



House of Assembly Management Commission Agenda

Date: January 31, 2023
Time: 1:30 p.m.
Location: HOA Chamber/HOA Committee Room

Televised Meeting

1. Approval of Minutes:
 - a. November 24, 2022
 - b. December 5, 2022
 - c. January 13, 2023
2. Speaker's Report – Rulings on Allowance Use
3. Audited Financial Statements – House of Assembly & Statutory Offices (excluding the Office of the Auditor General) – year ended 31 March 2022
4. Audited Financial Statements – Office of the Auditor General – year ended 31 March 2022
5. Appointment of Auditor – House of Assembly & Statutory Offices – year ended 31 March 2023
6. Budget Transfer Request
7. Audit Committee Recommendations

In Camera Meeting



**House of Assembly
Newfoundland and Labrador**

**Minutes of the House of Assembly
Management Commission**

Date: November 24, 2022

Location: House of Assembly Chamber

Time: 12:15 p.m.

Members Present:

Hon. Derek Bennett, Speaker (Chair)

Hon. Steve Crocker, Government House Leader (by phone)

Barry Petten, Opposition House Leader

Hon. Lisa Dempster, MHA (LIB), Cartwright - L'Anse au Clair

Lela Evans, MHA (NDP), Torngat Mountains

Craig Pardy, MHA (PC), Bonavista

Paul Pike, MHA (LIB), Burin - Grand Bank

Sandra Barnes, Clerk of the House of Assembly/Secretary to the Commission

Other

Kim Hawley George, Law Clerk/Clerk Assistant (A)

Bobbi Russell, Policy and Communications Officer

Regrets

Brian Warr, Deputy Speaker

As required by the *House of Assembly Accountability, Integrity and Administration Act*, the Chair reported decisions from *in camera* meetings held on June 14, June 21, June 24, July 6, August 17, October 3, October 17 and October 19, 2022. Details of decisions made at those meetings were included with the draft Minutes circulated to the Commission for approval as part of agenda item 1 and are posted on the House of Assembly website.

CM 2022-041 The Commission approved the Minutes of meetings held on:

- June 14, 2022
- June 21, 2022
- June 24, 2022
- June 28, 2022
- July 6, 2022
- August 17, 2022
- October 3, 2022
- October 17, 2022
- October 19, 2022

The Speaker presented a report of rulings on allowance use for the period ended November 4, 2022, in accordance with Section 24 of the *House of Assembly Accountability, Integrity and Administration Act*. The Commission issued rulings to reimburse expenditures for the following Members and amounts:

| | |
|-------------------------------------|-----------|
| - St. Barbe – L’Anse aux Meadows | \$1996.68 |
| - Bonavista | \$30.00 |
| - Cape St. Francis | \$86.89 |
| - Torngat Mountains | \$1632.88 |
| - Burin - Grand Bank | \$81.97 |
| - Conception Bay East - Bell Island | \$118.90 |

The Clerk presented a report of approvals for furniture and equipment expenditures as required by the Standard Office Allocation Package for Members and Constituency Assistants for the period ended November 4, 2022. The Clerk approved the following expenditures since the last report:

| | | |
|----------------------------------|----------|-----------------------------------|
| - St. Barbe - L’Anse aux Meadows | \$999.00 | Loveseat for constituency office. |
|----------------------------------|----------|-----------------------------------|

As required by the *House of Assembly Accountability, Integrity and Administration Act*, financial reports of the Legislature as well as actual expenditures of Members were presented to the Commission for the following reporting periods:

- April 1, 2022 to June 30, 2022; and
- April 1, 2022 to September 30, 2022.

Annual expenditures reports as required by the Caucus Operational Funding Grants Policy for the period from April 1, 2021 to March 31, 2022 were presented to the Commission for the Government Members’ caucus, Official Opposition caucus, Third Party caucus, Office of the Speaker, the Member for Humber - Bay of Islands and the Member for Mount Pearl - Southlands.

The annual report of budget transfers as required by the House of Assembly Transfer of Funds Policy for the period from April 1, 2021 to March 31, 2022 was presented to the Commission.

A report detailing activities of the Audit Committee for the 2020-21 and 2021-22 fiscal years was presented to the Commission.

CM 2022-042 Pursuant to paragraph 23(2)(a) of the *House of Assembly Accountability, Integrity and Administration Act*, the Commission appointed the Member for Bonavista as a member of the House of Assembly Audit Committee, effective immediately.

CM 2022-043 Pursuant to Section 5 of the House of Assembly Transfer of Funds Policy, the Commission ratified transfer of funds HOABT2022-004.

Adjournment: 12:50 p.m.

Hon. Derek Bennett
Speaker (Chair)

Sandra Barnes
Clerk and Secretary to the Commission



**House of Assembly
Newfoundland and Labrador**

**Minutes of the House of Assembly
Management Commission**

Date: December 5, 2022

Location: House of Assembly Committee Room

Time: 2:30 p.m.

Members Present:

Hon. Derek Bennett, Speaker/Chair of the Commission
Hon. Steve Crocker, Government House Leader
Barry Petten, Opposition House Leader
Hon. Lisa Dempster, MHA (LIB), Cartwright - L'Anse au Clair
Lela Evans, MHA (NDP), Torngat Mountains
Craig Pardy, MHA (PC), Bonavista
Paul Pike, MHA (LIB), Burin - Grand Bank
Sandra Barnes, Clerk of the House of Assembly/Secretary to the Commission

Other

Brian Warr, Deputy Speaker
Kim Hawley George, Law Clerk/Clerk Assistant (A)
Bobbi Russell, Policy and Communications Officer

The Commission, at an *in-camera* meeting, authorized the use of leave balances in accordance with the Paid Leave Policy, to bridge an employee to retirement.

CM 2022-045 The Commission, at an *in-camera* meeting, recommended to the Lieutenant-Governor in Council, that Travis Wooly be appointed acting Chief Electoral Officer pursuant to subsection 5.5(1) of the *Elections Act, 1991*, and waived the 2-day waiting period for this decision.

CM 2022-046 The Commission, at an *in-camera* meeting, recommended to the Lieutenant-Governor in Council, that Ann Chafe be appointed acting Commissioner for Legislative Standards pursuant to subsection 34(8) of the *House of Assembly Act*, and waived the 2-day waiting period for this decision.

The Commission directed that the Deputy Chair request a response by the Citizens' Representative to the recommendations contained in the November 4, 2022 report of the acting Commissioner for Legislative Standards, and that such response be received by December 12, 2022. The Commission waived the 2-day waiting period for this decision. The Chair and the Secretary of the Commission recused from the discussion.

CM 2022-048 The Commission, at an *in-camera* meeting, approved reimbursement of legal fees in accordance with the exception provisions of the Guidelines on the Reimbursement of Legal Fees for Members of the House of Assembly for the Member for Harbour Grace - Port de Grave in the amount of \$1,220.15.

The Commission, at an *in-camera* meeting, did not approve a request regarding reimbursement of legal fees under the Harassment-Free Workplace Policy Applicable to Complaints Against MHAs.

CM 2022-050 The Commission, at an *in-camera* meeting, directed the Speaker to respond to correspondence dated October 27, 2022 from the Member for Humber - Bay of Islands informing the Member the Commission does not have the requisite legal authority to intervene in any way in a Code of Conduct process.

Adjournment: 5 p.m.

Hon. Derek Bennett
Speaker (Chair)

Sandra Barnes
Clerk and Secretary to the Commission

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**House of Assembly
Newfoundland and Labrador**

**Minutes of the House of Assembly
Management Commission**

Date: January 13, 2023

Location: House of Assembly Committee Room

Time: 10 a.m.

Members Present:

Hon. Derek Bennett, Speaker/Chair of the Commission (by video)

Hon. John Hogan, Government House Leader (by video)

Barry Petten, Opposition House Leader

Craig Pardy, MHA (PC), Bonavista

Paul Pike, MHA (LIB), Burin - Grand Bank

Sandra Barnes, Clerk of the House of Assembly/Secretary to the Commission

Other

Brian Warr, Deputy Speaker (by phone)

Kim Hawley George, Law Clerk/Clerk Assistant (A)

Bobbi Russell, Policy and Communications Officer

Travis Wooley, Chief Electoral Officer (A)

Regrets

Hon. Lisa Dempster, MHA (LIB), Cartwright - L'Anse au Clair

Lela Evans, MHA (NDP), Torngat Mountains

The Commission, at an *in camera* meeting, approved a pre-commitment of funds for fiscal years 2023-2024 through 2039-2040 against the Legislature's budgetary appropriations to facilitate a ten-year lease for office accommodations for the Office of the Chief Electoral Officer.

The Commission, at an *in camera* meeting, approved a pre-commitment of funds for fiscal years 2023-2024 through 2029-2030 against the Legislature's budgetary appropriations to facilitate a seven-year agreement for web streaming services for the House of Assembly.

Adjournment: 11 a.m.

Hon. Derek Bennett
Speaker (Chair)

Sandra Barnes
Clerk and Secretary to the Commission



**House of Assembly
Newfoundland & Labrador**

To: House of Assembly Management Commission
From: Speaker of the House of Assembly
Date: January 26, 2023
Subject: Rulings of Allowance Use

The process for rulings on allowance use is outlined in Section 24 of the *House of Assembly Accountability, Integrity and Administration Act* (the Act). The Act gives authority for the Speaker to make rulings when expenditures of Members have been rejected for payment, provided that the ruling is distributed to and receives concurrence of the Management Commission.

