
3 Follow-up of Recommendations to the Office of the Speaker, and Audit of House of Assembly

Summary

The Auditor General was appointed auditor under the House of Assembly Management Commission Act. The audit engagements included audit opinions on: the Commission's financial statements for the years ended March 31, 2011 and March 31, 2012; the effectiveness of internal controls; and compliance with policies. During these audits, we conducted a further audit of the implementation status of the recommendations included in the February 2010 Report of the Auditor General – Chapter 4: Office of the Speaker: Members' Constituency and Other Expenses.

The House of Assembly Management Commission has made considerable progress in implementing the recommendations from our February 2010 Report, but improvements are still needed.

90% of the recommendations included in the 2010 Report are complete. The Commission told us it expects to fully implement all recommendations by March 31, 2013. It is evident the Commission and management took quick action on our recommendations and we commend them for their efforts.

We have recommended additional clarification in the House of Assembly Management Commission Regulations related to advertising expenses, and late fees. We also recommended improvements to the capital asset inventory system to improve controls designed to ensure completeness of assets.

We issued a qualified opinion on the financial statements for the year ended March 31, 2011 due to our inability to audit balances as at April 1, 2010; this is a standard audit qualification on a new engagement. The audit opinion as at March 31, 2012 was unqualified. We recommended several improvements to processes to ensure amounts included in the financial statements are accurate and complete.

Our audit opinions on compliance with policies of the Commission and, where applicable, the public service, were unqualified for the period from June 9, 2010 to March 31, 2011 and for the year ended March 31, 2012. We found no instances of noncompliance.

The Chief Clerk of the House of Assembly issued a certification as to the effectiveness of internal controls for the years ended March 31, 2011 and March 31, 2012. The Clerk has identified a deficiency with respect to capital assets in this certification. Our audit opinions on the appropriateness of the Chief Clerk's assessment were unqualified. As required, we also issued an opinion on the effectiveness of internal control for 2010-11 and 2011-12. Our opinions on the effectiveness of these controls were qualified with respect to the existence and accuracy of capital assets.



3 Follow-up of Recommendations to the Office of the Speaker, and Audit of House of Assembly

Introduction

- 3.1 In November 2009, the Office of the Auditor General completed a performance audit of constituency and other expenses of Members of the House of Assembly. To that point, we had not examined payments to Members in over fifteen years.
- 3.2 We focused on allowances and other payments to Members as representatives in the House of Assembly and administered through the Office of the Speaker. The objective for that engagement was to determine whether payments to Members of the House of Assembly for constituency and other expenses were reasonable, adequately supported, and in accordance with the acts, regulations and guidelines at the time. We conducted audit fieldwork at the Office of the Speaker from August to November 2009. The results of this audit were reported in our February 2010 Report – Chapter 4: Office of the Speaker: Members’ Constituency and Other Expenses.
- 3.3 There were several significant findings resulting from the audit.
- Members received significant funding for expenditures which did not require receipts or other support. Written rules and guidelines did not clearly define how funds should be spent.
 - Members claimed expenditures for personal items, expenses already covered by an allowance, items previously claimed, and items and services from ineligible relatives.
 - Certain Members’ purchases were unreasonable, and clearer, more comprehensive regulations and guidelines were required.
 - Inadequate documentation, such as photocopies of invoices, no evidence of payment and no supporting documentation, hindered House of Assembly staff’s ability to monitor and ensure the appropriateness of expenditures. Only complete and proper documentation should be accepted and processed.
 - Several Members made additional payments for employees and were reimbursed through expense claims; therefore, payroll remittances were not made.
 - There were weaknesses in legislation which allowed Members to claim per diems as well as the cost of meals for the same day, and also to claim late fees for untimely payments.



