



**House of Assembly
Newfoundland and Labrador**

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

Date: January 27, 2009

Location: House of Assembly Chamber

Time: 1:30 p.m. – 5:00 p.m.

Members Present:

Hon. Roger Fitzgerald, Speaker

Mr. William MacKenzie, Clerk of the House of Assembly

Hon. Joan Burke, Government House Leader

Mr. Kelvin Parsons, Opposition House Leader

Ms. Beth Marshall, MHA (PC) Topsail

Ms. Lorraine Michael, MHA (NDP) Signal Hill - Quidi Vidi

Hon. Trevor Taylor, MHA (PC) The Straits - White Bay North

Other:

Mr. Tom Osborne, Deputy Speaker

Ms. Marlene Lambe, Chief Financial Officer

Regrets:

Ms. Yvonne Jones, MHA (L) Cartwright - L'Anse Au Clair

The Commission held an *in camera* session at the beginning of the meeting to discuss a legal matter. There was no decision made at the *in camera* session to be reported at the televised portion of the meeting.

CM 2009 – 001 The minutes of the House of Assembly Management Commission meeting held on December 3, 2008 were approved as read.

The Speaker gave an update on authorizations made under Section 18(4) of the *Members Resources and Allowances Rules*. The amount of \$ 460.00 was approved for a security camera for the Constituency Office of the Member for Bay of Islands because of security issues at the Member's office. The amount of \$10,285.00 (HST excluded) was approved for the leasing costs for the Constituency Office for the Member for Port de Grave as this was the lowest bid on public tender.

- CM 2009 – 002** The Commission approved the pre-commitment of funds up to \$60,000 for the 2009-2010, 2010-11 and 2011-12 budget appropriations for consulting services for the management certification process.
- CM 2009 - 003** The Commission approved the pre-commitment of funds up to \$10,000 for the 2009-2010, 2010-11 and 2011-12 budget appropriations for audit services for the annual audits of the Office of the Auditor General.
- CM 2009 - 004** The Commission, pursuant to S. 24(9) of the *Act*, approved the reimbursement of expenses totaling \$1,878.12, as detailed in the Member's correspondence received September 30, 2008, which were submitted by the Member for Cartwright-L'Anse au Clair later than the 60 day deadline as required by S.7(6) of the *Members' Resources and Allowances Rules*.
- CM 2009 - 005** The Commission, pursuant to S. 24(9) of the *Act*, approved expense claims totaling \$229.36, as detailed in the Member's correspondence of November 28, 2008, which were submitted by the Member for The Isles of Notre Dame later than the 60 day deadline as required by S.7(6) of the *Members' Resources and Allowances Rules*.
- CM 2009 – 006** The Commission directed the Clerk to draft amendments to Section 20 of the *Members' Resources and Allowances Rules* such that the provisions of the *Public Tender Act* would apply to the leasing of Members' constituency offices.
- CM 2009 – 007** The Commission approved, pursuant to the House of Assembly Transfer of Funds policy, the transfer of \$11,600 from Caucus Operations and Members' Expenses – Purchased Services to Caucus Operations and Members' Expenses – Grants and Subsidies.
- CM 2009 – 008** The Commission approved, pursuant to the House of Assembly Transfer of Funds policy, the transfer of \$14,000 from Office of the Chief Electoral Officer – Professional Services to Office of the Chief Electoral Officer – Grants and Subsidies.

In Camera

CM 2009 – 009

The Commission, at *in camera* session, concluded deliberations from *in camera* budget meetings held on January 20 and 21, and approved the 2009-10 budget estimates for the Legislature to be forwarded to the Minister of Finance for inclusion in the 2010 Estimates and voted on in the House of Assembly.

Adjournment: 5:00 p.m.
Hon. Roger Fitzgerald, MHA
Speaker and Chair

Wm. MacKenzie
Clerk and Secretary to the Commission



LEGISLATURE
2009-10 ESTIMATES

2009-10
Estimates

1.1.01. ADMINISTRATIVE SUPPORT

01. Salaries	1,744,700
02. Employee Benefits	11,000
03. Transportation and Communications	64,800
04. Supplies	46,200
05. Professional Services	220,000
06. Purchased Services	226,000
07. Property, Furnishings and Equipment	165,000
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	2,477,700
02. Revenue - Provincial	(23,800)
	<hr/>
Total: Administrative Support	2,453,900

1.1.02.