The report below provides the details with respect to all such rulings since the last report. These expenditures were rejected for payment because they were not submitted within 60-days of being made. However, they are permitted and in compliance with all other provisions of the *Members' Resources and Allowances Rules*.

| DISTRICT | MEMBER | AMOUNT | DETAILS |
|--------------------------------------|--------------------|------------------------|--|
| St. Barbe - L'Anse aux Meadows | Krista Lynn Howell | \$438.66 \$1,451.97 | Expenditures initially rejected for payment because they were not submitted within 60-days of being made. These expenditures are in compliance with all other provisions of the <i>Members' Resources and Allowances Rules</i> . |
| Labrador West | Jordan Brown | \$1,095.94 | Expenditures initially rejected for payment because they were not submitted within 60-days of being made. These expenditures are in compliance with all other provisions of the <i>Members' Resources and Allowances Rules</i> . |

| DISTRICT | MEMBER | AMOUNT | DETAILS |
|----------------------------------|---------------|---------------|--|
| Harbour Grace - Port de Grave | Pam Parsons | \$58.56 | Expenditures initially rejected for payment because they were not submitted within 60-days of being made. These expenditures are in compliance with all other provisions of the <i>Members' Resources and Allowances Rules</i> . |

**House of Assembly Management Commission
Briefing Note**

Title: Audited Financial Information – House of Assembly & Statutory Offices

Issue: Approval of the audited financial information of the House of Assembly & Statutory Offices (excluding the Office of the Auditor General) for fiscal year ended 31 March 2022.

Background:

- Pursuant to Section 43 of the *House of Assembly Accountability, Integrity and Administration Act* (the Act), an annual audit is required of the accounts of the House of Assembly and Statutory Offices to be conducted by an auditor appointed by the Commission.
- Paragraph 23(7)(d) of the Act states that the Audit Committee must review the audited financial information, its report and recommendations with the auditor, and recommend their approval to the Commission.
- The Auditor General informed the House of Assembly Audit Committee that the audit had not identified any significant matters to report. In correspondence dated November 3, 2022 (see Attachment 1), the Audit Committee recommended that the Commission approve and sign the financial statements for the fiscal year ended 31 March 2022 (see Attachment 2), pursuant to paragraph 23(7)(d) of the Act.

Analysis:

Legal Consultation:

Not applicable

Internal Consultation(s):

Audit Committee

External Consultation(s):

Not applicable

Comparison to Government Policy:

Not applicable

Financial Impact:

Not applicable

Legislative Impact:

Not applicable

Options:

- Approve the audited financial information for the House of Assembly and Statutory Offices for the fiscal years ended 31 March 2022, as recommended by the Audit Committee.

Status:

- Recommendation of the Audit Committee to approve and sign the audited financial statements for the fiscal year ended 31 March 2022 for the House of Assembly and Statutory Offices remains outstanding.

Action Required:

- Proposed motion:

The Commission approves the audited financial information for the period from April 1, 2021 to March 31, 2022, for the House of Assembly and Statutory Offices, as recommended by the Audit Committee.

Prepared by: Bobbi Russell
Date: January 18, 2022

Approved by: Sandra Barnes

Attachments:

1. Letter from Chair of the Audit Committee to Speaker
2. Audited Financial Statements – year ended 31 March 2022



November 3, 2022

Hon. Derek Bennett

Chair, Management Commission

Dear Mr. Bennett,

Please be advised that, on August 23, 2022, the Audit Committee discussed with the Auditor General the results of audits of the House of Assembly and Statutory Offices carried out pursuant to subsection 43(6) of the *House of Assembly Accountability, Integrity and Administration Act* ("the Act") and the Management Certification for the fiscal year ended March 31, 2021.

The Auditor General informed the Committee that the Office of the Auditor General has not identified any significant matters to report. Therefore, under paragraph 23(7)(d) of the Act, the Audit Committee recommends that the Commission approve and sign the financial statements for the fiscal year ended March 31, 2021.

Kind regards,

A handwritten signature in blue ink that reads "Paul Pike".

Paul Pike, MHA

Chair, Audit Committee



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

August 23, 2022

Ref: DP02-F4222

The Honourable Derek Bennett, MHA
Chair of the House of Assembly
Management Commission
House of Assembly
P.O. Box 8700
St. John's, Newfoundland and Labrador
A1B 4J6

In accordance with Section 43 of the House of Assembly Accountability, Integrity and Administration Act (the Act), I have performed the audit of the House of Assembly and its Statutory Offices (the Assembly) for the year ended March 31, 2022. Section 43(6) of the Act requires that the audit consist of:

- an opinion on whether the accounts were fairly presented in accordance with the accounting policies noted;
- an opinion on whether the expenses incurred were in accordance with the policies of the House of Assembly Management Commission and, where applicable, the policies of the Executive Branch of Government; and
- an opinion on whether the Clerk of the House of Assembly's assessment of the effectiveness of internal controls was fairly stated and whether the internal controls were operating effectively.

Canadian generally accepted auditing standards

My audit of the Assembly was performed in accordance with Canadian generally accepted auditing standards. Canadian generally accepted auditing standards require that an audit be designed to provide reasonable assurance that the information taken as a whole is free of material misstatement. Reasonable assurance is a concept relating to the accumulation of the audit evidence necessary for the auditor to conclude that there is no material misstatement in the information taken as a whole. Reasonable assurance relates to the whole audit process.

The concept of materiality recognizes that some matters, either individually or in the aggregate, are considered important or critical to those making a decision relating to the financial information or the reliability of a system of control. If an error in the financial information or a weakness in the system of control is significant enough to change or influence the decision of the informed decision maker, a material error or weakness is deemed to have occurred. Below this threshold, any errors or weaknesses are regarded as immaterial. Errors or weaknesses may arise from a number of causes such as fraud or error, departures from accounting policies, inappropriate estimates, non-compliance with policy directives or less than adequate disclosure.

My Audit of the House of Assembly and its Statutory Offices

As part of my audit, I must review and consider any additional work performed by others in relation to the system of internal control. During the year ended March 31, 2022, the firm of Grant Thornton was engaged to assist the Clerk in completing the annual Management Certification. Further, the Office of the Comptroller General continued to perform a number of reviews of the systems, files and supporting documentation. The comments and recommendations of both Grant Thornton and the Office of the Comptroller General should continue to be considered by the Management Commission (the Commission) and the Clerk in an effort to strengthen the system of control in the future.

No significant findings came to my attention during the audit of the Assembly.

Annual Report

I understand that the Commission will be producing an Annual Report that will include a reproduction of the financial information for the year ended March 31, 2022. As my Office performed the audit relating to this financial information, my Independent Auditor's Report should also be attached to the reproduction. In this regard, my consent should be obtained in any case where an Annual Report is to contain any reproduction or publication of my Independent Auditor's Report or any portion thereof.

Further, I request that prior to the release of the Commission's Annual Report, you provide me with a complete copy of the draft Annual Report. I will then determine, in accordance with the recommendations outlined in the Chartered Professional Accountants of Canada Handbook, whether the financial information and Independent Auditor's Report have been accurately reproduced and whether the other information contained in the draft Annual Report is consistent with the audited financial information. I also request that the Commission's Annual Report not be finalized or released until my Office has completed the review.

I express my appreciation for the cooperation and assistance extended to my staff during the audit.

Yours truly,



DENISE HANRAHAN, CPA, CMA, MBA, ICD.D
Auditor General

c.c. Ms. Sandra Barnes
Clerk of the House of Assembly

House of Assembly Audit Committee:

Mr. Paul Pike, MHA, Chair

Ms. Helen Conway-Ottenheimer, MHA, Member

Ms. Beverly Evans, FCPA, FCA, ICD.D, Member

Ms. Deborah Collis, CPA, CA, Member



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

August 23, 2022

Ref: DP02-F4222

Honourable Derek Bennett, M.H.A.
Chair of the House of Assembly
Management Commission
House of Assembly
P.O. Box 8700
St. John's, Newfoundland and Labrador
A1B 4J6

Dear Sir:

In accordance with Section 43 of the House of Assembly Accountability, Integrity and Administration Act (the Act), I have performed the audit of the House of Assembly and its Statutory Offices for the year ended March 31, 2022. Section 43(6) of the Act requires that the audit consist of:

- an opinion on whether the accounts are fairly presented in accordance with the accounting policies noted;
- an opinion on whether the expenses incurred are in accordance with the policies of the House of Assembly Management Commission and, where applicable, the policies of the Executive Branch of Government; and
- an opinion on whether the Clerk of the House of Assembly's assessment of the effectiveness of internal controls is fairly stated and whether the internal controls are operating effectively.

I enclose 10 copies of the audited financial information and management certification for the year ended March 31, 2022, along with my Independent Auditor's Report thereon. After you and a member of the House of Assembly Management Commission have signed the audited financial information, please return a copy to me.

Yours truly,



DENISE HANRAHAN, CPA, CMA, MBA, ICD.D
Auditor General

Enclosure

c.c. Ms. Sandra Barnes
Clerk of the House of Assembly

House of Assembly Audit Committee:

Mr. Paul Pike, M.H.A., Chair

Ms. Helen Conway-Ottenheimer, M.H.A., Member

Ms. Beverley Evans, FCPA, FCA, ICD.D, Member

Ms. Deborah Collis, CPA, CA, Member

**HOUSE OF ASSEMBLY
AND ITS STATUTORY OFFICES**

**FINANCIAL INFORMATION
AND
MANAGEMENT CERTIFICATION**

MARCH 31, 2022

**HOUSE OF ASSEMBLY
AND ITS STATUTORY OFFICES**

FINANCIAL INFORMATION

MARCH 31, 2022



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To the Members of the House of Assembly Management Commission
Province of Newfoundland and Labrador

Opinion

I have audited the financial information of the House of Assembly and its Statutory Offices (the Assembly), which comprises the schedule of assets and liabilities as at March 31, 2022, the schedule of expenditure and related revenue, the schedule of gross expenditure and unexpended balances for the year then ended and a summary of significant accounting policies and other explanatory information. The financial information has been prepared by management of the Assembly to comply with the requirements of the House of Assembly Accountability, Integrity and Administration Act (the Act).

I have also audited, in accordance with section 43(6)(b) of the Act, the expenses incurred by the Assembly to determine whether they were in accordance with the policies of the House of Assembly Management Commission and, where applicable, the policies of the Executive Branch of Government.

As well, I have audited, in accordance with section 43(6)(c) of the Act, the assessment of the Clerk of the House of Assembly of the effectiveness of the internal controls of the Assembly as at March 31, 2022.

In my opinion, the financial information of the Assembly for the year ended March 31, 2022 is prepared, in all material respects, in accordance with the accounting policies disclosed in Note 1(a).

Also, in my opinion, the expenses incurred by the Assembly were in accordance with the policies of the House of Assembly Management Commission which were in place during the year and, where applicable, the policies of the Executive Branch of Government.