- 3.4 The audit resulted in nine recommendations for improvements to systems and processes. The recommendations were supported by consider points to further illustrate good business practices, and to enhance stewardship of public funds.
- 3.5 On May 11, 2010, the House of Assembly Management Commission Act was passed. The Legislature Internal Economy Board established under the Public Service Act was replaced by the House of Assembly Management Commission. Under Section 22 of the Act, an annual audit of the accounts of the House of Assembly must be performed, which includes the following elements:
- a financial statement audit expressing an opinion on whether the accounts of the House of Assembly are fairly presented in accordance with general accepted accounting principles;
 - an opinion on whether the expenses incurred by the Assembly are in accordance with the policies of the Commission and, where applicable, the policies of the public service of the Province; and
 - an opinion on whether the Chief Clerk's assessment of the effectiveness of internal controls of the House of Assembly is fairly stated and whether the internal controls are operating effectively.
- 3.6 On September 28, 2011 and March 28, 2012, the House of Assembly Management Commission appointed the Auditor General to conduct these audits for the years ended March 31, 2011 and March 31, 2012 respectively. The Auditor General accepted the appointment.
- 3.7 The Act further requires that a compliance audit be conducted by the Auditor General of the accounts of the House of Assembly at least once every General Assembly, to express an opinion on, among other requirements, whether public money has been collected and disbursed in accordance with regulations. This audit will be conducted at a later date.

Audit Objectives and Scope

- 3.8 From February 2012 to October 2012, we conducted an audit for each of the years ended March 31, 2011 and March 31, 2012, in accordance with section 22(5) of the House of Assembly Management Commission Act.
- 3.9 In addition, in fall 2012, we assessed the implementation status of the performance audit recommendations included in the February 2010 Report of the Auditor General – Chapter 4 – Office of the Speaker: Members' Constituency and Other Expenses. The objective of this assignment was to determine the extent of implementation of the recommendations from that report. It is our practice to follow-up on the implementation status of our recommendations two years after



they have been made. We believe two years is sufficient time for auditees to substantively address our recommendations.

Follow-Up of 2010 Recommendations

Conclusion and summary of observations

Considerable progress has been made in implementing the recommendations from our 2009 audit of Member expenses and allowances. 90% of the recommendations have been implemented to date and progress is being made toward full implementation by March 31, 2013. We have made additional recommendations related to advertising and late fees which will further strengthen the House of Assembly Management Commission Regulations. We also recommended improvements to the capital asset inventory system to improve controls designed to ensure completeness of assets.

- 3.10 *Background* – We requested that the House of Assembly Management Commission complete a self-assessment of its progress in implementing each 2010 recommendation. We also asked the Commission to provide supporting information and documentation. Our audit focused on whether self-assessments and information provided by the Commission were accurate, reliable and complete. We substantiated information provided by management through interviews and examination of documentation, much of which was conducted during the audits we performed under Section 22 of the Act.
- 3.11 Our Office policy is to follow up on the implementation status of our recommendations after two years. We typically provide review level assurance as to the reasonableness of the statuses reported to us. However, because we were conducting audits of the financial statements, internal controls and compliance, we were able to perform additional procedures which allowed us to conclude with more certainty that the implementation status of these recommendations is accurate.
- 3.12 *Allowances and expenses* – The following chart provides information on allowances and other payments to Members at the time of our audit, and as of June 2011.



