
4 Office of the Speaker: Members' Constituency and Other Expenses

Summary

Members of the House of Assembly receive allowances and other payments to carry out their responsibilities as constituency representatives. We found serious weaknesses in the funding system for Members' constituency and other expenses which increase the risk of excessive and inappropriate expenditures by Members. Members receive significant funding for which they are not accountable; regulations and guidelines do not clearly outline the purpose of funds provided; and guidance on how funds should be spent is vague or does not exist. We have recommended that a comprehensive examination of the funding system for constituency and other expenses be conducted.

Inappropriate claims were made by some Members for personal items, expenses already covered by an allowance, items and services from ineligible relatives, and items previously claimed. These types of claims are not in accordance with the regulations.

The lack of clear and comprehensive regulations and guidelines has allowed a wide range in spending on the amount and types of advertising, furniture and equipment. Although not in violation of the regulations, we believe many of these expenditures were excessive and may not be reasonable for constituency work purposes.

Inadequate documentation, such as photocopies of invoices or no evidence of payment, hinders Office of the Speaker's staff's ability to ensure only appropriate expenses are processed for payment.

The Legislature Internal Economy Board (LIEB) regulates services and payments to Members. The LIEB established a payroll service through the Office of the Speaker for Members' staff but also allows Members to pay additional salary amounts through their constituency expenditures allotments. The current system has unclear lines of responsibility resulting in incorrect treatment of some salary payments. Some Members made additional salary payments to their staff in which required payroll remittances and federal legislative reporting requirements were not made. We are concerned there may be significant financial implications to the Province, the Members and the Members' staff related to these extra payments.

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Background

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- 4.1 The Legislature Internal Economy Board (LIEB) is responsible for regulating services to Members and general expenditures of the House of Assembly. The Board is comprised of Members representing all parties in the House and is chaired by the Speaker. In addition to other responsibilities, the Office of the Speaker provides administrative services for the processing of payments to the Members.
- 4.2 The Public Service Act establishes the Legislature Internal Economy Board and its powers and duties in relation to the House of Assembly. The House of Assembly Act sets out the powers and privileges of the House and its members.
- 4.3 The LIEB regulations, under the House of Assembly Act, set out the rules regarding payments to Members. Members of the House of Assembly, in addition to their salary, are entitled to receive various allowances and other payments as outlined in the table below.

Allowances and other payments	2008	2009
Standard allowance (no receipts required)	\$1,019/month	\$1,050/month
Constituency expenditures allotment (with receipts)*	maximum \$4,076/month	maximum \$4,198/month
Franking and travel (within constituency, based on size, no receipts required)	\$13,382/year to \$17,664/year	\$13,783/year to \$18,194/year
Living allowance (outside members only, no receipts required)	\$1,427/month	\$1,470/month
Living allowance (outside Executive Council members and party leaders, no receipts required)	\$1,700/month	\$1,700/month
Electronic technology fund (with receipts)*	maximum \$2,500/year	maximum \$2,500/year
Non-government party leaders expenses (with receipts)	maximum \$40,000/year	maximum \$41,200/year
Speaker's travel expenses (with receipts)	\$ not specified	\$ not specified
Transition allowance (former members, maximum 3 months – no receipts required)*	\$15,000/month	\$15,000/month
Per diems (within province, no receipts required)	\$81.50/day	\$84/day
Mileage (matches government rate)	\$0.4051/km	\$0.4092/km

* see comments in paragraph 4.5

- 4.4 Allowances and other expense allotments are paid to Members based on the calendar year. Amounts claimable by receipts are calculated net of HST. Members are reimbursed for the full amount of claimed expenditures

but only the non-tax portion reduces the amount available. The Province spent \$5 million on Members' allowances and other expenses in 2008-09. Appendix 1, Table 1 at the end of this Chapter shows receiptable constituency expenditures by Member from July 2008 to June 2009.

4.5 In September 2009 and subsequent months the Government announced the following changes to the LIEB regulations:

- office assets purchased by Members after October 27, 2009 will remain the property of the Province;
- the transition allowance of \$15,000 a month has been eliminated;
- the \$2,500 per year electronic technology fund is cancelled; and
- maximum claimable constituency amounts are to be reduced by \$865 a month from January 2010 to March 2010.

4.6 These changes were not in effect during our audit period and we cannot comment on their impact on Members' expenditures.

4.7 We were informed by management that certain Members have reimbursed the Office of the Speaker for some of the amounts discussed later in this Chapter.

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Audit Objective and Scope

4.8 In November 2009 we completed a performance audit of constituency and other expenses of Members of the House of Assembly. Our audit included all claims from July 2008 to June 2009 and constituency and electronic technology fund claims only from July 2006 to June 2009. We had not examined payments to Members in over fifteen years.

4.9 We focused on allowances and other payments to Members as representatives in the House of Assembly and administered through the Office of the Speaker. We did not audit Members' salaries as these are reviewed and determined periodically through an independent commission. We also did not include allowances and payments administered through the departments to Members for carrying out ministerial or other responsibilities.

