

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

**SPECIAL COMMITTEE TO
REVIEW THE ESTIMATES OF
THE OFFICE OF THE AUDITOR GENERAL
AND THE CHIEF ELECTORAL OFFICER**

Tuesday, January 23, 2018

Committee Room

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**SPECIAL COMMITTEE TO REVIEW THE ESTIMATES OF
THE OFFICE OF THE AUDITOR GENERAL
AND THE CHIEF ELECTORAL OFFICER**

Hon. Kevin Murphy (Chairman)
Hon. Geoff MacLellan
Hon. Labi Kousoulis
Mr. Gordon Wilson
Mr. Chuck Porter
Hon. Christopher d'Entremont
Mr. Tim Halman
Hon. David Wilson
Mr. Neil Ferguson, Chief Clerk of the House of Assembly
(Non-Voting Member)

In Attendance:

Speaker's Office Adviser
Ms. Deborah Lusby
Director of Administration
Office of the Speaker

Ms. Annette Boucher
Assistant Clerk
House of Assembly

Mr. Gordon Hebb
Chief Legislative Counsel



House of Assembly
Nova Scotia

HALIFAX, TUESDAY, JANUARY 23, 2018

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4:30 P.M.

CHAIRMAN
Hon. Kevin Murphy

MR. CHAIRMAN: Good afternoon everybody. It looks like the gang's all here, so I think we'll get started. Just before we get into the agenda, we'll go around the table and state our name and title or name and constituency for the record.

[The committee members and staff introduced themselves.]

MR. CHAIRMAN: Thanks very much for coming everybody. Just before we get into the agenda, one housekeeping announcement - literal housekeeping announcement: caution when you go into the washroom, the floor may be wet. I got that out of the way. We have checked that liability box now.

We'll begin with the Special Committee of the House of Assembly for purposes of dealing with the two items: the Auditor General's Office estimates as well as Elections Nova Scotia estimates. In both cases, the material was distributed in advance for everybody to review.

We'll begin with the estimates of the Auditor General's Office first for 2018-19. We're looking for a motion for a recommendation to Treasury Board for approval of these estimates. Do we have any discussion and/or a motion? Mr. MacLellan.

HON. GEOFF MACLELLAN: Additional funds are part of that?

MR. CHAIRMAN: Yes.

Mr. Gordon Wilson.

MR. GORDON WILSON: I will first make a confession. We get a lot of these packages, and I did skim it, but I haven't had a chance to fully digest it. One thing I would like to know is, it makes reference to the \$315,000 increase, which will help reduce the dependence on contracted resources. I'm curious about where the funding for those contracted resources might have come from in the past and how adding new positions is going to balance that off and yet still need \$315,000.

MR. CHAIRMAN: We'd like to invite Auditor General Michael Pickup to the table to respond.

MR. MICHAEL PICKUP: Thank you for the question. What we're hoping to do here is fix some structural issue where, because of some of the limitations around the FTEs, the numbers we have, when we have people who perhaps go off on various leaves, be they something as happy as a parental leave, when someone goes on something like that, or unfortunately when somebody goes on something like a sick leave, of course we cannot turn around and replace those people because we don't have the structural funding in place, so in many cases we end up contracting out resources and also filling needs on contracting.

Contracting is a way to get through a short-term crisis, but in the long run, it's not the way to go. What in fact ends up happening here and what I think will likely happen if we get a budget approval, structurally it will enable us to have the people in-house so that we don't have to go long-term to contract people, keeping in mind that at times we're still likely going to have people gone.

It might sound a bit odd but in fact, Mr. Chairman, even with this increase, the last number of years we've returned a significant amount of our budget. We haven't gone over budget, but we can't fix this issue because of the total limitation of the budget that if everybody was in-house and nobody was gone on any form of leave, we would in fact go over the budget, so we're trying to fix that issue. I know it's a rather long answer, I suppose.

MR. CHAIRMAN: Mr. David Wilson.

HON. DAVID WILSON: Just on a procedural matter, if this request is approved here, who presents to Treasury Board? Does the Auditor General go to Treasury, or does the Speaker, the chairman of this committee, make a presentation to Treasury? Is that the best method for it or the only method for it?

MR. CHAIRMAN: The chairman of this committee actually sends it to Treasury, and I guess if it's the wish of Treasury, it would be up to the chairman to go to Treasury Board and speak to it. Mr. Kousoulis.