Allowances and Other Payments	2009	2011
Standard allowance (no receipts required)	\$1,050/month	Eliminated
Constituency expenditures allotment	maximum \$4,198/month (with receipts)	Same, maximum \$4,198/month; requires original invoice and proof of payment
Franking and travel (within constituency based on size)	\$13,783/year to \$18,194/year (no receipts required)	Same values of \$13,783/year to \$18,194/year; requires a claim to be completed identifying dates, purpose of travel, kms and franking (postage) receipts required
Living allowance (outside members only)	\$1,470/month (no receipts required)	Same value of \$1,470/month; requires a current lease on file and original invoice and proof of payment for eligible living expenses
Living allowance (outside Executive Council members and party leaders)	\$1,700/month (no receipts required)	Same value of \$1,700/month; requires a current lease on file and original invoice and proof of payment for eligible living expenses
Electronic technology fund	maximum \$2,500/year (with receipts)	Eliminated
Non-government party leaders expenses	maximum \$41,200/year (with receipts)	Same; maximum \$41,200/year; requires original invoice and proof of payment
Speaker's travel expenses (with receipts)	amount not specified	Same; amount not specified
Transition allowance (former members, maximum 3 months)	\$15,000/month – maximum 3 months (no receipts required)	Eliminated
New member's allowance		\$2,500 is permitted as a start up allowance to set up constituency offices and \$2,500 for living accommodations (outside members only); requires original invoice and proof of payment (total of \$5,000)
Per diems (within province, no receipts required)	\$84/day	\$38/day (Halifax) \$38/day or reasonable (outside Halifax)
Mileage	\$0.4092/km	\$0.3813/km



- 3.13 *Implementation status of recommendations* – The following paragraphs note each recommendation, and our evaluation of progress made in implementing the recommendation. In total, 90% of our recommendations have been implemented, and progress is being made toward full implementation by March 31, 2013.

2010 – Recommendation 4.1 – A comprehensive examination of the funding system for Members’ constituency and other expenses should be carried out. The examination should address which expenditures should be funded, why, and to what extent, and should take into account consider points provided in this Chapter. Clear and appropriate guidance on expenditures should be developed and communicated to Members. Implementation of any changes should be effectively monitored.

Implementation Status – Complete

- 3.14 Our office examined the new House of Assembly Management Commission Regulations. A significant difference between these Regulations and those in place at the time of our audit is that the new Regulations, in discussion of expense claims, include overarching concepts such as principles (e.g., that claims and invoices must be made in accordance with the intent and purpose of the Act and Regulations), Member responsibility for claims, and proper record-keeping. There is also considerably more information and description of allowable constituency expenses, and leased premises for outside members.
- 3.15 The regulations also require that the Chief Clerk of the House of Assembly prepare a semi-annual statement for each member including details of individual expenditures. These statements are available to the public.
- 3.16 In addition, the Members’ Manual is a more comprehensive document than the manual which was in place during our 2009 audit. It communicates and expands on information included in the regulations by providing illustrations of payroll forms and travel logs.

2010 – Recommendation 4.2 – Payments to Members for personal items, expenses already covered by an allowance, items or services from relatives defined in the regulations, and items previously claimed should be recovered by the Office of the Speaker.

Implementation Status – Complete

- 3.17 We verified the recovery of payments from Members. Recoveries were made of duplicate payments. Other amounts were agreed to by the Commission as valid expenses, and recovery was not required. We also audited a sample of Members’ expenses for the years ended March 31, 2011 and March 31, 2012. There were no instances of claims not being accompanied by an original invoice and proof of payment. In addition, there were no instances of invoices claimed and payments made for items of a questionable nature in these sample items.



2010 – Recommendation 4.3 – Rules and guidance on advertising should clearly define acceptable nonpartisan practices. Partisan advertising should not be claimable by Members through their constituency expense claims.

Implementation Status – Complete

- 3.18 Section 22 (3) of the previous regulations included advertising as an expense which could be claimed in the constituency allowance. No details were provided on the nature or content of advertisements. We noted in our 2010 Report that partisan advertising increases the risk of creating barriers between some constituents and their representatives.
- 3.19 We note that the new Regulations define advertising expenses as “...including constituency office hours, contact telephone numbers for the member, email addresses, notices of constituency meetings and advertising messages of welcome and congratulations.” Further, Section 21(3) of the Regulations notes that “...advertising may not include solicitations of membership in or monetary contributions to any political party or notices of political-party meetings and other political-party events.”
- 3.20 Section 43 (4) of the Regulations specifies the annual limit on advertising. We tested the budget monitoring process during our audit of internal controls and noted that no Member’s allowance was exceeded. The advertising limit can be readily monitored because the annual allowance is entered into the general ledger. Once the annual limit is reached, a Member cannot claim further advertising expenses.
- 3.21 We did not see evidence of inappropriate advertisements during our audit. The Director of Administration noted that most ads are sent to the Office of the Speaker for review. It should be a requirement that advertisements be reviewed when the cost of the advertisement is being claimed.