4.10 Our audit was conducted in accordance with Section 8 of the Auditor General Act and auditing standards established by the Canadian Institute of Chartered Accountants.

4.11 The objective for this 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.

- 4.12 Criteria were developed specifically for the engagement using both internal and external sources, and were discussed with and accepted as appropriate by management of the Office of the Speaker.
- 4.13 We conducted audit fieldwork at the Office of the Speaker from August to November 2009. We interviewed management and staff; examined policies, files and other documentation; reviewed systems; and examined expense claims of 51 Members during our audit period.

Significant Audit Observations

Funding for Expenditures

Conclusions and summary of observations

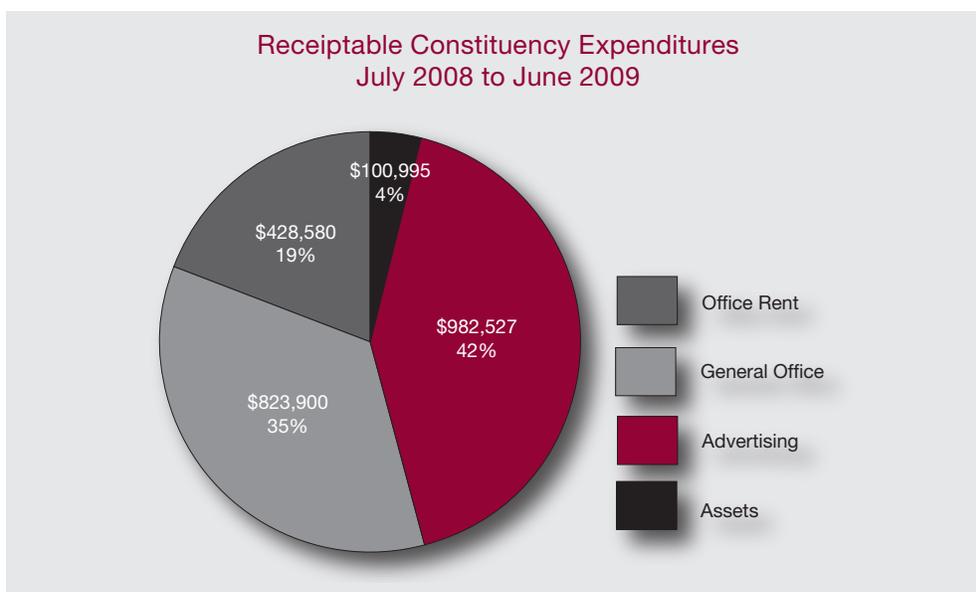
Members receive significant funding for expenditures for which they are not accountable because receipts or other support are not required. Written rules and guidelines do not clearly outline the purpose of funds provided to Members or provide guidance on how they should be spent. Where receipts are required, there is a wide range in how monies are spent. We were unable to conclude on what basis the various allowances and claim limits were determined. Weaknesses in the funding system for constituency and other expenses are pervasive and we recommended a comprehensive examination of the system be carried out to clearly address which expenditures should be funded, why, and to what extent they should be funded.

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- 4.14 *Funding* – Members receive funding to carry out their responsibilities as constituency representatives through allowances and other payments. Members are not accountable for how the money is spent for a significant portion of these monies including:
- standard allowance of \$1,050 per month (\$12,600 for 2009);
 - franking and travel from \$13,783 to \$18,194 per year (2009); and
 - living allowance of \$1,470 per month (\$17,640 for 2009).
- 4.15 Payments for which receipts are not required are unauditible. These payments could range from \$44,023 to \$48,434 depending on the size and location of the Member's constituency.

4.16 *Regulations and guidelines* – To assess the appropriateness of expenditures by Members of the House of Assembly, we referred to the existing regulations and guidelines governing allowances and other payments. We found the written rules and guidelines often did not clearly outline the purpose of these monies or provide guidance on how they should be spent. For example, the regulations state each Member is entitled to receive a standard monthly allowance (\$1,050 in 2009) “*in lieu of expenses incurred on account of services*” to the constituency. There are no other rules or guidelines to indicate the purpose of this allowance.

4.17 The monthly constituency allotment for expenses, accounted for by proper receipt, is for the “*provision of office space, meeting places, equipment, telephone, telephone answering services, advertising and secretarial services.*” The regulations provide no further definition or clarification of these terms, such as what is included under equipment. The regulations have not been updated to reflect a contemporary office or working environment, especially in regard to electronic technology. As discussed later in this Chapter, the lack of clear and adequate rules and guidelines have contributed to Member mistakes and fostered irresponsible practices by some Members, resulting in a number of questionable expenditures.

4.18 *Spending levels* – Given the limited guidance provided, we found a wide range in how Members spent monies for their constituencies, especially in discretionary areas such as advertising. The following chart shows a breakdown of constituency expenditures during the twelve months from July 2008 to June 2009.



