

# Report on Misuse of Public Funds at the Liberal Association of Nova Scotia

## Key Messages

- Former employee of the Liberal Association of Nova Scotia (the Association) made unauthorized disbursements totaling at least \$131,795
- Former employee reimbursed \$194,557 to cover amount taken, as well as legal and forensic costs
- The Association:
  - engaged legal and forensic support to address the situation
  - did not report full knowledge of missing funds to their auditors before finalizing the 2020 audit in the Spring of 2021
  - chose not to complete a forensic audit
  - chose not to file a complaint with the Royal Canadian Mounted Police (RCMP)
  - signed a settlement agreement with confidentiality provisions with the former employee
  - appeared to potentially conceal and delay reporting of a multi-year misuse of funds until after the 2021 election (based on the information available to us at this time)
- Accountability over misuse of public funds diminished when publicly funded organizations do not pursue criminal complaints
- Former employee subsequently hired at another publicly funded organization
- *Nova Scotia Elections Act* does not:
  - require that the Chief Electoral Officer be notified of inappropriate use of public funds
  - provide Chief Electoral Officer powers to investigate registered party general expenses when wrongdoing is suspected
- The Association's delay in providing information to our Office was not in compliance with the *Auditor General Act*

## Why We Did This Report

- Inappropriate use of public funds
- To make recommendations to prevent similar situations in the future
- The Liberal Association of Nova Scotia's delay in providing information to the Auditor General delayed reporting on this matter to the House of Assembly
- To inform the House of Assembly of Auditor General intent to file a complaint with the RCMP

### Recommendation 1.1

We recommend the Liberal Association of Nova Scotia file formal complaints and fully cooperate with the RCMP relating to:

- the misuse of public funds, and
- the apparent misrepresentation of the Association's audited financial statements

### Recommendation 1.2

We recommend the Chief Electoral Officer, in consultation with the Minister of Justice and Attorney General, and the Election Commission amend the *Nova Scotia Elections Act* as follows:

1. Require timely notification from the registered party, candidate, or electoral district association to the Chief Electoral Officer if there is a suspected misuse of any public funds.
2. Require registered parties, candidates, and electoral district associations make reasonable efforts to recover all misused public funds.
3. Provide the Chief Electoral Officer investigative authority and powers similar to that of the Auditor General to investigate the general expenses of registered parties.
4. Require Elections Nova Scotia publicly report instances of significant misuse of public funds.