Recommendation 3.1

The House of Assembly Management Commission should revise the House of Assembly Management Commission Regulations to require advertisements be reviewed.

House of Assembly Management Commission Response:

The HofA management agrees with this recommendation. The Audit Committee will recommend to the House of Assembly Management Commission at its next meeting that advertising claims be supported with copies of the advertisement.

2010 – Recommendation 4.4 (a) – Ownership by the Province of assets purchased with public funds should be clearly established.

Implementation Status 4.4 (a) – Complete



3.22 Section 43(8) of the Regulations states: *“Furniture and equipment acquired pursuant to this Section on or after October 28, 2009, is the property of Her Majesty in right of the Province.”* This clearly establishes ownership of such assets.

2010 – Recommendation 4.4 (b) – Assets purchased by Members beginning in 2006 and onward should be inventoried and properly accounted for.

Implementation Status 4.4 (b) – Work in Progress

3.23 During our audit of the financial statements of the House of Assembly, and our related control work, we noted the inventory system in use allows for recording assets, but it was difficult to determine the existence of those assets as no physical verification was completed by the Office of the Speaker. We verified the existence of assets we selected for testing during our financial statement audit.

3.24 This weakness was initially identified by a private sector consultant hired by the Commission to evaluate certain internal controls. The consultant recommended that annual asset counts be conducted in order to determine those assets existed. This would also assess the condition of the assets to determine if any write-down of their book value was needed to recognize their value in use. The management letter resulting from our audit engagements included the following recommendation on this matter.

Recommendation 3.2

Management of the House of Assembly should perform periodic reconciliations of inventory listings to the system used to record capital assets, and should also conduct periodic physical inspections.

House of Assembly Management Commission Response:

House of Assembly management agrees with this recommendation. Management will develop a process for verification of sample inventory items for divisions and MLAs by March 31, 2013.

2010 – Recommendation 4.5 – Complete and proper documentation, including original invoices, evidence of payment, and purpose of the expenditure, should be included to support claims for reimbursement. Claims which are not properly supported should not be paid by the Office of the Speaker.

Implementation Status – Complete

3.25 We audited a sample of Members’ claims for the years ended March 31, 2011 and March 31, 2012. There were no instances of claims not being accompanied by an original invoice and proof of payment. Further, we did not identify payments for any claims that were unreasonable in nature, except for overdraft interest and late fees which are discussed later in this chapter.



3.26 We identified several internal controls related to expense claims, including the following:

- claims are not processed without approval from the Member;
- the Director of Administration reviews and approves claims for processing; and
- claims are checked for supporting documentation, proof of payment, and accuracy.

3.27 These controls provide for the accuracy of claims processes, and also ensure claims made are in compliance with the Act and Regulations.

2010 – Recommendation 4.6 – The Legislature Internal Economy Board should examine and reform the system and practices for compensating Members' staff and ensure responsibilities are clearly and properly established. These responsibilities should address proper administration, including necessary payroll remittances for all payments in accordance with federal regulations. Requirements for proper documentation to support additional salaries paid should also be addressed.

Implementation Status – Complete

3.28 Regulations now include a comprehensive section on support staff which specifies that each Member can have one full-time equivalent constituency assistant, and that the salary, benefits and contract must be as approved by the Commission. All payroll services, including processing deductions, are to be provided by the Office of the Speaker.

3.29 The Members' Manual includes a section titled *Member's Responsibilities as an Employer*. The Manual distinguishes between the two types of support staff available to Members: constituency assistants who are under contract and whose salary and benefits are not charged to Members' expenses; and casual support staff who are paid an hourly rate and submit timesheets. Sample contracts, job descriptions and deduction forms are included.