- 4.19 We were unable to determine under what basis constituency expenditure limits and other allowances were determined. We noted most of the allowances and expenditure limits were increased over the last two years by the Nova Scotia consumer price index (1.9% in 2008 and 3% in 2009).
- 4.20 Given the significant amount of funding for which Members are not accountable, the lack of rules and guidelines or unclear purpose for allowances, the unclear basis for the funding, and the wide range in spending, the risk of excessive and inappropriate expenditures by Members is high. We believe a comprehensive examination of the entire funding system for constituency and other expenses is needed. Such an examination should address which expenditures should be funded, why, and to what extent. As well, clear and adequate guidance on expenditures should be developed and communicated to Members. Changes to the system should be closely monitored to ensure they are implemented effectively. We believe the funding system should demonstrate accountability, transparency and appropriate use of public monies; reflect what is a reasonable amount to support a constituency office; and bring clarity to the entire process.

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.

- 4.21 *System weaknesses* – The following sections outline how weaknesses in the system have enabled irresponsible spending by some Members, some of whom may have received inappropriate personal benefits. They also illustrate the need for clearer, more comprehensive regulations and guidelines. In addition to our recommendations, we also provide *consider points* which should be taken into account when addressing the funding system weaknesses.
- 4.22 This Chapter includes a number of examples of inappropriate and questionable expenditures. The extent to which system weaknesses, processing errors, innocent mistakes, or conscious decisions by Members contributed to these expenditures is unclear. It is not our practice to identify individuals in our Reports; thus we have not named individual Members but describe the types of errors or questionable spending that has occurred. We have provided necessary details to the Office of the Speaker to enable funds to be recovered, as appropriate.

Appropriateness of Expenditures

Conclusions and summary of observations

Inappropriate expenditures were claimed by some Members for personal items, expenses already covered by an allowance, items previously claimed, and items and services from ineligible relatives. These types of expenditures are not in accordance with the regulations and we recommended the Office of the Speaker recover all such amounts paid.

4.23 *Assessing appropriateness* – We referred to the existing regulations and guidelines governing constituency expenses and other payments to assess the appropriateness of expenditures by Members. While most items claimed were within the established rules and Members' total expenditures in 2008 did not exceed the yearly maximum allowed, we noted instances in which claimed expenditures were not in accordance with the regulations.

4.24 *Personal items* – Members are entitled to claim reimbursement for certain expenses incurred to run their constituency offices and carry out their duties as representatives in the House. In our examination of expense claims, we identified four instances in which Members claimed for items which we considered to be of a personal nature. There were no documents to support why such claims were made or why they were processed and paid. These items included:

- a claim of \$7,995 for the supply and installation of a generator at a Member's home residence;
- a claim of \$400 for furniture for a Member's home residence;
- a claim of \$373 for airfare for an accompanying passenger on a Member's flight to Ottawa; and
- a claim of \$150 for 3 MP3 players purchased on the same day.

4.25 *Ineligible expenses* – Members who reside outside a 25 mile radius of the House of Assembly are eligible to claim a monthly allowance for accommodation expenses. This allowance is intended to cover rent and other expenses for the Member while working in Halifax. No receipts are required to claim this allowance. We noted that two Members, in addition to claiming the monthly living allowance, also claimed for telephone or internet services for their accommodation in Halifax through their constituency expense claims. These costs should be covered by the monthly accommodation allowance. During our testing period (July 2006 to June 2009) these two Members claimed \$1,540 and \$1,274 respectively.

4.26 *Payments to relatives* – The regulations specify that Members may not claim for expenses “paid to the member’s spouse, child, parent, brother or sister”. We found two cases in which Members made such claims.

- A Member claimed a total of \$1,260 for parking lot sanding from a company owned by a brother.
- A Member claimed \$252 for pictures as donation items from a company owned by a brother.

4.27 *Duplicate payments* – A duplicate payment occurs when a Member receives reimbursement for an expense which has already been claimed. We examined expense claims for the period from July 2006 to June 2009 and noted 64 instances totaling \$14,123 in which 28 Members submitted claims for expenses which had previously been claimed. In most cases, the duplicate claims occurred only once or twice per Member. Of the 64 duplicate payments, in 14 cases we determined the Member also paid the same expense twice. Duplicate payments per Member ranged from a low of \$28 for a single occurrence to a high of \$3,072 for ten occurrences.

4.28 Over half of the Members (28 of 51) claimed for duplicate payments. Members are responsible for ensuring their claims are properly completed and do not contain expenses previously claimed. Administrative staff have a responsibility to screen, question and, if necessary, reject inappropriate claims.

4.29 Claims for personal items, expenses already covered by an allowance, payments to designated relatives, and items previously claimed are not in accordance with the regulations and are not eligible for reimbursement.

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.

Reasonableness of Expenditures

Conclusions and summary of observations

The lack of spending parameters and clear guidelines have resulted in excessive expenditures on a number of items that may not be appropriate for constituency work purposes. Amounts spent on advertising range from 13% to 85% of a Member’s receiptable constituency expenditures. Advertising methods vary from traditional media advertisements to donations to organizations and individuals.

