract it?

NOLAN YOUNG: My motion to move this - we've done pre-hearing briefings, we've combined things in the past when they needed to be . . .

THE CHAIR: So we will take a vote. All those in favour of having a pre-hearing and potentially moving the witnesses? Contrary minded? Thank you.

The motion is carried.

We will have the pre-meeting on April 10th. MLA Taggart.

TOM TAGGART: I'd like to put a motion on the floor if I could. I move that the Standing Committee on Public Accounts schedule a meeting on the 2024 Report of the Auditor General *Report on Misuse of Public Funds at the Liberal Association of Nova Scotia* with witnesses Zach Churchill, MLA for Yarmouth; Joseph Khoury, former president, Liberal Association; Stephen Shupe, Shupe & Company; and Deloitte representatives.

THE CHAIR: MLA Regan, I had paused that to deal with other issues. If an MLA raises their hand, as Chair - and you should know this - as Chair I will respect them and I will recognize them. MLA Taggart has put a motion on the floor. Unfortunately I couldn't hear all of it, but I think I got the gist, because I was dealing on a side conversation with you. MLA Taggart.

TOM TAGGART: I'd like to speak to that motion.

THE CHAIR: You have to finish the motion.

TOM TAGGART: I move that the Standing Committee on Public Accounts schedule a meeting on the 2024 Report of the Auditor General *Report on Misuse of Public Funds at the Liberal Association of Nova Scotia* with witnesses Zach Churchill, MLA for Yarmouth; Joseph Khoury, former president, Liberal Association; Stephen Shupe, Shupe & Company; and a Deloitte representative.

THE CHAIR: MLA Clark and then MLA Lachance. That's how I saw it.

BRAEDON CLARK: This is a bit absurd, to be honest. I know the opposite side is on a fishing expedition on this for some reason. We had a two-hour meeting that just concluded. The members and everyone else then went and spoke to the media. The story is out there. If it's not what the members opposite wanted it to be, that's too bad. The facts are inconvenient to them perhaps. It doesn't bother me one bit. I think to make everything as uber political as possible - which is what we are seeing here - is ridiculous, is wrong, is counterproductive, and will do nothing to help anybody, other than go on a witch hunt with nothing to find.

It's just frustrating to me that we love process. Government MLAs on the other side, they love the process of this until it's inconvenient. We've added witnesses, we added witnesses today who weren't there originally. Is that normal process? We can't do it with the NSTU, but we can do it with Mr. Rankin. That's what happened, actually.

THE CHAIR: Can I pause this for a second? My apologies for pausing this, but we have a long list of MLAs who would like to speak. I would like to ask if there's agreement to extend the meeting by 10 minutes. No? Okay, then order.

The Public Accounts Committee is adjourned for today. We will meet again on April 10th, having the AG on Zoom. Thank you, everyone. Have a great day.

[The committee adjourned at 11:00 a.m.]