3.30 We tested Members' expense claims and found no instances of employees being paid and reimbursement issued to the Member by the Office of the Speaker. We also tested payroll expenses for the years ended March 31, 2011 and March 31, 2012, including amounts paid to casual staff and contract employees. We found proper approvals were in place. For those employees who were under contract, we noted that the contract was signed by both parties and the agreed upon salary adhered to the pay scale set forth in the Members' Manual.

2010 – Recommendation 4.7 – All additional salary payments to staff in 2009 should be properly reported and necessary submissions made prior to the February 2010 reporting deadline.

Implementation Status – Complete



3.31 Further, we tested to determine that appropriate submissions were made for salary payments to staff in 2009. We concluded these amounts were properly supported and submitted as necessary.

2010 – Recommendation 4.8 – The purpose of per diems should be clearly established and communicated. Reimbursement for an expense should not be permitted more than once, whether the expense is governed by one or more Acts or regulations.

Implementation Status – Complete

3.32 The Regulations specify that per diems can be paid in the following circumstances:

- to all Members when the House is sitting;
- to certain outside members when commuting to Halifax for caucus, committee and other meetings;
- for out-of-town caucus meetings (all Members); and
- to committee Members when the House is not sitting.

3.33 The Regulations allow Members to submit actual receipts rather than claim a per diem in certain circumstances. All per diems are the same as those specified in the Civil Service Management Manuals, including, where necessary, the rate per individual meal. The Regulations clearly state that a claim cannot be made for an amount already claimed under another regulation; this was also noted in the prior regulations.

3.34 We tested per diem claims during our testing of Members' expenses and found no exceptions to policies. Further, we did not find instances of misuse of per diems or expense reimbursements made more than once. Each claim is approved by the administration of the Office of the Speaker, and disclosure of expenses can be scrutinized on the Legislature's website.

2010 – Recommendation 4.9 – Late fees and other avoidable expenses should not be eligible for reimbursement to the Members.

Implementation Status – Complete

3.35 Regulations do not specify the nonpayment of late fees or other avoidable expenses. During our testing, we noted two instances in which amounts of this nature were reimbursed. The first related to overdraft interest, and the second to late fees on a phone bill. Neither amount was significant. However, guidance to Members should clearly state that items of this nature are not claimable.

Recommendation 3.3

House of Assembly management should update the House of Assembly Management Commission Regulations to specify that late fees and other expenses of this nature are not claimable.



House of Assembly Management Commission Response:

House of Assembly management agrees with this recommendation. The Audit Committee will recommend to the House of Assembly Management Commission at its next meeting that late fees and overdraft interest and similar penalties be ineligible for reimbursement.

Audits of the House of Assembly

Conclusion and summary of observations

The Auditor General issued an unqualified audit opinion on the financial statements of the House of Assembly for the year ended March 31, 2012. The audit opinion for the year ended March 31, 2011 was qualified with respect to opening balances; this is a standard audit qualification for the initial audit of an entity. Our opinion on compliance of expenses with policies of the Commission and of the public service was unqualified for the period from June 9, 2010 to March 31, 2011, and for the year ended March 31, 2012. The Chief Clerk of the House of Assembly issued a certification as to the effectiveness of internal controls for the years ended March 31, 2011 and March 31, 2012. The Clerk identified a deficiency with respect to capital assets in this certification. Our audit opinions on the appropriateness of the Chief Clerk's assessment were unqualified. As required, we also issued an opinion on the effectiveness of internal control for the years then ended. Our audit opinions were qualified with respect to the existence and accuracy of capital assets. We recommended improvements in several processes, and identified the need for the Commission to prepare a risk assessment.