HON. LABI KOUSOULIS: A couple of questions. In terms of when I do look at the request here, professional services in 2017-18 was \$164,000. Here in the proposed budget it's actually jumping up to \$216,000, so it's an increase of over \$50,000. If this does go to Treasury, perhaps a clarification, if we're hiring more staff to reduce our professional services, why would it be increasing?

The other part is, could we get perhaps to see a trend over the last three or five years of what impact your office has had, in terms of any maternity leaves or sick leaves and actually quantify that? That would be information that would also support this and help.

MR. PICKUP: Do you mean in terms of the number of people we have had off, in terms of total weeks?

MR. KOUSOULIS: Yes, weeks, and then put a dollar amount to it, if somebody was on maternity leave what your office had to pay out in terms of what benefits they weren't receiving, put a dollar amount on it, and that way we could see where we could have a finite actual.

MR. PICKUP: Sure, we can do that. Just to give you an example, happily - I guess because I always look at the happy side of it - roughly 10 per cent of our staff have had babies in the last three months, just to give you an example. It's a small organization, and it's all great news, but then to try to turn around and manage, when you can't hire, under the idea that this is likely going to happen, with any luck, the same thing will happen over the next seven, eight, 10 years - hopefully. We'll get that for you, yes.

MR. CHAIRMAN: Are there any further questions or discussion? Mr. Gordon Wilson.

MR. GORDON WILSON: I'm going to assume that we don't have to make a decision today, but maybe I should ask the question. I know this meeting was pulled together fairly quickly, but I'm assuming that it's a decision we can make at a later date?

MR. CHAIRMAN: We can meet any time.

MR. GORDON WILSON: She's shaking her head no.

MR. CHAIRMAN: Deb Lusby.

MS. DEBORAH LUSBY: I did speak to your Treasury Board analyst today, and they have received your packages, and they said that the Treasury Board analyst will have more back and forth with the Auditor General's Office and the Elections Nova Scotia

Office to tunnel in and query on questions that they may have with their proposal. I may not have the right language, but I think we are passing it on to Treasury Board, having reviewed it here, and the Treasury Board will do more analysis with the organizations directly.

[4:45 p.m.]

MR. CHAIRMAN: I appreciate that but I guess Gordon's question is, we're tasked here today with making a recommendation or not to Treasury Board. If we're just passing it on to Treasury Board, then why are we here talking about it? Is that a fair analysis? To Mr. Wilson's point, if it's the wish of the committee - and I'm just thinking out loud - to gather a bit more information and then reconvene quickly for purposes of making a recommendation or not, is that fair?

We're just mindful of the budget cycle, where we are in the process. I get the sense that we're not talking like we're going to deliberate for weeks and weeks and weeks over this but perhaps a few days and meet in a week's time or a couple of weeks' time.

Mr. Gordon Wilson.

MR. GORDON WILSON: Could I make a motion that we get the information we had asked for and have this deferred to the soonest possible convenience to make a decision?

MR. CHAIRMAN: Any seconders on that motion? Mr. MacLellan. Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is carried.

MR. PICKUP: Could I just clarify what we're getting and giving, just to make sure we don't miss the boat here?

MR. CHAIRMAN: I think Minister Kousoulis had a question there on a figure.

MR. KOUSOULIS: The engagement of professional services, the \$52,000 increase. As well, do a trend, maybe the last five years of actual loss in terms of - and maybe separate the two - maternity leave and sick time, which resulted in paying for someone's salary, but you didn't get the service from them.

MR. CHAIRMAN: Mr. Pickup, on the top of Page 4, the additional funds would be used to fund a director of human resources. Is that a position that's currently vacant, or would that be a new position?

MR. PICKUP: No, that is a new position that we are creating.

MR. CHAIRMAN: Any other questions before we let Mr. Pickup go? Mr. Gordon Wilson.

MR. GORDON WILSON: Just another little caveat to add to that for that director of human resources because I'm sure Treasury Board are going to be asking the same thing. All you're doing here now is just preparing for there. If we could maybe get the background behind why that position needs to be created, that would also help.

MR. PICKUP: Just to clarify, beyond the description that is in that first paragraph of what that position is going to do? On the top of Page 4, we have indicated the reasons for the HR position.

MR. CHAIRMAN: Is there a dollar figure attached to that specific position?

MR. PICKUP: There is, yes. That I can answer now, if you want the answer to that now.

MR. CHAIRMAN: Sure.