As well, in my opinion, the assessment of internal controls by the Clerk of the House of Assembly over financial reporting at the Assembly as at March 31, 2022, was fairly stated and the internal controls over financial reporting at the Assembly were operating effectively, in all material respects, as at that date.

Independent Auditor's Report (cont.)

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Information section of my report. I am independent of the Assembly in accordance with the ethical requirements that are relevant to my audit of the financial information in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use

Without modifying my opinion, I draw attention to Note 1(a) to the financial information, which describes the basis of accounting. The financial information is prepared solely to assist the House of Assembly Management Commission to comply with the requirements of the Act. As a result, the financial information may not be suitable for another purpose. My report is intended solely for the use of the House of Assembly Management Commission and should not be used by anyone other than the specified user.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial information and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial information does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial information, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial information or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Information

Management is responsible for the preparation of the financial information in accordance with the accounting policies disclosed in Note 1(a), and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (cont.)

In preparing the financial information, management is responsible for assessing the Assembly's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Government of Newfoundland and Labrador either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Assembly's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Information

My objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial information.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but typically not for the purpose of expressing an opinion on the effectiveness of the Assembly's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Assembly's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Assembly to cease to continue as a going concern.

Independent Auditor's Report (cont.)

- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represents the underlying transactions and events in accordance with the accounting policies disclosed in Note 1(a).

The internal control over financial reporting by the Assembly is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial information. The internal control over financial reporting by the Assembly includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Assembly; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with the accounting policies disclosed in the financial information, and that receipts and expenditures of the Assembly are being made only in accordance with proper authorizations; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the assets of the Assembly that could have a material effect on the financial information.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



DENISE HANRAHAN, CPA, CMA, MBA, ICD.D
Auditor General

August 23, 2022
St. John's, Newfoundland and Labrador

**HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES
PROVINCE OF NEWFOUNDLAND AND LABRADOR
SCHEDULE OF ASSETS AND LIABILITIES
As at March 31, 2022**

| | <u>2022</u> | <u>2021</u> |
|----------------------------------|---------------------|---------------------|
| | | Restated - Note 11 |
| ASSETS | | |
| Cash Held in Trust (Note 2) | \$ 9,459 | \$ 23,651 |
| Accounts Receivable (Note 3) | 11,019 | 38,118 |
| Prepaid Expenses (Note 4) | 74,037 | 70,543 |
| Tangible Capital Assets (Note 5) | 356,620 | 437,251 |
| Total assets | \$ 451,135 | \$ 569,563 |
| LIABILITIES | | |
| Accounts Payable | \$ 935 | \$ 340,359 |
| Accrued Payroll | 123,263 | 401,396 |
| Accrued Paid and Annual Leave | 2,705,990 | 2,658,423 |
| Accrued Overtime | 39,100 | 128,795 |
| Accrued Severance Pay (Note 6) | 1,282,287 | 1,280,121 |
| Trust Liability (Note 2) | 9,459 | 23,651 |
| Total liabilities | \$ 4,161,034 | \$ 4,832,745 |

Pensions and Group Health and Life Insurance Benefits (Note 7)
Contingent Liabilities (Note 8)
Contractual Obligations (Note 9)

See accompanying notes

Signed on behalf of the
House of Assembly
Management Commission:

Chair of the House of Assembly
Management Commission

Member of the House of Assembly
Management Commission

**HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES
 PROVINCE OF NEWFOUNDLAND AND LABRADOR
 SCHEDULE OF EXPENDITURE AND RELATED REVENUE
 For the Year Ended March 31, 2022**

| | 2022 ACTUAL | ESTIMATES | | 2021 ACTUAL |
|--|------------------|------------------|------------------|------------------|
| | | AMENDED | ORIGINAL | |
| HOUSE OF ASSEMBLY | | | | |
| Administrative Support | | | | |
| Salaries | \$ 1,765,181 | \$ 1,898,900 | \$ 1,980,000 | \$ 1,875,396 |
| Employee Benefits | 3,539 | 4,500 | 4,500 | 2,691 |
| Transportation and Communications | 26,325 | 59,400 | 59,400 | 34,071 |
| Supplies | 32,481 | 36,200 | 36,200 | 34,722 |
| Professional Services | 70,956 | 71,000 | 61,100 | 59,488 |
| Purchased Services | 17,253 | 52,000 | 62,000 | 14,844 |
| Property, Furnishings and Equipment | 36,168 | 92,500 | 92,500 | 72,558 |
| | 1,951,903 | 2,214,500 | 2,295,700 | 2,093,770 |
| Revenue (Provincial) | (3,632) | - | - | (1,236) |
| Total: Administrative Support | 1,948,271 | 2,214,500 | 2,295,700 | 2,092,534 |
| Legislative Library and Records Management | | | | |
| Salaries | 651,972 | 687,200 | 687,200 | 686,924 |
| Employee Benefits | 1,058 | 1,100 | 900 | - |
| Transportation and Communications | - | 9,500 | 10,200 | - |
| Supplies | 46,643 | 47,500 | 47,000 | 46,433 |
| Purchased Services | 3,569 | 8,500 | 8,500 | 3,266 |
| Total: Legislative Library and Records Management | 703,242 | 753,800 | 753,800 | 736,623 |
| Hansard and the Broadcast Centre | | | | |
| Salaries | 603,794 | 670,800 | 670,800 | 671,163 |
| Employee Benefits | - | - | 600 | - |
| Transportation and Communications | 1,688 | 4,800 | 7,300 | 1,156 |
| Supplies | 50,776 | 55,900 | 55,900 | 49,031 |
| Purchased Services | 115,937 | 204,000 | 204,000 | 92,493 |
| Property, Furnishings and Equipment | 7,952 | 13,100 | 10,000 | 12,918 |
| Total: Hansard and the Broadcast Centre | 780,147 | 948,600 | 948,600 | 826,761 |

HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES
 PROVINCE OF NEWFOUNDLAND AND LABRADOR
 SCHEDULE OF EXPENDITURE AND RELATED REVENUE
 For the Year Ended March 31, 2022

| | 2022 | ESTIMATES | | 2021 |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | ACTUAL | AMENDED | ORIGINAL | ACTUAL |
| HOUSE OF ASSEMBLY (cont.) | | | | |
| Members' Resources | | | | |
| Salaries | 6,470,077 | 6,692,200 | 6,689,000 | 6,436,237 |
| Transportation and Communications | 5,254 | 5,300 | 5,200 | - |
| Supplies | - | - | - | 2,268 |
| Professional Services | 41,390 | 41,400 | - | 17,850 |
| Purchased Services | 10,666 | 11,000 | 10,000 | 5,175 |
| Allowances and Assistance | 1,177,989 | 2,356,400 | 2,363,700 | 970,739 |
| Grants and Subsidies | 4,504 | 6,700 | 6,100 | 2,494 |
| | <u>7,709,880</u> | <u>9,113,000</u> | <u>9,074,000</u> | <u>7,434,763</u> |
| Revenue (Provincial) | (55,353) | - | - | (59,191) |
| Total: Members' Resources | <u>7,654,527</u> | <u>9,113,000</u> | <u>9,074,000</u> | <u>7,375,572</u> |
| House Operations | | | | |
| Salaries | 151,182 | 209,100 | 209,100 | 153,554 |
| Employee Benefits | 88 | 5,900 | 5,900 | - |
| Transportation and Communications | 35,729 | 40,300 | 125,000 | 164 |
| Supplies | 6,164 | 14,500 | 14,500 | 3,035 |
| Professional Services | 73,888 | 74,500 | 3,900 | 22,228 |
| Purchased Services | 31,379 | 41,500 | 41,500 | 29,369 |
| Property, Furnishings and Equipment | 43,111 | 43,200 | 57,100 | 8,582 |
| Grants and Subsidies | 1,455 | 10,100 | 11,600 | 1,247 |
| | <u>342,996</u> | <u>439,100</u> | <u>468,600</u> | <u>218,179</u> |
| Government Members' Caucus | | | | |
| Salaries | 285,796 | 327,200 | 327,200 | 333,208 |
| Employee Benefits | - | 1,000 | 1,000 | - |
| Transportation and Communications | 8,840 | 17,900 | 19,900 | 9,630 |
| Supplies | 9,965 | 10,600 | 8,600 | 6,280 |
| Purchased Services | 1,895 | 7,500 | 7,500 | 1,243 |
| Property, Furnishings and Equipment | 781 | 2,400 | 2,400 | 1,232 |
| Grants and Subsidies | 31,529 | 31,600 | 30,100 | 23,696 |
| | <u>338,806</u> | <u>398,200</u> | <u>396,700</u> | <u>375,289</u> |
| Official Opposition Caucus | | | | |
| Salaries | 1,095,828 | 1,095,900 | 1,105,100 | 1,145,985 |
| Employee Benefits | 2,537 | 3,000 | 3,000 | - |
| Transportation and Communications | 34,785 | 72,400 | 79,400 | 39,326 |
| Supplies | 17,391 | 24,000 | 24,000 | 13,824 |
| Purchased Services | 14,674 | 22,000 | 22,000 | 13,887 |
| Property, Furnishings and Equipment | 12,441 | 12,500 | 5,500 | 5,670 |
| Grants and Subsidies | 18,864 | 19,000 | 19,600 | 18,707 |
| | <u>1,196,520</u> | <u>1,248,800</u> | <u>1,258,600</u> | <u>1,237,399</u> |

**HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES
PROVINCE OF NEWFOUNDLAND AND LABRADOR
SCHEDULE OF EXPENDITURE AND RELATED REVENUE
For the Year Ended March 31, 2022**

| | 2022 | ESTIMATES | | 2021 |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | ACTUAL | AMENDED | ORIGINAL | ACTUAL |
| HOUSE OF ASSEMBLY (cont.) | | | | |
| Third Party Caucus | | | | |
| Salaries | 400,071 | 405,600 | 405,600 | 605,752 |
| Employee Benefits | - | 1,000 | 1,000 | - |
| Transportation and Communications | 5,934 | 21,700 | 21,700 | 9,537 |
| Supplies | 2,650 | 8,300 | 8,300 | 6,673 |
| Purchased Services | 3,014 | 7,500 | 7,500 | 5,730 |
| Property, Furnishings and Equipment | 985 | 1,800 | 1,800 | 568 |
| Grants and Subsidies | 12,011 | 12,100 | 12,100 | 9,977 |
| Total: Third Party Caucus | 424,665 | 458,000 | 458,000 | 638,237 |
| TOTAL: HOUSE OF ASSEMBLY | 13,389,174 | 15,574,000 | 15,654,000 | 13,500,594 |