Members purchased a wide range of furniture and equipment; similar types of items, such as cameras, were purchased multiple times. Although the identified items were not in violation of the regulations, we believe many are unreasonable, representing an inappropriate use of public funds. They demonstrate the need for clearer, more comprehensive regulations and guidelines.

4.30 *Assessing reasonableness* – The regulations specify that Members are entitled to reimbursement of constituency expenditures, supported by receipts. As previously noted, the regulations and guidelines provide limited guidance on constituency expenditures. This increases the risk of unnecessary or unreasonable expenditures occurring. Given the lack of clear guidelines, during our examination we also considered what a reasonable person would regard as an appropriate expense. This judgment was applied in a number of the areas discussed below.

4.31 *Excessive expenditures* – From our examination of Members' claims from July 2006 to June 2009, we noted a number of items of a higher cost which appeared to be outside of the norm of Member spending. While not in violation of the regulations, we believe a reasonable person would consider the following expenditures to be excessive.

- \$13,445 for custom-made office furniture
- \$6,234 for website design and programming
- \$5,501 claimed for a laptop computer
- \$3,250 for a projector screen and accessories
- \$2,969 for book purchases
- \$2,665 for a projector
- \$2,600 for a printer
- \$2,499 for a 40 inch LCD television
- \$2,150 for a digital camera
- \$1,763 for a video camera
- \$790 for a model boat office display
- \$738 for an espresso coffee maker
- \$750 for a GPS unit

4.32 Good stewardship of public funds is enhanced when regulations, policies and guidelines are clear and comprehensive. Excessive expenditures like the items above are not a reasonable use of public funds and further support our recommendation to establish comprehensive guidance on expenditures discussed earlier in this Chapter.

4.33 The following *consider points* should be taken into account when establishing rules and guidance.

- Specify clearly the types of expenditures allowed, with examples provided.
 - Establish reasonable limits or cost ranges for allowable expenditures.
- 4.34 *Advertising* – Advertising is specifically noted in the regulations as a claimable expense. Although the *Members Advertising and Donation Guidelines* were developed to provide guidance on these types of expenses, we believe the guidelines do not clearly distinguish between partisan and nonpartisan advertising and fail to provide the necessary guidance. We found the following partisan advertising practices in our examination of claims:
- prominent displays of party logos;
 - use of party colours; and
 - references to party initiatives.
- 4.35 Information for constituents regarding their constituency representative is important. It is also important that access and services to constituents be nonpartisan in fact and in perception. When information is presented in a partisan manner, there is an increased risk of creating barriers between some constituents and their representative. We believe advertising, as allowed under the constituency expenditures allotment, should be presented in a nonpartisan manner.
- 4.36 We also noted the following advertising practices involving excessive amounts, unclear purposes, or potential personal benefits.
- Payments from \$7,600 to \$17,240 for 7,500 to 13,000 calendars
 - Purchases of gift items such as jackets, blankets and teapots with little or no indication why the items were purchased
 - Donations to individuals, such as hockey or basketball players
 - Receipt of hockey or other tickets as part of the advertising package, with little or no indication of the disposition of the tickets
- 4.37 We believe amounts spent in these ways have the potential to be more personal and partisan than providing service to constituents and may not be a justifiable use of public money.
- 4.38 Current practices allow unlimited flexibility to Members in how money is spent on advertising. We found amounts spent on advertising varied widely. Members spent from 13% to 85% of their receiptable constituency expenditures on advertising, from a low of \$6,019 to a high of \$44,424. While some flexibility may be appropriate, we believe there needs to be more guidance on what kind of advertising should be allowed and what range of spending is appropriate.

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.

4.39 The following *consider points* should be taken into account when establishing rules and guidelines on advertising.

- Limit amounts claimable for advertising by a dollar amount, percentage of the constituency expenditures allotment, or other reasonable means.
- If gifts are allowed, require details of purpose of gift items.
- If donations to individuals are allowed, require purpose for donations.
- Require clear accounting of the disposition of tickets or other items received as a result of advertising.

4.40 *Assets* – Furniture and equipment, such as desks and computers for constituency offices, may be purchased by Members and claimed through their constituency expense claims. In addition, the LIEB established a separate yearly amount of \$2,500 for each Member for electronic technology, including computers and other electronic devices. The purpose of this money is not defined in the regulations and there are no written rules or guidelines outlining how it should be spent.

4.41 We examined constituency and electronic technology claims from 2006 to 2009 and noted items such as computers, cameras, projectors, GPS units, televisions and furniture were purchased. We noted significant differences in the number of purchases claimed for the same types of items. The following table outlines types and numbers of various assets purchased by Members. We defined assets as furniture and equipment over \$100.