MR. PICKUP: Fully loaded, it will be roughly \$100,000 to \$110,000 including benefits.

MR. CHAIRMAN: Okay. Any other questions? Mr. Kousoulis.

MR. KOUSOULIS: In terms of the director of human resources, is the primary position to ensure that the staff are undertaking their professional development or other human resource issues within a department?

MR. PICKUP: There will be a number of responsibilities. It will be the ongoing training, development, succession planning of the staff that we have and lining up the organization over the next sort of 10 to 15 years.

We've gone through quite an assessment and an internal evaluation process as well, including an external assessment in meeting with every single staff person we have. One of the key conclusions that came out of that is we need it for the sake of staff, an internal HR person which we don't have. It will really be driven by making sure that we have the best staff possible, fully equipped, not only for today but for the next 10 to 15 years.

MR. KOUSOULIS: Are you getting these supports now from the Public Service Commission or is there a gap there?

MR. PICKUP: That's an interesting question. There is some gap there in the sense that this is not the transactional stuff, this is not the "fill out the paper for the hires and go." That stuff is done by the Public Service Commission.

This is much heavier stuff, this is looking at succession planning for folks like the Deputy Auditor General and all the others. It's also putting in place our own performance management system for staff. We're 85 per cent people, our costs, so it is really putting that in place, so it's well beyond.

It's also an interesting opportunity for me to respectfully remind you folks that we are in a unique situation, being the Auditor General's Office. There's an independent mandate in terms of being an Officer of the Legislature but there's also the concept of independence of professional accountants and being independent from the people we are auditing. You can imagine, for example, if we got into quite an issue around something on a certain function or a certain area and had an argument on that and then lo and behold, we decide a week later that that's an area we should go and audit. Someone could very easily argue, well how objective are you coming into that, given that we just had a big argument with you or disagreement on something?

I try to take a very practical approach. We're a small office, we're 35 people. We can't have our own purchasing department, we can't have our own everything department, I get that, but I need to be able to draw the line to say, where does it make sense that we have our own functions? I think every Auditor General's Office answers that uniquely on their own, depending on the circumstances.

Probably for us, HR is that one area where I say I will be more comfortable, not only from the reasons here but also from that independence perspective, to have somebody in-house.

MR. KOUSOULIS: This would probably be something for Treasury Board, but if this would go through to Treasury, I would say do a jurisdictional scan on similar size AG Offices across the country.

In terms of the professional development, the bit of a gap I see is if you're a CPA and you have to take your professional development or do courses which are a requirement to keep your designation, is a director of human resources who most likely at \$100,000 a year is not a CPA, going to then guide people through that process? I see that there could be a gap there in terms of a person who doesn't have a designation then overseeing individuals who do have a designation and telling them where they have to go, as opposed to that becomes a function of senior management within a department or directors, in terms of, here are areas that we have a skill set that we require, either we hire it through a vacancy or we develop it in-house.

MR. PICKUP: Sure. Is there an ask in that? I'm just not sure if there's something you want from this in that.

MR. KOUSOULIS: In terms of what you're looking for, a director of human resources for development, I just don't know if you're going to actually get that out of a human resource person for the type of staff you have, which have a designation. The only

ask I would say and it wouldn't be for this table, is that when it goes to Treasury Board, that we ask them to do a jurisdictional scan of the set-up of other Auditor General Offices across the country and see what sort of corporate structure they have in terms of supports.

MR. PICKUP: Sure. I guess the only thing I would add to that is each jurisdiction will be different and the person who knows the Nova Scotia office the best will be me, not the people at Finance. I would say they can look at papers, they can look at Newfoundland and say there are 45 people in the Newfoundland office, should you have 45? Newfoundland is a smaller province. They can go to Manitoba and say they have 50 people, why do you have only 35?

When you start comparing different jurisdictions it gets quite challenging. Some AG offices have, for example, their own communication department, even though they are smaller than us. We haven't looked to have our own communication department, we are doing it ourselves. But in the area of HR that's the area that we feel we need it.

MR. CHAIRMAN: Mr. Gordon Wilson.

MR. GORDON WILSON: I was an HR officer in municipal government for a while and I can certainly reflect how important it is. What I was curious about then, who did the work before?

MR. PICKUP: To be honest, I would say some of these things have really not been done. In terms of succession planning, we'll have a number of people over the next number of years who will be going on. I'm not sure that when I came in, for example, succession planning would have been where I wanted it to be. When I leave in six years, I want it to be a different organization and to be ready for the future, so succession planning is one example.