OFFICE OF THE CHIEF ELECTORAL OFFICER

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Salaries | 1,254,200 | 1,254,400 | 1,174,400 | 3,988,622 |
| Employee Benefits | 2,546 | 4,500 | 4,500 | 521 |
| Transportation and Communications | 85,792 | 242,600 | 244,400 | 1,939,006 |
| Supplies | 36,911 | 54,000 | 54,000 | 252,923 |
| Professional Services | 83,795 | 113,000 | 113,000 | 58,757 |
| Purchased Services | 304,481 | 459,000 | 459,000 | 1,186,293 |
| Property, Furnishings and Equipment | 8,772 | 8,800 | 7,000 | 73,297 |
| Grants and Subsidies | 606,098 | 800,000 | 800,000 | 30,347 |
| | 2,382,595 | 2,936,300 | 2,856,300 | 7,529,766 |
| Revenue (Provincial) | (1,141) | - | - | (5,014) |
| Total: Office of the Chief Electoral Officer | 2,381,454 | 2,936,300 | 2,856,300 | 7,524,752 |

OFFICE OF THE CITIZENS' REPRESENTATIVE

| | | | | |
|--|----------------|------------------|------------------|----------------|
| Salaries | 706,911 | 798,100 | 798,100 | 689,303 |
| Employee Benefits | 88 | 7,000 | 7,000 | - |
| Transportation and Communications | 5,354 | 34,800 | 34,800 | 6,459 |
| Supplies | 4,032 | 5,000 | 5,000 | 5,118 |
| Professional Services | 40,456 | 69,600 | 69,600 | 11,098 |
| Purchased Services | 84,464 | 108,000 | 108,000 | 77,756 |
| Property, Furnishings and Equipment | 3,777 | 8,000 | 8,000 | 10,943 |
| Total: Office of the Citizens' Representative | 845,082 | 1,030,500 | 1,030,500 | 800,677 |

**HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES
 PROVINCE OF NEWFOUNDLAND AND LABRADOR
 SCHEDULE OF EXPENDITURE AND RELATED REVENUE
 For the Year Ended March 31, 2022**

| | 2022 ACTUAL | ESTIMATES | | 2021 ACTUAL |
|--|----------------------|----------------------|----------------------|----------------------|
| | | AMENDED | ORIGINAL | |
| OFFICE OF THE CHILD AND YOUTH ADVOCATE | | | | |
| Salaries | 1,157,769 | 1,196,600 | 1,196,600 | 1,143,083 |
| Employee Benefits | 1,756 | 3,500 | 3,500 | 2,511 |
| Transportation and Communications | 18,134 | 53,900 | 55,400 | 15,746 |
| Supplies | 7,441 | 7,500 | 6,000 | 8,987 |
| Professional Services | 3,945 | 19,000 | 19,000 | 4,745 |
| Purchased Services | 130,068 | 160,900 | 160,900 | 129,357 |
| Property, Furnishings and Equipment | 3,638 | 4,000 | 4,000 | 9,369 |
| Total: Office of the Child and Youth Advocate | 1,322,751 | 1,445,400 | 1,445,400 | 1,313,798 |
| OFFICE OF THE INFORMATION AND PRIVACY COMMISSIONER | | | | |
| Salaries | 1,087,882 | 1,122,400 | 1,161,800 | 1,085,140 |
| Employee Benefits | 3,147 | 4,500 | 4,500 | 1,689 |
| Transportation and Communications | 13,169 | 20,600 | 32,800 | 13,927 |
| Supplies | 5,747 | 6,700 | 6,700 | 6,618 |
| Professional Services | 65,585 | 65,600 | 50,000 | 89,681 |
| Purchased Services | 137,866 | 138,000 | 122,400 | 127,473 |
| Property, Furnishings and Equipment | 22,361 | 22,400 | 2,000 | 12,017 |
| | 1,335,757 | 1,380,200 | 1,380,200 | 1,336,545 |
| Revenue (Provincial) | - | - | - | (3,099) |
| Total: Office of the Information and Privacy Commissioner | 1,335,757 | 1,380,200 | 1,380,200 | 1,333,446 |
| OFFICE OF THE SENIORS' ADVOCATE | | | | |
| Salaries | 262,191 | 373,100 | 373,100 | 374,960 |
| Employee Benefits | - | 5,700 | 5,700 | 500 |
| Transportation and Communications | 2,839 | 45,900 | 45,900 | 3,265 |
| Supplies | 1,525 | 5,000 | 5,000 | 2,066 |
| Professional Services | - | 9,000 | 9,000 | - |
| Purchased Services | 31,558 | 44,000 | 44,000 | 31,657 |
| Property, Furnishings and Equipment | - | 4,000 | 4,000 | 4,836 |
| Total: Office of the Seniors' Advocate | 298,113 | 486,700 | 486,700 | 417,284 |
| TOTAL: HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES | \$ 19,572,331 | \$ 22,853,100 | \$ 22,853,100 | \$ 24,890,551 |

See accompanying notes

**HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES
 PROVINCE OF NEWFOUNDLAND AND LABRADOR
 SCHEDULE OF GROSS EXPENDITURE AND UNEXPENDED BALANCES
 For the Year Ended March 31, 2022**

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Original estimates (net) | \$ 22,853,100 | \$ 21,961,400 |
| Add transfers of Estimates | - | 5,580,300 |
| Add back revenue estimates net of transfers and statutory payments | - | 28,000 |
| | <u>22,853,100</u> | <u>27,569,700</u> |
| Original estimates of expenditure (Gross) | 22,853,100 | 27,569,700 |
| Supplementary supply | - | - |
| | <u>22,853,100</u> | <u>27,569,700</u> |
| Total appropriation | 22,853,100 | 27,569,700 |
| Total net expenditure | 19,572,331 | 24,890,551 |
| Add revenues | <u>60,126</u> | <u>68,540</u> |
| Total gross expenditure | 19,632,457 | 24,959,091 |
| Unexpended balance of appropriation | \$ 3,220,643 | \$ 2,610,609 |

See accompanying notes

**HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES
PROVINCE OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL INFORMATION
March 31, 2022**

Authority, nature of operations and basis of consolidation

The House of Assembly of Newfoundland and Labrador consists of 40 Members each of whom has been elected by the voters in the Provincial district which they represent. The House of Assembly in conjunction with the Lieutenant-Governor is known as the Legislature and its main role is to be the official law maker for all Provincial legislation. The Assembly debates draft legislation, estimates etc. and approves legislation or amendments for signature by the Lieutenant-Governor (Royal Assent).

This financial information reflects the financial operations of the House of Assembly and its Statutory Offices, as defined by the House of Assembly Accountability, Integrity and Administration Act (the Act). This financial information does not include the financial information of the Office of the Auditor General, which is another Statutory Office of the House of Assembly. The financial information of the Office of the Auditor General is audited by an independent firm of public accountants and presented under separate cover.

1. Summary of Significant Accounting Policies

(a) Basis of Presentation

The Schedule of Assets and Liabilities has been prepared on the accrual basis of accounting, consistent with the basis of accounting used in the preparation of the Consolidated Summary Financial Statements of the Province of Newfoundland and Labrador.

The Schedule of Expenditure and Related Revenue and the Schedule of Gross Expenditure and Unexpended Balances have been prepared on the modified cash basis of accounting, consistent with the basis of accounting in the preparation of the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund. In addition to the actual expenditure and related revenue for the year, for information purposes, the Schedule of Expenditure and Related Revenue includes the original and amended estimates for the House of Assembly and its Statutory Offices.

The accounting policies are also consistent with those used in the preparation of the Consolidated Summary Financial Statements of the Province of Newfoundland and Labrador.

**HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES
 PROVINCE OF NEWFOUNDLAND AND LABRADOR
 NOTES TO FINANCIAL INFORMATION
 March 31, 2022**

(b) Measurement Uncertainty

The preparation of financial information in conformity with the policies described in Note 1(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Schedule of Assets and Liabilities. Items requiring the use of significant estimates include the allowance for doubtful accounts and the useful lives of tangible capital assets.

Estimates are based on the best information available at the time of preparation of the financial information and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in this financial information. Actual results could differ from these estimates.

2. Cash Held in Trust

The \$9,459 (2021 - \$23,651) of cash held in trust is held by the Office of the Chief Electoral Officer. There is a corresponding liability for this amount. These monies, including nomination fees, were deposited by candidates in General Elections and in by-elections from funds provided to the candidates in support of their respective election campaigns.

Candidates' nomination fees of \$200 per candidate are held until candidates file papers to have these fees reimbursed. Excess funds that exceed the campaign limits per the Elections Act, 1991 are held in trust until the next Provincial general election.

3. Accounts receivable

| | <u>2022</u> | <u>2021</u> |
|--|--------------------|--------------------|
| Due from Judgment Enforcements | | |
| - former Members of the House of Assembly | \$ 9,315 | \$ 35,193 |
| Other amounts due from Judgment Enforcements | 2,788,712 | 2,788,712 |
| Miscellaneous amounts | 1,704 | 2,925 |
| | <u>2,799,731</u> | <u>2,826,830</u> |
| Less: allowance for doubtful accounts | <u>(2,788,712)</u> | <u>(2,788,712)</u> |
| Total accounts receivable | \$ 11,019 | \$ 38,118 |

The accounts receivable and the related allowance for doubtful accounts for amounts due from Judgment Enforcements - former Members of the House of Assembly and Other amounts due from Judgment Enforcements were provided by the Office of the Comptroller General.

**HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES
PROVINCE OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL INFORMATION
March 31, 2022**

4. Prepaid expenses

| | <u>2022</u> | <u>2021</u> |
|-------------------------------|------------------|------------------|
| Memberships and subscriptions | \$ 61,667 | \$ 45,973 |
| Training and development | 2,939 | 7,725 |
| Travel and other | 9,431 | 16,845 |
| Total prepaid expenses | \$ 74,037 | \$ 70,543 |

5. Tangible Capital Assets

| | <u>Furniture and Equipment</u> |
|---------------------------------------|------------------------------------|
| Cost | |
| Balance, March 31, 2021 | \$ 1,458,943 |
| Additions | 17,069 |
| Disposals | - |
| Balance, March 31, 2022 | 1,476,012 |
| Accumulated amortization | |
| Balance, March 31, 2021 | 1,021,692 |
| Amortization expense | 97,700 |
| Disposals | - |
| Balance, March 31, 2022 | 1,119,392 |
| Net book value, March 31, 2022 | \$ 356,620 |
| Net book value, March 31, 2021 | \$ 437,251 |

These assets are amortized over a 10-year period.

**HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES
PROVINCE OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL INFORMATION
March 31, 2022**

6. Accrued severance pay

The liability for severance pay in the amount of \$1,282,287 (2021 - \$1,280,121) is reported on the accrual basis of accounting on the Schedule of Assets and Liabilities and is calculated based on years of service and current salary levels.

Members of the House of Assembly are eligible for severance pay when they cease to be Members. Severance pay for Members is based on one month's basic indemnity for each year of service and is prorated for part of the year's service. Minimum severance for Members is three months' pay, while maximum is twelve months' pay. This applies to Members elected on or before November 29, 2015.

Members elected on or after November 30, 2015 must serve at least 3 years in order to be eligible for severance. Any Member who is disqualified from being a Member pursuant to Part V of the Act other than the failure to be re-elected or the resignation of his/her seat, is not eligible to receive severance. If a Member's service ends prior to the end of an Assembly, the severance will be pro-rated for the years of service as outlined in the Severance Policy for Members. No provision has been made for non-vesting severance benefits.

Contracts for political support staff were renewed on January 31, 2019 in order to implement revised severance benefits. Under the new contracts, political support staff are entitled to pay of either 30 calendar days or six weeks, depending on their contract. The entitlement is not dependent on years of service. Political support staff who resign from their positions or those who are dismissed during the probationary period are not entitled to any severance benefit. No provision has been made in this financial information for severance pay for political support staff under the new contracts. The severance liability as at March 31, 2022 includes severance owing to individuals who deferred receiving their severance entitlement under previous contracts.

Executive, management and non-management/non-union employees of the House of Assembly and Statutory Offices as at May 31, 2018 were entitled to severance pay. No further severance will accrue for these employees after May 31, 2018. All employees had the option of receiving their severance entitlement prior to March 31, 2019 or deferring it to a later date. The severance liability as at March 31, 2022 includes severance owing to employees who deferred receiving their severance entitlement.

**HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES
PROVINCE OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL INFORMATION
March 31, 2022**

7. Pensions and Group Health and Life Insurance Benefits

Members participate in the Members of the House of Assembly Pension Plan (MHA Pension Plan), as defined by the Members of the House of Assembly Retiring Allowances Act. Members who were contributing to another private or employer related pension plan may opt out of the MHA Pension Plan for their first General Assembly provided the decision is made prior to the first payment of salary. The Members are required to participate in the MHA Pension Plan upon subsequent re-election.

The staff of the House of Assembly and Statutory Offices participate in the Public Service Pension Plan (PSPP), as defined by the Public Service Pension Act, 2019 (the Act), or the Government Money Purchase Pension Plan (GMPP).

Amounts are paid out of the Consolidated Revenue Fund (CRF) to match the pension contributions of Members and staff who participate in the PSPP or the MHA Pension Plan. Amounts are also paid out of the CRF to generally match the pension contributions of staff who participate in the GMPP. These amounts are costs of the Province of Newfoundland and Labrador and are not reflected in this financial information.

Provident¹⁰ is the corporation which administers the PSPP, including payments of pension benefits to retired employees whom the *Act* applies. All PSPP contributions are remitted to Provident¹⁰.

Under the Pensions Funding Act, the Province is responsible for liabilities for the cost of future pensions in excess of the contributions made by Members of the MHA Pension Plan and the CRF. Any unfunded pension liabilities relating to the Members of the House of Assembly are liabilities of the Province and are not reflected in this financial information.

All retired employees and Members of the Legislature who participate in the MHA Pension Plan or the PSPP are eligible to participate in the Province's Group Health and Life Insurance Program. Amounts are paid out of the CRF to match the amounts deducted from those who participate in this program. These amounts are costs of the Province of Newfoundland and Labrador and are not reflected in this financial information.

The Province is responsible for any liability relating to the group health and life insurance program. Any unfunded liabilities relating to the Members or staff of the House of Assembly and its Statutory Offices are liabilities of the Province and are not reflected in this financial information.

Details regarding the MHA Pension Plan, the PSPP, the GMPP and the Group, Health and Life Insurance Program are outlined in the Public Accounts of the Province of Newfoundland and Labrador.

**HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES
PROVINCE OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL INFORMATION
March 31, 2022**

8. Contingent Liabilities

There have been two legal claims filed against the House of Assembly and its Statutory Offices. These claims have been heard in court with no judgement rendered; therefore, the likelihood and amount of loss cannot be determined at this time.

9. Contractual Obligations

The House of Assembly and its Statutory Offices have outstanding contractual obligations in the amount of \$1,046,711 relating to the lease of office accommodations. The schedule of payments related to these leases for the next four years is as follows:

| | |
|------|---------------------|
| 2023 | \$ 543,665 |
| 2024 | 316,252 |
| 2025 | 158,573 |
| 2026 | <u>28,221</u> |
| | <u>\$ 1,046,711</u> |

10. Income taxes

The House of Assembly and its Statutory Offices are not subject to Provincial or Federal income taxes.

11. Change in accounting policy

In previous periods, the accrued sick leave liability for the House of Assembly and its Statutory Offices was recognized in the financial information based on the methodology used by government in the preparation of the accrued sick leave liability for the Consolidated Revenue Fund. Government discontinued the use of this methodology for the year ended March 31, 2021 and began using an actuary to estimate the accrued sick leave liability for the Consolidated Revenue Fund, which also includes the liability related to the House of Assembly and its Statutory Offices. As a result, the methodology for determining the accrued sick leave liability for the House of Assembly and its Statutory Offices was no longer available. Therefore, the House of Assembly and its Statutory Offices changed its accounting policy to no longer record the accrued sick leave liability in its financial information. This change was applied retroactively with restatement. As a result of this change in accounting policy, a liability for accrued sick leave of \$32,832 was removed from the Schedule of Assets and Liabilities for the year ended March 31, 2021.

**HOUSE OF ASSEMBLY
AND ITS STATUTORY OFFICES**

MANAGEMENT CERTIFICATION

MARCH 31, 2022



**MANAGEMENT CERTIFICATION
HOUSE OF ASSEMBLY – MARCH 31, 2022**

Pursuant to Paragraph 28(3)(1) of the *House of Assembly Accountability, Integrity and Administration Act*,

I, **Sandra Barnes**, Clerk of the House of Assembly of Newfoundland and Labrador, certify that:

1. I have reviewed the financial information of the House of Assembly and Statutory Offices, as defined in the *House of Assembly Accountability, Integrity and Administration Act*, for the period ending March 31, 2022;
2. Based on my knowledge, the financial information does not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the financial information;
3. Based on my knowledge, the annual financial information presents in all material respects the results of transactions at the House of Assembly and Statutory Offices as defined in the *House of Assembly Accountability, Integrity and Administration Act*, as of the date and for the periods presented;
4. I am responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the House of Assembly and Statutory Offices as defined in the *House of Assembly Accountability, Integrity and Administration Act*, and I have:
 - (a) designed such disclosure controls and procedures, or caused them to be designed under my supervision, to provide reasonable assurance that material information relating to the House of Assembly and Statutory Offices, as defined in the *House of Assembly Accountability, Integrity and Administration Act*, is made known to me by others, particularly during the period in which the financial information is being prepared;
 - (b) designed such internal control over financial reporting, or caused it to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial information in accordance with the required policies;
 - (c) evaluated the effectiveness of the disclosure controls and procedures as of March 31, 2022 and am satisfied with the effectiveness based on such evaluation; and
 - (d) evaluated the effectiveness of the internal control over financial reporting as of March 31, 2022 and am satisfied with the effectiveness based on such evaluation.


Clerk of the House of Assembly

Date May 30, 2022

**House of Assembly Management Commission
Briefing Note**

Title: Audited Financial Information – Office of the Auditor General

Issue: Submission of the financial information of the Office of the Auditor General for fiscal year ended 31 March 2022.

Background:

- Section 36 of the *Auditor General Act, 2021* (the Act) provides that the Management Commission appoint a qualified auditor to annually audit the Office of the Auditor General.
- Subsection 36(3) of that Act provides that the auditor appointed submit a report to the Management Commission, and that the Speaker must also table a copy of the report in the House of Assembly.
- In accordance with the provisions of the Act, the audited financial information for the Office of the Auditor General for the fiscal year ended 31 March 2022 is presented to the Commission.

Analysis:

Legal Consultation:

Not applicable

Internal Consultation(s):

Not applicable

External Consultation(s):

Not applicable

Comparison to Government Policy:

Not applicable

Financial Impact:

Not applicable

Legislative Impact:

Not applicable

Options:

- Not applicable

Status:

- Not applicable

Action Required:

- For reporting purposes only – no decision required.

Prepared by: Bobbi Russell
Date: January 18, 2023

Approved by: Sandra Barnes

Attachments:

1. Audited financial statements – Office of the Auditor General – 31 March 2022



Financial Information

Office of the Auditor General

Province of Newfoundland and Labrador

March 31, 2022

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Independent Auditors' Report

To the Members of the
House of Assembly Management Commission
Province of Newfoundland and Labrador

Opinion

We have audited the supplementary financial information of the Office of the Auditor General, Province of Newfoundland and Labrador ("the Office") as at March 31, 2022, which comprises the schedule of expenditures and schedule of gross expenditures and unexpended balances for the year then ended, and notes to the financial information, including a summary of significant accounting policies.