Assets	# of Members and items purchased over 3 years
Computers	23 Members - 0 to 3 computers 15 Members - 4 computers 11 Members - 5 computers 1 Member - 6 computers 1 Member - 11 computers
Cameras	11 Members - 0 cameras 25 Members - 1 camera 9 Members - 2 cameras 4 Members - 3 cameras 1 Member - 4 cameras 1 Member - 5 cameras
Printers	46 Members - 0 to 4 printers 1 Member - 5 printers 1 Member - 6 printers 1 Member - 7 printers 1 Member - 9 printers 1 Member - 12 printers

Assets	# of Members and items purchased over 3 years (continued)
Televisions	35 Members - 0 televisions 13 Members - 1 television 3 Members - 2 televisions
Video Recorders	41 Members - 0 video recorders 9 Members - 1 video recorder 1 Member - 4 video recorders
Generators	3 Members - 1 generator No other Members purchased a generator over the 3 year period.

4.42 Based on the typical acquisition by Members, some of the above may not be reasonable constituency expenditures.

4.43 We also noted a range of prices were claimed for the same type of asset.

- \$146 to \$2,150 for cameras
- \$100 to \$2,600 for printers
- \$129 to \$2,499 for televisions
- \$230 to \$1,763 for video recorders
- \$147 to \$750 for GPS units

4.44 As well, the regulations in effect during our testing period did not address ownership of these items. The established practice was that any such items purchased become the property of the Members once they cease to be Members. This situation puts Members in a conflict of interest position when making decisions about purchasing assets. It also increases the risk that the purchases will be perceived as being made for eventual personal use.

Recommendation 4.4

Ownership by the Province of assets purchased with public funds should be clearly established. Assets purchased by Members beginning in 2006 and onward should be inventoried and properly accounted for.

4.45 The following *consider points* should be taken into account when establishing rules and guidance on assets.

- Clearly specify the types of assets allowed, with examples provided.
- Establish asset thresholds.
- Specify the number of allowable purchases for the same or similar items.
- Specify reasonable dollar amounts or ranges for assets.
- Establish proper asset return and disposal methods.

Adequacy of Claims Documentation

Conclusions and summary of observations

The normal relationship of a senior employee approving the expenses of a subordinate does not exist for Members' expense claims; thus clear policies and guidelines are critical to assist administrative staff in interpreting the rules and applying them to the claims. Inadequate documentation, such as photocopies of invoices, no evidence of payment and no supporting documentation or noted purpose for an expenditure, hinder staff's ability to monitor and ensure only appropriate expenses are processed for payment. We recommended only complete and proper documentation be accepted and processed for payment.

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- 4.46 *Approval process* – Members are in a unique position as they approve the amount of allowance and other limits for Member expenses, through the LIEB. Normally, effective internal control requires a more senior employee to approve the expenses of a subordinate. In the case of expense reimbursements to Members, this type of relationship does not exist. Although Office of the Speaker administrative staff process and approve claims for payment, the LIEB and the Speaker ultimately have the discretion to assess the appropriateness of Member expenditures. Given this situation, clear and detailed policies and guidelines are critical to assist administrative staff in interpreting the rules and applying them in the claim process.
- 4.47 *Processing and documentation* – Proper and effective controls are important to both prevent inappropriate expense reimbursements and protect Members from allegations of improper expense reimbursements. We assessed the adequacy of the claims process and documentation based on good practices such as submission of original invoices and evidence of payment. We found a number of cases in which support for expenditures was deficient or did not provide adequate information to determine whether the claim for reimbursement was appropriate. We noted the following inadequacies for a number of claims.
- Original invoices were not provided.
 - Evidence of payment was not provided.
 - Supporting documentation, such as a copy of the advertisement, was not provided.
 - The purpose or disposition of a gift item or donation was not noted.
 - The purpose for mileage or per diem claimed was not noted.
- 4.48 Incomplete or inadequate documentation, such as photocopies of invoices, significantly increases the risk of a Member claiming an item more than once and decreases staff's ability to properly monitor and conclude whether

the claim is appropriate. Staff should not process claims unless they are supported with complete and original documentation including evidence of payment and intended purpose of the expenditure. Elected members have a responsibility for the stewardship of public money, including their own expenses and claims, and are ultimately responsible for ensuring their expenditures are appropriate and adequately supported.

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.

Payments to Staff

Conclusions and summary of observations

The LIEB established a payroll system with unclear lines of responsibility, allowing inappropriate treatment of some salary payments. The Office of the Speaker administers the salary and benefits for certain employees on behalf of each Member. Several Members have made additional salary payments, reimbursed through their constituency expense claims, for which required payroll remittances have not been made. Members expressed uncertainty over who is responsible for remittances related to these extra payments. It is possible the Province may be held accountable for the payroll deductions due on these additional salary payments. We recommended LIEB examine the system for compensating Members' staff and ensure responsibilities are clearly and properly established, including proper payroll remittances and documentation to support additional salaries.