3.36 *Background* – The Auditor General was appointed auditor of the House of Assembly for the years ended March 31, 2011 and March 31, 2012, pursuant to Section 22 of the House of Assembly Management Commission Act. In addition to the audits of the financial statements of the House for the years then ended, we were appointed to provide audit opinions on:

- whether expenses incurred by the Assembly are in accordance with the policies of the Commission and, where applicable, the policies of the public service of the Province; and
- whether the Chief Clerk's assessment of the effectiveness of internal controls of the House of Assembly is fairly stated and whether the internal controls are operating effectively.

3.37 *Financial statement audit* – We conducted our audit in accordance with Canadian Auditing Standards as determined by the Canadian Institute of Chartered Accountants. The objective of our audits was to obtain reasonable assurance that the accounts of the House of Assembly were fairly presented in accordance with generally accepted accounting principles for the public sector.



- 3.38 We issued a qualified opinion for the year ended March 31, 2011. This is a standard qualification for a first-time audit due to the inability to audit opening balances. Our audit opinion for the year ended March 31, 2012 was unqualified.
- 3.39 We issued a management letter detailing the results of all of our audits in which we recommended certain improvements to processes, including the following.
- A significant challenge in completing the audit was determining proper accounts payables and accruals. We spent considerable time determining the composition of the payroll accrual at March 31, 2011 and March 31, 2012. The payroll accrual for the pay period which spanned year end in each year was accurate. However, the accounts payable for the last pay period in the fiscal year which was to be paid in April was inaccurate (2011) or not posted (2012).
 - There were cut-off issues in determining accounts payable related to Members' expense claims.
 - We encountered difficulties related to recoveries. For the House of Assembly, recoveries relate to amounts received from other areas of government to offset expenses incurred by the House. These recoveries were not included in the draft financial statements provided at the start of the audit for either year.
 - We also needed to analyze certain expenses which related to amounts paid in the current year for goods to be received in the next year. These prepaid expenses required adjustment in the draft financial statements.
- 3.40 All the above matters were resolved. We discussed our findings with management and the financial statements for each year were adjusted.

Recommendation 3.4

Management of the House of Assembly should analyze expense accounts to ensure expenses included in the financial statements of the House of Assembly are accurate and complete.

House of Assembly Response:

House of Assembly management agrees with this recommendation and have implemented it immediately. Details of the transactions in the balance sheet and expense accounts will be reviewed quarterly to ensure the accounts are accurate and complete. An additional variance analysis of "actual this year to actual prior year" has been added to our routine financial review.

- 3.41 Members' claims must be accompanied by actual invoices and receipts in order to be processed, and per Regulation, all claims must be submitted by April 30 (for a March 31 year end) in order to be paid. Members cannot control when vendors provide invoices for goods and services purchased late in the fiscal



year. The Regulations should be revised to allow for receipt of such items in the normal course of business. A change in the Regulations to allow for this will necessarily result in the need to ensure accruals have been established at year end for estimated expenses.

Recommendation 3.5

The House of Assembly Management Commission should revise House of Assembly Management Commission Regulations to allow Members to submit claims for year end expenses in a reasonable period subsequent to March 31. Management will need to adjust procedures for determining year end accruals to ensure expenses are reasonably stated.

Commission Response:

House of Assembly management agrees with this recommendation. At its December 19, 2012 meeting, the House of Assembly Management Commission approved a change to the regulations to allow Members 90 days after year end to submit expenses relating to the prior fiscal year. An expense accrual will be estimated based on prior history to determine the % dollar value per expense account in the general ledger. Both recommendations will be effective this upcoming year-end.

- 3.42 *Compliance with policies* – We conducted an audit on whether the expenses incurred by the Members of the House of Assembly complied with the policies of the Commission and the applicable policies of the public service. This audit was conducted in accordance with Section PS 5300 of the CICA Handbook – Auditing for Compliance with Legislative and Related Authorities in the Public Sector. We expressed an unqualified opinion with regards to the Member’s compliance with policies for the period from June 9 to March 31, 2011 and for the year ended March 31, 2012.
- 3.43 In our February 2010 Report, we recommended that a comprehensive examination for the funding of Members’ constituency expenses should be carried out. Since that time, the House of Assembly Management Commission enacted Regulations entitled the *House of Assembly Management Commission Regulations* which were last revised in May 2011. These Regulations describe clear and appropriate guidance on claims by Members including timing, supporting documentation, proper forms, and purpose of expenditures. Under Section 22 of the House of Assembly Management Commission Act, we audited the compliance of those expenditures with the policies and Regulations.
- 3.44 We assessed compliance with numerous regulations, including the following.
- Eligibility for constituency office accommodation
 - Renting from associated person
 - Office operations, supplies and communications