In our opinion, the accompanying financial information presents fairly in all material respects, the financial position of the Office of the Auditor General, Province of Newfoundland and Labrador, as at March 31, 2022, and its results of operations for the year then ended in accordance with policies disclosed in Note 2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial information section of our report. We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Use

We draw attention to Note 2 to the financial information, which describes the basis of accounting. The financial information is prepared to assist the Office of the Auditor General and the House of Assembly Management Commission, Province of Newfoundland and Labrador to meet the requirements of Section 36 of the Auditor General Act, 2021. As a result, the financial information may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the House of Assembly Management Commission and the Office of the Auditor General, Province of Newfoundland and Labrador and should not be used by parties other than the members of the House of Assembly Management Commission and management of the Office of the Auditor General, Province of Newfoundland and Labrador.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial information in accordance with policies disclosed in Note 2, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

In preparing the financial information, management is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Office's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



St. John's, Canada
September 13, 2022

Chartered Professional Accountants

Office of the Auditor General
 Province of Newfoundland and Labrador
 Supplementary Financial Information

Year Ended March 31

2022

Note 5

2021

Assets

Current

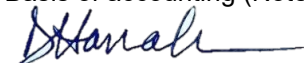
| | | |
|---------------------|-------------------|------------------|
| Accounts receivable | \$ 661 | \$ 661 |
| Prepays | <u>100,767</u> | <u>41,892</u> |
| | <u>\$ 101,428</u> | <u>\$ 42,553</u> |

Liabilities

Current

| | | |
|---------------------------|---------------------|-------------------|
| Vouchers payable | \$ 680 | \$ 741 |
| Accrued paid/annual leave | 1,004,132 | 797,639 |
| Accrued payroll | 23,489 | 10,176 |
| Accrued overtime | 15,730 | 7,963 |
| Accrued severance pay | <u>51,040</u> | <u>51,040</u> |
| | <u>\$ 1,095,071</u> | <u>\$ 867,559</u> |

Basis of accounting (Note 2)



Auditor General

See accompanying notes to the financial information.

Office of the Auditor General
 Province of Newfoundland and Labrador
 Schedule of Expenditures

| Year Ended March 31 | 2022 | 2022 | 2021 |
|-------------------------------------|---------------------|----------------------------|---------------------|
| | <u>Actual</u> | <u>Original Budget</u> | <u>Actual</u> |
| Total Expenditures | | | |
| Salaries | \$ 2,953,333 | \$ 3,299,500 | \$ 2,925,720 |
| Employee benefits | 134,435 | 94,800 | 82,359 |
| Transportation and communications | 11,898 | 80,000 | 11,953 |
| Supplies | 52,703 | 55,000 | 58,777 |
| Professional services | 91,559 | 99,000 | 192,316 |
| Purchased services | 218,652 | 225,000 | 212,070 |
| Property, furnishings and equipment | 73,924 | 21,100 | 29,129 |
| | <u>\$ 3,536,504</u> | <u>\$ 3,874,400</u> | <u>\$ 3,512,324</u> |
| Related Revenue | <u>-</u> | <u>-</u> | <u>1,515</u> |
| Net expenditures | <u>\$ 3,536,504</u> | <u>\$ 3,874,400</u> | <u>\$ 3,510,809</u> |

Basis of accounting (Note 2)

See accompanying notes to the financial information.

Office of the Auditor General
Province of Newfoundland and Labrador
Schedule of Gross Expenditures and Unexpended Balances
Year Ended March 31

| | 2022 | 2021 |
|--|--------------------------|-------------------|
| Original budget estimates (net) | \$ 3,874,400 | \$ 3,934,100 |
| Less: estimated statutory payments | <u>(183,200)</u> | <u>(183,200)</u> |
| Total appropriation | <u>3,691,200</u> | <u>3,750,900</u> |
| Total net expenditure | 3,536,504 | 3,510,809 |
| Less: statutory payments | (185,120) | (109,273) |
| Add: revenue less transfers and statutory payments | <u>-</u> | <u>1,515</u> |
| Total gross expenditure (budgetary, non-statutory) | <u>3,351,384</u> | <u>3,403,051</u> |
| Unexpended balance of appropriation | <u>\$ 339,816</u> | <u>\$ 347,849</u> |

See accompanying notes to the financial information.

Office of the Auditor General
Province of Newfoundland and Labrador
Notes to the Financial Information

March 31, 2022

1. Nature of operations

The Auditor General Act, 2021 creates the Office of the Auditor General to assist in carrying out the duties prescribed. The Act appoints the Auditor General as the House of Assembly's independent legislative auditor of Government, its departments, agencies of the Crown, and Crown controlled corporations. The Auditor General reports to the House of Assembly, on significant matters which result from the examination of these entities.

2. Summary of significant accounting policies

This financial information has been prepared in accordance with the accounting policies set out below.

Basis of accounting

The Supplementary Financial Information is prepared on the accrual basis of accounting. The Schedule of Expenditures and the Schedule of Gross Expenditures and Unexpended Balances are based on the modified cash basis.

Assets and liabilities

Assets and liabilities are recorded on a basis consistent with the policies used in preparing the Public Accounts of the Province of Newfoundland and Labrador. Direct liabilities and convertible assets such as amounts receivable are reported on the Supplementary Financial Information on an accrual basis.

Capital assets

Capital asset acquisitions are charged as budgetary expenditures and are expensed in the year of acquisition on the Schedule of Expenditures. Capital assets are not reported on the Supplementary Financial Information but are reported in the Public Accounts of the Province of Newfoundland and Labrador.

Revenue recognition

Effective April 1, 2015, the Office of the Auditor General no longer invoices for its audit services.

Operating expenses

Expenses are recorded on the modified cash basis as payments are made on the Schedule of Expenditures. Accrued leave, overtime, and payroll are recorded on the Supplementary Financial Information on the accrual basis of accounting.

Office of the Auditor General
Province of Newfoundland and Labrador
Notes to the Financial Information
March 31, 2022

2. Summary of significant accounting policies (cont'd.)

Severance pay

Up to and including the 2018 fiscal year, severance pay was accounted for on an accrual basis and calculated based upon years of service and current salary levels. The right to be paid severance vested with non-unionized employees and management upon nine years or more of service, and accordingly no provision was made in the accounts for employees with less than this amount of continuous service. The amount was payable when the employee ceased employment with the Province.

Effective March 31, 2018, there was no further accumulation of severance for unionized employees. Unionized employees with one or more years of continuous service, to a maximum of 20 years, were entitled to severance pay and could decide the manner and timing in which it is paid out. Severance for all unionized employees was paid out during the 2019 fiscal year.

Effective June 1, 2019, there was no further accumulation of severance for non-unionized employees and management. Non-unionized employees and management with one or more years of continuous service, to a maximum of 20 years, were entitled to severance pay and could decide the manner and timing in which it is paid out. Severance for non-unionized employees and management is calculated based upon years of service and current salary levels as at May 31, 2018. The remaining balance relates to employees who had not elected to have severance paid out up to March 31, 2022.

Income taxes

The Office of the Auditor General is not subject to Provincial or Federal income taxes.

3. Commitments

The Office has entered into agreements for the lease of equipment requiring payments as follows: 2023 - \$3,625, 2024 - \$3,625, 2025 - \$3,625, 2026 - 3,625, 2027 - \$1,475.

In addition, there is a commitment of salary continuance for 2022-23 for one employee in the amount of \$41,973.

Office of the Auditor General
Province of Newfoundland and Labrador
Notes to the Financial Information

March 31, 2022

4. Employee future benefits

Under the Auditor General Act, 2021, all persons employed in the Office of the Auditor General are employees for the purposes of the Public Service Pensions Act, 2019, and are entitled to all the benefits under that Act. No pension or other post employment future benefit expenditures have been recorded in this financial information.

Pension liability and group life and health insurance liability are recognized in the Public Accounts for all public servants. Pension expense and group life and health insurance expense for public servants are also reported in the Public Accounts under the Consolidated Fund Services. The Province matched the contributions of public servants and these expenses are recorded under the Consolidated Fund Services.

5. Change in accounting policy

In previous periods, the accrued sick leave liability for the Office of the Auditor General was recognized in the financial information based on the methodology used by government in the preparation of the accrued sick leave liability for the Consolidated Revenue Fund.

Government discontinued the use of this methodology for the year ended March 31, 2021 and began using an actuary to estimate the accrued sick leave liability for the Consolidated Revenue Fund, which also includes the liability related to the Office of the Auditor General. As a result, the methodology for determining the accrued sick leave liability for the Office of the Auditor General was no longer available. Therefore, the Office of the Auditor General changed its accounting policy to no longer record the accrued sick leave liability in its financial information. This change was applied retroactively with restatement. As a result of this change in accounting policy, a liability for accrued sick leave of \$27,017 was removed from the Schedule of Assets and Liabilities for the year ended March 31, 2021.

6. Comparative figures

Certain figures for 2021 have been reclassified to conform to the presentation adopted in 2022.

**House of Assembly Management Commission
Briefing Note**

Title: Appointment of Auditor

Issue: Appointment of auditor for the House of Assembly & statutory offices for the fiscal year ended 31 March 2023.

Background:

- Pursuant to subsection 43(2) of the *House of Assembly Accountability, Integrity and Administration Act (HOAAIAA)*, the Management Commission must appoint an auditor of the accounts of the House of Assembly and statutory offices before the end of each fiscal year, upon recommendation of the Audit Committee.
- In correspondence dated January 12, 2023, the Audit Committee recommends that the Auditor General be appointed as the auditor, pursuant to paragraph 27(7)(b) of the *HOAAIAA*.
- Should the Commission not appoint an auditor before the end of the fiscal year:
 - a) The auditor for that fiscal year defaults to the Auditor General (subsection 43(5) of *HOAAIAA* refers); and
 - b) The Speaker must report to the House that the Commission has not appointed an auditor (subsection 43(4) of *HOAAIAA* refers).