When I say succession planning, that doesn't mean picking one or two people who are going to replace one or two, it means developing the whole staff so that hopefully you have four people ready for one position, so there is succession planning.

There are things like a performance management approach, in terms of coaching ongoing performance reviews that I would say is meeting the very minimum and is really not where it ought to be.

I think the other game-changer here is we did a very extensive HR assessment where I brought in somebody, an expert, to meet with every single person in the office to say what do we need? What do you folks want? What do we need in order to develop you folks and to keep them? I want to keep these people. The number one thing that came out of that really drove the point that we need our own HR person to do five or six key things that need to be in-house. Those are sort of the changers.

MR. GORDON WILSON: It sounded to me like you were doing a lot of that work then, or assuming the responsibility for it, at the very least.

MR. PICKUP: And the man next to me here. I don't mind telling you, I'm putting in hundreds of hours of free time, on top of the regular job as well, that really is stuff that should be under an HR person as well.

MR. GORDON WILSON: Cool, thanks.

MR. CHAIRMAN: Mr. d'Entremont.

HON. CHRISTOPHER D'ENTREMONT: I know we're asking lots of questions here and I think there's a concern. We don't have the power of this committee, this committee really just basically rubber-stamps a request and sends it off to Treasury Board so you end up fighting with Treasury Board on the dollars and cents here.

As much as the information being provided to us at a later date might be good, I don't think it changes the issue that the Auditor General's request here will not change when it comes back next week, there will not be \$50,000 less, it won't be \$300,000 less. It will be the same thing with further justification.

I'm hoping and maybe my question is, is the request before us a Cadillac ask or is it just a good, base ask that Treasury Board should consider? That's really all we can do, suggest that we feel it's at best a budget that we can support in concept, knowing full well that Treasury Board might make a change to it later on.

MR. PICKUP: I don't think it is a Cadillac, I think we've been very prudent. I came in here in 2014. If you go back over the last number of years, we've returned a significant portion of our budget every year but I don't think, on reflection, that everything is wonderful. It is because there are some structural problems there, including for example, where we had to use contractors because we couldn't hire, because of some of the limitations on budget. I don't think this is the Cadillac approach, I think this is reasonably lining us up.

The other thing we want to remember is the world is changing. Some of what it reflects in here is if we're going to keep on top of things in the world of financial audit, on things like data analytics, on how the world is changing, we need to be able to have sort of the skills and abilities in-house to be able to do this because we have a significant portfolio of financial audits and I need to be able to do those reasonably comparable to how an audit firm would do this. This is by no means a Cadillac.

[5:00 p.m.]

MR. D'ENTREMONT: I think a secondary issue is that when we talk about HR people, the House of Assembly, with 200 people working for it, doesn't have a dedicated

HR person either. I think it's just a challenge for us to understand that. If we can borrow that person at some point too, I think that would be beneficial.

I don't know where the rest of the group is on this one, but quite honestly, I think from the answers that I have gotten, I'm comfortable in letting it go to Treasury Board. I'm willing to run the motion that we accept it to send it off to Treasury Board or whatever that looks like.

MR. GORDON WILSON: We already did a motion.

MR. D'ENTREMONT: Oh, okay. We already did it? Never mind.

MR. CHAIRMAN: There was already a motion made and accepted to defer. (Interruptions) Yes we did. We voted on it.

MR. D'ENTREMONT: Okay, never mind. I guess we are coming back next week.

MR. CHAIRMAN: Any other questions for Mr. Pickup? On this item, we will reconvene at our earliest possible convenience as soon as we get the information on those questions from you.

MR. PICKUP: If it helps, we should be able to get the information tomorrow, if that helps you set when you're going to look to have us back.

MR. CHAIRMAN: Okay, thank you. If you can get that to Deborah Lusby, she'll disseminate it to the members of the committee, and our people will be in touch. Thank you very much - appreciate it.

We'll move on to the second item on the agenda, the review of the proposed estimates for the 2018-19 fiscal year for Elections Nova Scotia. Can I have a motion?

MR. MACLELLAN: So moved.

MR. CHAIRMAN: Mr. MacLellan, moved recommendation to Treasury Board, seconded by Mr. d'Entremont. Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is carried.

Thank you very much. That concludes the Special Committee of the House of Assembly meeting. We will adjourn for a few minutes.

[The Special Committee adjourned at 5:03 p.m.]