- 4.49 *Additional payments* – Prior to May 2007, all payments to Members' staff were covered through their monthly constituency expenditures allotment. Beginning in May 2007, the LIEB determined the Office of the Speaker would fund and administer salary and benefits for one staff person on each Member's behalf. The LIEB allows Members to pay extra amounts to their staff or pay for additional staff through their constituency expenditures allotment.
- 4.50 Over our July 2006 to June 2009 examination period we noted that 30 Members paid extra amounts to their staff totaling \$185,687. Amounts ranged from \$250 to \$43,375 over the 3 year period. We found no evidence that Members or the Office of the Speaker made remittances which presumably would be required under federal regulations, such as employer share of Canada Pension Plan and Employment Insurance contributions, for

these extra amounts. We also understand T-4 forms issued do not include these additional salary payments and T-4A forms were not issued.

- 4.51 In our discussions, we concluded many Members were unclear as to who was responsible for payroll remittances for these payments. In establishing a payroll service through the Office of the Speaker, and allowing extra payments through the constituency expenditures allotment, the LIEB has created a situation with unclear lines of responsibility. This has resulted in payroll remittances being made for some but not all of the amounts paid to employees. We understand this matter was raised before the LIEB on more than one occasion but was not addressed.
- 4.52 We also noted that 44 Members paid a total of \$410,356 to 157 staff other than those paid through the Office of the Speaker. We were not able to determine whether these payments should be considered salary and therefore, also require appropriate remittances be made. Members need to determine if an employment, rather than contractual, relationship exists with any other staff they may periodically retain and ensure payments to those individuals are properly administered.
- 4.53 We are concerned with the possible implications of extra payments to staff. In addition to the uncertainty as to whether the deductions were properly administered by Members, and the need for adequate support to justify amounts paid, the Members' employer relationship may also come into question. Since the payroll service provided is integrated with the Province's payroll service for government employees, there is a possibility that Canada Revenue Agency could deem the Province to be the employer and hold it accountable for all remittances and for possible interest and penalties. These matters could have significant financial implications for the Province, the Members, or the Members' staff and they need to be addressed.

Recommendation 4.6

The LIEB 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.

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.

4.54 The following *consider points* should be taken into account when establishing proper procurement of services.

- Determine whether each staffing relationship is employment (payroll) or contractual procurement.
- Establish non-payroll staffing on the basis of a signed contract or letter of agreement.
- Make payments to non-payroll staff based on proper invoices documenting hours, cost and services provided.

Other Issues

Conclusions and summary of observations

A weakness in legislation allows certain Members to claim a per diem as well as the cost of meals for the same day. Late fees as a result of untimely payment by Members are claimable expenses through their constituency expense claims. We recommended these matters be examined and brought in line with sound business practices.

4.55 *Sound business practices* – There is no requirement for the LIEB to follow the same financial management principles and practices issued by government in establishing regulations and guidelines for Members. However, because public money is affected, it is important that whatever framework is in place be clearly defined and in line with good accountability principles and practices. Members are responsible for prudently managing public resources and should follow sound business practices wherever possible. We noted the following areas in which processes are not in line with sound business practices.

4.56 *Per diems and meals* – Members may claim a daily per diem without receipts when the House of Assembly is in session, as well as at other times outlined in the regulations. The regulations define the per diem as “*on account of expenses.*” The per diem was set at \$84 per day for 2009. An orientation manual, prepared by Office of the Speaker administration and provided to newly-elected Members, describes per diems as “*an allowance to cover meal expenses and other incidentals.*”

4.57 Under the House of Assembly Act, the Speaker and non-government party leaders are entitled to additional amounts for travel and other reasonable expenses in relation to their duties in these positions. We examined such claims made by these Members in addition to their monthly constituency expense and per diem claims during the period from July 2008 to June 2009. We noted instances totaling 26 days in which claims for meal expenses were made for the same day as per diem claims. While such claims do not

appear to be a violation of the Act or regulations as written, we believe this does not demonstrate good stewardship of public money and is a weakness in the legislation.

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.

4.58 *Late fees* – Businesses often charge late fees when payment for goods or services is not timely, generally after 30 days. For the period from July 2008 to June 2009, we noted that reimbursements to 25 of the 51 Members included late fees totaling \$806 as a result of untimely payment by the Members. Although the regulations do not state late fees are an eligible expense, minutes from a 2005 LIEB meeting indicate late fees may be claimed. While total late fees may not seem significant, we believe reimbursement for late fees does not reflect sound business practices or best use of public monies.