- Donations
- Standard office allocation
- Support staff
- Leased premises
- Committee expenses
- Caucus offices
- Expenses for Leader of Opposition and Leader of Recognized Party
- Franking and travel

3.45 For fiscal year ended March 31, 2011, and March 31, 2012 our Office tested Member expenses. All items tested were in compliance with the Regulations and applicable policies.

3.46 *Effectiveness of internal controls* – Section 22 (5)(c) of the House of Assembly Management Commission Act requires the appointed auditor to express an opinion on whether the Chief Clerk’s assessment of the effectiveness of internal controls is fairly stated. Our opinions on the Chief Clerk’s assessment for the years ended March 31, 2011 and March 31, 2012 were unqualified. We are also required to issue an opinion on the effectiveness of internal controls. Our opinions were qualified with respect to the existence and accuracy of capital assets for each year. This is consistent with the certifications issued by the Chief Clerk, each dated December 19, 2012.

3.47 The first draft of the Chief Clerk’s assessment, which the Chief Clerk has included in a certification of internal controls, limited the assessment to internal controls over financial reporting. We advised that, in our view, this assessment should be expanded to include the objective as noted above. We suggested revised wording for the Chief Clerk’s certification which focused on the elements of internal controls and this revision was accepted. The Chief Clerk’s certification now refers to the broader internal control objectives of:

- accuracy and completeness of accounting records;
- safeguarding of assets;
- prevention and detection of fraud and error;
- provision of timely and reliable financial and management information;
- and
- adherence to the House of Assembly’s policies and plans.



3.48 It is our understanding that the Chief Clerk's certification will be supported each year by work performed by private sector consultants. The work performed by these consultants for each of the years March 31, 2011 and March 31, 2012 focused on internal controls over financial reporting. The scope of their work should be revised to ensure the result will provide support for the Chief Clerk's assessment in accordance with legislation. This assessment should focus on whether controls to ensure expenditures are reasonable and made for the purposes intended are effective for the related year, including expenses for capital assets.

Recommendation 3.6

The Chief Clerk's assessment of internal controls should refer to the effectiveness of internal controls.

Chief Clerk's Response:

House of Assembly management agrees with this recommendation. The Chief Clerk's assessment has already been written to broaden the certification over internal controls, not just internal controls over financial reporting.

3.49 In addition, the reports issued by the consultants for the years ended March 31, 2011 and March 31, 2012 had several recommendations to improve internal controls, including recommendations related to capital assets similar to Recommendation 3.2 above. Management noted they have addressed several of these to date.

Recommendation 3.7

Management of the House of Assembly operations should ensure consultant's recommendations for improvements to internal controls are implemented by March 31, 2013.

House of Assembly Management Commission Response:

House of Assembly management agrees with this recommendation. The recommendations from the consultants will be implemented by March 31, 2013.

3.50 Finally, we recommended in our management letter that the internal control framework of the House of Assembly Management Commission would be strengthened through the preparation of a risk assessment, including the risk of fraud and error in financial reporting. This risk assessment should identify risks to the Commission and the controls in place, or to be designed, which mitigate such risks.



Recommendation 3.8

The House of Assembly Management Commission should prepare a comprehensive risk assessment.

House of Assembly Management Commission Response:

House of Assembly management agrees with this recommendation. Management will investigate the process for a comprehensive risk assessment to present to the House of Assembly Management Commission for approval with the intent of completion by March 31, 2014.