Analysis:

Legal Consultation:

Not applicable

Internal Consultation(s):

Not applicable

External Consultation(s):

Not applicable

Comparison to Government Policy:

Not applicable

Financial Impact:

Not applicable

Legislative Impact:

Not applicable

Options:

- Approve appointment of the Auditor General, as recommended by the Audit Committee, to audit the accounts of the House of Assembly and statutory offices for the fiscal year ended 31 March 2023.

Status:

- Recommendation of the Audit Committee to appoint the Auditor General as auditor for the fiscal year ended 31 March 2023, pursuant to subsection 43(2) of the *HOAAIAA*, remains outstanding.

Action Required:

Proposed motion:

- Commission directs, pursuant to subsection 43(2) of the *House of Assembly Accountability, Integrity and Administration Act*, that the Auditor General of Newfoundland and Labrador be appointed to audit the accounts of the House of Assembly and the Statutory Offices for the fiscal year ended 31 March 2023.

Drafted by: Bobbi Russell
Date: January 12, 2023

Approved by: Sandra Barnes

Attachments:

1. Letter dated January 12, 2023 from the Audit Committee to the Speaker.



January 12, 2023

Honourable Derek Bennett
Speaker
Chair, House of Assembly Management Commission

Speaker Bennett,

Pursuant to section 43 of the *House of Assembly Accountability, Integrity and Administration Act*, the Commission is required to appoint an auditor, on recommendation of the Audit Committee, to audit the accounts of the House of Assembly and statutory offices.

At its meeting on January 12, 2023, the Audit Committee considered this matter and recommends to the Management Commission that the Auditor General be the auditor for the House of Assembly and statutory offices for the fiscal year ending March 31, 2023.

Regards,

A handwritten signature in black ink, appearing to read "Paul Pike".

Paul Pike, MHA
Chair, Audit Committee

**House of Assembly Management Commission
Briefing Note**

Title: Budget Transfer Request

Issue: Approval of a Transfer of Funds – Government Members’ Caucus

Background:

- The House of Assembly Transfer of Funds Policy requires Management Commission approval to transfer funds to or from the Grants and Subsidies main object of expenditure. Section 4.2.1 of the Policy, states:

“ House of Assembly Management Commission approval is required to transfer funds to or from the following Main Objects of Current Account Expenditure of an Activity:

- *Loans, Advances and Investments;*
 - *Allowances and Assistance;*
 - *Grants and Subsidies; and*
 - *Debt Expenses.*
- In 2016, the Management Commission directed that when a caucus increases in number and becomes entitled to additional funding amounts, that the increase shall be effective immediately (**CM 2016-013 refers**).
 - On September 12, 2022, the Government Members’ caucus increased to 22 Members, therefore a transfer of funds is required to the Grants and Subsidies main object for that caucus to provide operational funding for the period of September 12, 2022 to March 31, 2023 for one additional Member.

Analysis:

Legal Consultation:

Not applicable

Internal Consultation(s):

Not applicable

External Consultation(s):

Not applicable

Comparison to Government Policy:

Not applicable

Financial Impact:

Not applicable

Legislative Impact:

Not applicable

Options:

- Approve the transfer of funds as noted.

Status:

- Not applicable

Action Required:

Proposed motion:

The Commission approves the following transfer of funds:

From:

Subdivision 1.1.04.10 Members' Resources – Grants and Subsidies

\$900

To:

Subdivision 1.1.06.10 Government Members Caucus – Grants and Subsidies

\$900

Prepared by: Wanda Strowbridge

Date: January 10, 2023

Approved by: Sandra Barnes

Attachments:

1. Budget Transfer No. HOABT2023-015

LEGISLATURE

Budget Adjustment No.: HOABT2023-015

TRANSFER TO:

| Accounting Distribution | | | | | Description | Amount |
|-------------------------|------|------|------|--------|--|----------|
| RC | ACAT | ACEL | LOBJ | DTC | | |
| 0204 | 130 | 04A0 | 1061 | 000000 | 1.1.06.10 Government Members Caucus – Grants and Subsidies | \$900.00 |

FUNDS REQUIRED FOR:

Additional funds are required to provide operational funding to support increase of one Member for Government Members Caucus (**CM 2016-013 refers**) for the period of September 12, 2022 to March 31, 2023.

TRANSFER FROM:

| Accounting Distribution | | | | | Description | Amount |
|-------------------------|------|------|------|--------|---|----------|
| RC | ACAT | ACEL | LOBJ | DTC | | |
| 0206 | 130 | 0410 | 1061 | 000000 | 1.1.04.10 Members’ Resources – Grants and Subsidies | \$900.00 |

REASON FUNDS ARE AVAILABLE:

Funds are available due to a decrease of one Independent Member for Members’ Resources (**CM 2016-013 refers**) for the period of September 12, 2022 to March 31, 2023.

| | |
|--|--|
| VERIFIED BY: _____ Chief Financial Officer Date: _____ | APPROVED BY: _____ House of Assembly Management Commission Date: _____ |
|--|--|

**House of Assembly Management Commission
Briefing Note**

Title: Recommendations of the House of Assembly Audit Committee

Issue: Consideration of recommendations of the Audit Committee to the Management Commission resulting from audits required under the *House of Assembly Accountability, Integrity and Administration Act* (HOAAIAA).

Background:

- There are a number of outstanding recommendations of the House of Assembly Audit Committee for the consideration and direction of the Management Commission, which are outlined in correspondence to the Speaker dated May, 2020 and November, 2021 (refer **Attachments 1 and 2**).
- The recommendations outlined in the May 2020 correspondence resulted from the compliance audit for the 48th General Assembly (refer **Attachment 3**) as required under subsection 43(9) of the HOAAIAA.
- The recommendations outlined in the November 2021 correspondence resulted from the compliance audit for the 49th General Assembly (refer **Attachment 4**), as well as the annual financial audit and the management certification for the fiscal year ended 31 March 2021.
- The Commission will note some overlap in the recommendations of the Audit Committee resulting from the compliance audits of the 48th and 49th General Assemblies. Due to the length of the 49th General Assembly, as well as delays resulting from the Covid-19 pandemic, the Audit Committee's recommendations from the 48th General Assembly compliance audit were not considered by the Commission and implemented before the 49th General Assembly concluded and the related compliance audit took place.

Analysis:

- The following table provides an analysis of the outstanding recommendations and options for the Commission respecting implementation. Should the Commission concur in the Audit Committee's recommendations, the implementation actions requiring directives and/or policy amendments will be brought back at a future meeting.

| | Audit Committee Recommendation | Resulting From | Actions for Implementation |
|---|--|--------------------------------------|--|
| 1 | instruct the caucuses to complete monthly bank reconciliations as required by the <u>Caucus Operational Grants Policy</u> ; | 48 th GA compliance audit | Completion of monthly bank reconciliations is already a requirement of the <u>Caucus Operational Grants Policy</u> . Given the overlap with recommendation # 5 (from the 49 th GA compliance audit – see below), the Commission’s concurrence in that recommendation could mitigate the issues resulting in this recommendation. |
| 2 | instruct the caucuses to ensure that invoices or related documentation provide sufficient information to support the reimbursement of expenses incurred in accordance with the <u>Caucus Operational Grants Policy</u> and in cases where individuals are being reimbursed for caucus expenditures paid personally, to ensure that proof of this personal payment is attached to the request | 48 th GA compliance audit | Given the overlap with recommendation # 5 (from the 49 th GA compliance audit – see below), the Commission’s concurrence in that recommendation could mitigate the issues resulting in this recommendation. |
| 3 | consider whether the policy should be amended to address specifically the eligibility of alcohol as an expense item | 48 th GA compliance audit | Commission’s direction is required on whether it wishes to amend the <u>Caucus Operational Grants Policy</u> to provide clarity. |
| 4 | consider whether the <u>Caucus Operational Grants Policy</u> should be amended to address the eligibility of inventoried assets and related control considerations for such assets including a requirement that such items be purchased through and subject to the same controls as those applied by the Corporate and Members' Services Division | 48 th GA compliance audit | Commission could consider an amendment to the <u>Caucus Operational Grants Policy</u> requiring that items purchased under property, furnishings and equipment will be subject to the <u>House of Assembly Inventory Management Policy</u> and remain property of the House of Assembly; and that items purchased under this category be reported to the Manager of General Operations and Purchasing. |

| | Audit Committee Recommendation | Resulting From | Actions for Implementation |
|---|--|--|---|
| 5 | consider an amendment to the <u>Caucus Operational Funding Grants Policy</u> to require that monthly bank reconciliations and supporting documentation for expenditures to be submitted to the Audit Committee on a quarterly basis in the aggregate by each caucus and by the Speaker and unaffiliated Members. | 49 th GA compliance audit | As noted in the recommendation – Commission’s direction is required. |
| 6 | review the <u>Caucus Operational Funding Grants Policy</u> to determine whether clarification and revision are required respecting the purchase of alcohol | 49 th GA compliance audit | Commission’s direction is required on whether it wishes amend the <u>Caucus Operational Grants Policy</u> to provide clarity. |
| 7 | remind Members of the importance of timely approval of invoices, particularly considering the impact of delay on smaller businesses and the additional strain on House of Assembly Service employees who are required to repeatedly initiate and deploy the approval process in the financial system | Annual financial audit & mgmt. certification | Commission could direct the Speaker to send a memo to all Members and constituency assistants on its behalf. |
| 8 | consider issuing a directive substantially along the lines of the following: “That where outstanding invoices are not approved by Members within 30 days of first notification of required approval, any further purchase orders for those Members shall be withheld until outstanding invoices past 30 days are approved in the financial system.” | Annual financial audit & mgmt. certification | As noted in the recommendation – Commission’s direction is required. |

Legal Consultation:

N/A

Internal Consultation(s):

Corporate and Members’ Services

External Consultation(s):

N/A

Comparison to Government Policy:

N/A

Financial Impact:

N/A

Legislative Impact:

N/A

Options:

1. Concur in the recommendations of the Audit Committee and proceed with implementation actions as noted in the preceding table, which would come forward at a future meeting of the Commission for review and approval.
2. Provide alternate direction.

Status:

- The recommendations of the Audit Committee are outstanding.

Action Required:

- The direction of the Commission is requested.