Recommendation 4.9

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

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Appendix I

Table 1
Receiptable Constituency Expenditures
July 2008 to June 2009*

Member	Total Constituency Receipts	General Office	Media Advertising	Donations & Gifts	Assets
Bain, K.	\$52,899	\$12,962	\$39,317	\$-	\$620
Barnet, B.	\$49,615	\$26,578	\$19,306	\$-	\$3,731
Belliveau, S.	\$47,629	\$25,128	\$15,204	\$7,297	\$-
Bolivar-Getson, C.	\$47,630	\$24,857	\$16,009	\$6,764	\$-
Casey, K.	\$46,454	\$25,121	\$15,378	\$1,110	\$4,845
Chisholm, R.	\$41,102	\$23,727	\$8,631	\$6,372	\$2,372
Clarke, C.	\$50,040	\$24,465	\$19,377	\$5,087	\$1,111
Colwell, K.	\$50,210	\$30,559	\$10,176	\$8,071	\$1,404
Conrad, V.	\$43,246	\$25,596	\$14,257	\$1,675	\$1,718
Corbett, F.	\$36,640	\$28,525	\$4,642	\$2,847	\$626
d'Entremont, C.	\$49,346	\$26,200	\$18,728	\$1,470	\$2,948
Dexter, D.	\$56,612	\$28,596	\$8,730	\$15,156	\$4,130
Dooks, B.	\$46,682	\$20,207	\$16,912	\$6,784	\$2,779
Dunn, P.	\$47,817	\$25,388	\$15,866	\$5,720	\$843
Epstein, H.	\$37,926	\$25,471	\$6,723	\$423	\$5,309
Estabrooks, B.	\$52,066	\$7,486	\$14,674	\$29,750	\$156
Fage, E.	\$38,856	\$24,192	\$8,725	\$350	\$5,589
Gaudet, W.	\$46,675	\$26,798	\$5,354	\$13,035	\$1,488
Glavine, L.	\$49,150	\$24,840	\$19,494	\$4,816	\$-
Gosse, G.	\$54,167	\$25,322	\$11,397	\$13,236	\$4,212
Goucher, L.	\$46,394	\$35,999	\$3,784	\$2,235	\$4,376
Hurlburt, R.	\$49,654	\$26,164	\$12,431	\$1,845	\$9,214
Kent, R.	\$43,183	\$18,599	\$9,222	\$14,693	\$669
MacDonald, Manning	\$43,569	\$21,092	\$16,612	\$4,294	\$1,571
MacDonald, Maureen	\$46,245	\$17,449	\$24,926	\$3,870	\$-
MacDonald, R.	\$42,148	\$31,830	\$8,333	\$1,985	\$-
MacDonell, J.	\$30,768	\$13,471	\$6,924	\$2,941	\$7,432
MacIsaac, A.	\$26,692	\$16,095	\$9,657	\$940	\$-
MacKinnon, C.	\$48,794	\$31,840	\$14,165	\$1,935	\$854
MacLeod, A.	\$47,476	\$22,739	\$18,381	\$2,221	\$4,135
Massey, J.	\$49,360	\$35,520	\$5,845	\$7,995	\$-
McNeil, S.	\$40,428	\$31,317	\$5,846	\$2,560	\$705
More, M.	\$50,906	\$30,731	\$5,743	\$9,469	\$4,963
Morse, D.	\$44,658	\$21,143	\$19,145	\$4,370	\$-
Muir, J.	\$33,537	\$13,108	\$7,766	\$12,375	\$288
Parent, M.	\$48,143	\$30,212	\$12,470	\$2,443	\$3,018
Paris, P.	\$42,034	\$23,644	\$13,901	\$4,489	\$-
Parker, C.	\$33,663	\$15,816	\$15,747	\$920	\$1,180

OFFICE OF THE
SPEAKER: MEMBERS'
CONSTITUENCY AND
OTHER EXPENSES

Table 1 (continued)
Receiptable Constituency Expenditures
July 2008 to June 2009*

Member	Total Constituency Receipts	General Office	Media Advertising	Donations & Gifts	Assets
Porter, C.	\$47,587	\$23,891	\$12,810	\$10,568	\$318
Preyra, L.	\$57,425	\$18,388	\$15,275	\$23,427	\$335
Raymond, M.	\$29,760	\$12,817	\$11,578	\$3,798	\$1,567
Samson, M.	\$55,161	\$19,360	\$14,400	\$20,737	\$664
Scott, M.	\$50,087	\$31,316	\$10,318	\$6,570	\$1,883
Steele, G.	\$50,288	\$33,037	\$14,343	\$748	\$2,160
Streach, J.	\$47,156	\$16,342	\$20,557	\$7,419	\$2,838
Taylor, B.	\$23,102	\$16,019	\$5,516	\$1,155	\$412
Theriault, H.	\$48,870	\$26,167	\$17,132	\$3,116	\$2,455
Whalen, D.	\$55,336	\$46,143	\$6,375	\$2,818	\$-
Wilson, D. A.	\$56,376	\$20,494	\$10,575	\$25,161	\$146
Wilson, H. D.	\$54,696	\$42,184	\$4,677	\$2,211	\$5,624
Zinck, T.	\$47,744	\$27,535	\$6,295	\$13,607	\$307
Total	\$2,336,002	\$1,252,480	\$649,649	\$332,878	\$100,995
Average	\$45,804	\$24,558	\$12,738	\$6,527	\$1,980
Median	\$47,629	\$25,121	\$12,470	\$4,294	\$1,180

* Constituency expenditure limits are based on the calendar year.