Prepared by: Bobbi Russell
Date: January 9, 2023

Approved by: Sandra Barnes

Attachments:

1. Letter from the Audit Committee to Speaker – May 2020
2. Letter from the Audit Committee to Speaker – November 2021
3. Compliance Audit – 48th General Assembly
4. Compliance Audit – 49th General Assembly



**HOUSE OF ASSEMBLY
Newfoundland and Labrador**

May 13^h, 2020

**Hon. Scott Reid, MHA
Chair of the Management Commission
House of Assembly of Newfoundland and Labrador**

Dear Mr. Reid,

I am writing to inform you that the Audit Committee concurs with the recommendations of the Auditor General relating to matters that came to her attention as a result of the compliance audit carried out pursuant to subsection 43(9) of the *House of Assembly Accountability, Integrity And Administration Act* and communicated to the Committee in the management letter dated August 30th, 2019.

Consequently in accordance with resolutions passed unanimously at their meeting of March 11th, 2020 the Committee recommends that the Management Commission:

instruct the caucuses to complete monthly bank reconciliations as required by the Caucus Operational Grants Policy;

instruct the caucuses to ensure that invoices or related documentation provide sufficient information to support the reimbursement of expenses incurred in accordance with the Caucus Operational Grants Policy and in cases where individuals are being reimbursed for caucus expenditures paid personally, to ensure that proof of this personal payment is attached to the request;

consider whether the policy should be amended to address specifically the eligibility of alcohol as an expense item and

consider whether the Caucus Operational Grants Policy should be amended to address the eligibility of inventoried assets and related control considerations for such assets including a requirement that such items be purchased through and subject to the same controls as those applied by the Corporate and Members' Services Division.

Yours sincerely,

A handwritten signature in cursive script that reads "Elvis Loveless".

Elvis Loveless, MHA
Chair of Audit Committee



November 15, 2021

Hon. Derek Bennett
Chair, Management Commission

Dear Mr. Bennett,

Please be advised that, on August 26, 2021, the Audit Committee met to review various audits required under the *House of Assembly Accountability, Integrity and Administration Act* (“the Act”).

1. The Committee discussed with the Auditor General the results of audits of the House of Assembly and Statutory Offices carried out pursuant to subsection 43(6) of the Act. The Auditor General indicated that she did not identify any significant matters in the course of the audit. Therefore, under paragraph 23(7)(d) of the Act, the Committee recommends that the Commission approve and sign the financial statements for the fiscal year ended March 31, 2021.
2. The committee reviewed with the Auditor General the compliance audit for the 49th General Assembly which was prepared by the Auditor General as required under subsection 43(9) of the Act.
3. The Committee discussed the Management Certification audit with representatives of Grant Thornton.

The results of these audits were reviewed with the Chief Financial Officer and the Clerk of the House of Assembly. Further to this review, the Committee makes the following recommendations to the Management Commission:

AC 2021-005

The Audit Committee recommends that the Management Commission consider an amendment to the Caucus Operational Funding Grants Policy to require that monthly bank reconciliations and supporting documentation for expenditures to be submitted to the Audit Committee on a quarterly basis in the aggregate by each caucus and by the Speaker and unaffiliated Members.

AC 2021-006 The Audit Committee recommends that the Management Commission review the Caucus Operational Funding Grants Policy to determine whether clarification and revision are required respecting the purchase of alcohol.

AC 2021-008 The Committee recommends that the Management Commission remind Members of the importance of timely approval of invoices, particularly considering the impact of delay on smaller businesses and the additional strain on House of Assembly Service employees who are required to repeatedly initiate and deploy the approval process in the financial system.

AC 2021-009 The Committee recommends that the Management Commission consider issuing a directive substantially along the lines of the following: That where outstanding invoices are not approved by Members within 30 days of first notification of required approval, any further purchase orders for those Members shall be withheld until outstanding invoices past 30 days are approved in the financial system.

The Committee notes that the Auditor General and Grant Thornton representatives commended the staff of the House of Assembly for their cooperation with auditors and for their dedication to business continuity in light of the challenges of the COVID-19 pandemic.

In the 2021/22 fiscal year, the Audit Committee has now met twice with the Auditor General, twice with the Chief Financial Officer, once with Grant Thornton and once with the Clerk of the House of Assembly. The committee will be meeting with the Comptroller General in the near future to discuss matters relating to any internal audits of the House of Assembly.

Yours truly,

Paul Pike, MHA
Chair, Audit Committee

48th GENERAL ASSEMBLY

COMPLIANCE AUDIT

NOVEMBER 30, 2015 to MARCH 31, 2019



**AUDITOR
GENERAL**
of Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

To the Members of the House of Assembly Management Commission
Province of Newfoundland and Labrador

I have undertaken a reasonable assurance engagement of the 48th General Assembly's (the Assembly) compliance during the period November 30, 2015 to March 31, 2019, with the provisions (the specified requirements) established by section 43(9) of the *House of Assembly Accountability, Integrity and Administration Act* (the *Act*) to determine whether:

- collections of public money have been effected as required under law and directives and decisions of the House of Assembly Management Commission, have been fully accounted for, and have been properly reflected in the accounts of the Province;
- disbursements of public money have been made in accordance with the authority of a supply vote or relevant law, have complied with regulations, rules, directives and orders applicable to those disbursements, have been properly reflected in the accounts, and have been made for the purposes for which the money was appropriated and authorized;
- accounts have been faithfully and properly kept;
- assets acquired, administered or otherwise held by or for the Assembly are adequately safeguarded and accounted for;
- accounting systems and management control systems that relate to revenue, disbursements, safeguarding or use of assets or the determination of liabilities are in existence, are adequate and have been complied with; and
- accountability information with respect to the operations of the Assembly is adequate.

Management's responsibility

Management is responsible for the Assembly's compliance with the specified requirements of section 43(9) of the *Act*. Management is also responsible for such internal control as management determines necessary to enable the Assembly's compliance with the specified requirements.

Independent Auditor's Report (cont.)

Auditor's responsibility

My responsibility is to express a reasonable assurance opinion on the Assembly's compliance based on the evidence I have obtained. I conducted my reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3531, *Direct Engagements to Report on Compliance*. This standard requires that I plan and perform this engagement to obtain reasonable assurance about whether the Assembly complied with the specified requirements, in all significant respects.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant instance of non-compliance with the specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered significant if, individually or in the aggregate, they could reasonably be expected to influence the decision of users of my report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on my professional judgement, including an assessment of the risks of significant non-compliance whether due to fraud or error.

Such an engagement includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the specified requirements, and where applicable, assessing the accounting principles used and significant estimates made by management.

I believe the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My independence and quality control

I have complied with the relevant rules of professional conduct applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

My Office applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standard and applicable legal and regulatory requirements.

Independent Auditor's Report (cont.)

Opinion

In my opinion, the Assembly complied with the specified requirements of section 43(9) of the *Act* during the period November 30, 2015 to March 31, 2019, in all significant respects. I also report that there are no factors or circumstances relating to the expenditure of public money which, in my opinion, should be identified and commented on as part of the audit function.

A handwritten signature in cursive script that reads "Julia Mullaley".

JULIA MULLALEY, CPA, CA
Auditor General

August 30, 2019
St. John's, Newfoundland and Labrador

49th GENERAL ASSEMBLY

COMPLIANCE AUDIT

MAY 16, 2019 to JANUARY 15, 2021



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To the Members of the House of Assembly Management Commission
Province of Newfoundland and Labrador

I have undertaken a reasonable assurance engagement of the 49th General Assembly's (the Assembly) compliance during the period May 16, 2019 to January 15, 2021, with the provisions (the specified requirements) established by section 43(9) of the House of Assembly Accountability, Integrity and Administration Act (the Act) to determine whether:

- collections of public money have been effected as required under law and directives and decisions of the House of Assembly Management Commission, have been fully accounted for, and have been properly reflected in the accounts of the Province;
- disbursements of public money have been made in accordance with the authority of a supply vote or relevant law, have complied with regulations, rules, directives and orders applicable to those disbursements, have been properly reflected in the accounts, and have been made for the purposes for which the money was appropriated and authorized;
- accounts have been faithfully and properly kept;
- assets acquired, administered or otherwise held by or for the Assembly are adequately safeguarded and accounted for;
- accounting systems and management control systems that relate to revenue, disbursements, safeguarding or use of assets or the determination of liabilities are in existence, are adequate and have been complied with; and
- accountability information with respect to the operations of the Assembly is adequate.

Independent Auditor's Report (cont.)

Management Responsibility

Management is responsible for the Assembly's compliance with the specified requirements of section 43(9) of the Act. Management is also responsible for such internal control as management determines necessary to enable the Assembly's compliance with the specified requirements.

Auditor's Responsibility

My responsibility is to express a reasonable assurance opinion on the Assembly's compliance based on the evidence I have obtained. I conducted my reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3531- Direct Engagements to Report on Compliance. This standard requires that I plan and perform this engagement to obtain reasonable assurance about whether the Assembly complied with the specified requirements, in all significant respects.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant instance of non-compliance with the specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered significant if, individually or in the aggregate, they could reasonably be expected to influence the decision of users of my report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on my professional judgement, including an assessment of the risks of significant non-compliance whether due to fraud or error.

Such an engagement includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the specified requirements, and where applicable, assessing the accounting principles used and significant estimates made by management.

I believe the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independent Auditor's Report (cont.)

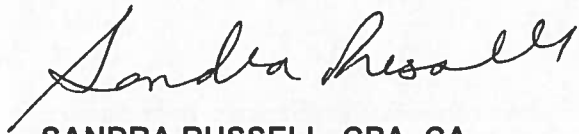
Independence and Quality Control

I have complied with the relevant rules of professional conduct applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

My Office applies Canadian Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standard and applicable legal and regulatory requirements.

Opinion

In my opinion, the Assembly complied with the specified requirements of section 43(9) of the Act during the period May 16, 2019 to January 15, 2021, in all significant respects. I also report that there are no factors or circumstances relating to the expenditure of public money which, in my opinion, should be identified and commented on as part of the audit function.



SANDRA RUSSELL, CPA, CA
Deputy Auditor General

August 31, 2021
St. John's, Newfoundland and Labrador