General Office – includes office rent

Media Advertising – payments for print and electronic media

Donations – payments to non-profit, sport, community and other groups and individuals

Gifts – payment for items to be used by third parties for fund raising purposes

Table 2
Assets Purchased Through Constituency Allotment and Electronic Technology Fund

Member	Constituency Allotment Assets (July 2006 to June 2009)	Electronic Technology Assets 2006-2009 (to June 30, 2009)
Bain, K.	\$9,292	\$6,194
Barnet, B.	\$8,617	\$-
Belliveau, S.	\$8,096	\$7,546
Bolivar-Getson, C.	\$9,969	\$7,544
Casey, K.	\$11,486	\$5,977
Chisholm, R.	\$2,960	\$6,749
Clarke, C.	\$13,447	\$7,398
Colwell, K.	\$5,255	\$10,078
Conrad, V.	\$9,645	\$6,185
Corbett, F.	\$1,988	\$6,899

OFFICE OF THE
SPEAKER: MEMBERS'
CONSTITUENCY AND
OTHER EXPENSES

Table 2 (continued)
**Assets Purchased Through Constituency Allotment and Electronic
Technology Fund**

Member	Constituency Allotment Assets (July 2006 to June 2009)	Electronic Technology Assets 2006-2009 (to June 30, 2009)
d'Entremont, C.	\$5,902	\$8,367
Dexter, D.	\$12,072	\$7,227
Dooks, B.	\$15,903	\$6,450
Dunn, P.	\$7,461	\$6,540
Epstein, H.	\$10,472	\$3,735
Estabrooks, B.	\$1,849	\$195
Fage, E.	\$5,989	\$4,676
Gaudet, W.	\$8,158	\$7,909
Glavine, L.	\$399	\$3,193
Gosse, G.	\$6,978	\$6,151
Goucher, L.	\$29,456	\$9,238
Hurlburt, R.	\$24,710	\$4,538
Kent, R.	\$6,910	\$6,340
MacDonald, Manning	\$2,134	\$1,899
MacDonald, Maureen	\$2,798	\$4,775
MacDonald, R.	\$5,310	\$4,248
MacDonell, J.	\$26,791	\$-
MacIsaac, A.	\$5,731	\$6,373
MacKinnon, C.	\$9,000	\$5,679
MacLeod, A.	\$25,127	\$8,024
Massey, J.	\$4,415	\$7,116
McNeil, S.	\$2,971	\$4,332
More, M.	\$7,544	\$4,538
Morse, D.	\$3,297	\$2,147
Muir, J.	\$843	\$6,557
Parent, M.	\$5,566	\$7,812
Paris, P.	\$14,646	\$3,773
Parker, C.	\$1,180	\$5,079
Porter, C.	\$3,623	\$7,598
Preyra, L.	\$19,189	\$3,640
Raymond, M.	\$5,415	\$1,298
Samson, M.	\$5,345	\$7,806
Scott, M.	\$3,829	\$5,022
Steele, G.	\$3,969	\$6,144
Streach, J.	\$12,763	\$8,090
Taylor, B.	\$2,468	\$5,821
Therriault, H.	\$6,202	\$4,813
Whalen, D.	\$784	\$6,470
Wilson, D. A.	\$6,512	\$6,748
Wilson, H. D.	\$6,979	\$4,914

Table 2 (continued)
 Assets Purchased Through Constituency Allotment and Electronic
 Technology Fund

Member	Constituency Allotment Assets (July 2006 to June 2009)	Electronic Technology Assets 2006-2009 (to June 30, 2009)
Zinck, T.	\$6,572	\$1,961
Total	\$418,017	\$281,806
Average	\$8,196	\$5,526
Median	\$6,512	\$6,151

OFFICE OF THE
 SPEAKER: MEMBERS'
 CONSTITUENCY AND
 OTHER EXPENSES

Response: Nova Scotia Legislature Internal Economy Board

The Legislature Internal Economy Board (“the Board”) extends its thanks to the Office of the Auditor General for its report on Members’ Constituency and other Expenses. The Board hereby commits to implementation of recommendations of the report as a matter of high priority. Additionally, Arthur R. Donahoe, Q.C. has been engaged by the Board to review the existing system of expenses and allowances presently afforded to the Members and will have in his possession, as part of his deliberations, the findings and recommendations of the Auditor General.

The Board is of the opinion that this additional review by Mr. Donahoe demonstrates the commitment of the Board to have in place a system that not only addresses the concerns of the Auditor General, but also will incorporate best practices within the Canadian parliamentary landscape.

There is undoubtedly a need to perform a comprehensive examination of the types and levels of expenses and allowances presently available to Members. As part of any such examination, necessary changes will be made to the Regulations and Guidelines governing same to ensure that the system we will have in place in Nova Scotia will serve as a model for years to come.

The Board has already taken certain measures to address concerns expressed in the report with respect to ownership of assets and compensation for Members’ constituency staff. The Board has also removed transition payments for former Members as were previously contained in the LIEB Regulations.

To reiterate, the Board would again thank the Office of the Auditor General for its rigorous and comprehensive audit stretching over a period of four months. The Board also wishes to thank staff of the Office of the Speaker for their efforts in accommodating the Auditor General staff while performing their usual work-related duties.