LEGISLATIVE LIBRARY AND RECORDS MANAGEMENT

01. Salaries	682,100
02. Employee Benefits	3,700
03. Transportation and Communications	16,700
04. Supplies	59,400
05. Professional Services	22,200
06. Purchased Services	22,900
07. Property, Furnishings and Equipment	5,000
	<hr/>
Total: Legislative Library	812,000

1.1.03 HANSARD AND THE BROADCAST CENTRE

01. Salaries	595,200
02. Employee Benefits	1,500
03. Transportation and Communications	40,000
04. Supplies	7,000
05. Professional Services	-
06. Purchased Services	297,700
07. Property, Furnishings and Equipment	10,000
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Total: Hansard and the Broadcast Centre	951,400



LEGISLATURE
2009-10 ESTIMATES

2009-10
Estimates

1.1.04 MEMBERS' RESOURCES

01. Salaries	6,524,900
03. Transportation and Communications	20,000
05. Professional Services	60,000
09. Allowances and Assistance	3,134,000
Total: Members' Resources	<u>9,738,900</u>

1.1.05 HOUSE OPERATIONS

01. Salaries	305,800
02. Employee Benefits	9,900
03. Transportation and Communications	162,700
04. Supplies	20,500
05. Professional Services	3,900
06. Purchased Services	43,000
07. Property, Furnishings and Equipment	1,700
10. Grants and Subsidies	1,200
Total: House Operations	<u>548,700</u>

1.1.06 GOVERNMENT MEMBERS CAUCUS

01. Salaries	716,700
02. Employee Benefits	2,000
03. Transportation and Communications	32,000
04. Supplies	14,600
06. Purchased Services	24,000
07. Property, Furnishings and Equipment	5,000
10. Grants and Subsidies	51,900
Total: Government Members Caucus	<u>846,200</u>



LEGISLATURE
2009-10 ESTIMATES

2009-10
Estimates

1.1.07 OFFICIAL OPPOSITION CAUCUS

01. Salaries	653,800
02. Employee Benefits	1,500
03. Transportation and Communications	65,400
04. Supplies	12,500
05. Professional Services	-
06. Purchased Services	16,500
07. Property, Furnishings and Equipment	3,200
10. Grants and Subsidies	9,700
Total: Official Opposition Caucus	762,600

1.1.08 THIRD PARTY CAUCUS

01. Salaries	303,200
02. Employee Benefits	800
03. Transportation and Communications	20,000
04. Supplies	7,800
06. Purchased Services	4,000
07. Property, Furnishings and Equipment	1,800
10. Grants and Subsidies	9,700
Total: Third Party Caucus	347,300

TOTAL HOUSE OF ASSEMBLY

16,461,000

OFFICE OF THE AUDITOR GENERAL

2.1.01. EXECUTIVE SUPPORT

01. Salaries	371,800
02. Employee Benefits	5,000
03. Transportation and Communications	27,000
05. Professional Services	10,000
06. Purchased Services	11,000
Total: Executive Support	424,800



LEGISLATURE
2009-10 ESTIMATES

2009-10
Estimates

2.1.02 ADMINISTRATIVE SUPPORT

01. Salaries	240,200
02. Employee Benefits	8,500
03. Transportation and Communications	38,000
04. Supplies	156,700
05. Professional Services	11,500
06. Purchased Services	204,700
07. Property, Furnishings and Equipment	50,900

Total: Administrative Support

710,500

2.1.03 AUDIT OPERATIONS

01. Salaries	2,393,000
02. Employee Benefits	43,500
03. Transportation and Communications	72,500
05. Professional Services	10,000

2,519,000

02. Revenue - Provincial

(226,400)

Total: Audit Operations

2,292,600

Total: Office of the Auditor General

3,427,900

3.1.01. OFFICE OF THE CHIEF ELECTORAL OFFICER

01. Salaries	828,900
02. Employee Benefits	4,200
03. Transportation and Communications	72,000
04. Supplies	10,100
05. Professional Services	170,000
06. Purchased Services	163,000
07. Property, Furnishings and Equipment	22,300
10. Grants and Subsidies	-

Total: Office of the Chief Electoral Officer

1,270,500



LEGISLATURE
2009-10 ESTIMATES

2009-10
Estimates

4.1.01. OFFICE OF THE CITIZENS' REPRESENTATIVE

01. Salaries	566,000
02. Employee Benefits	2,000
03. Transportation and Communications	64,200
04. Supplies	10,000
05. Professional Services	10,000
06. Purchased Services	79,500
07. Property, Furnishings and Equipment	5,000

Total: Office of the Citizens' Representative

736,700

5.1.01. OFFICE OF THE CHILD AND YOUTH ADVOCATE

01. Salaries	836,400
02. Employee Benefits	3,000
03. Transportation and Communications	85,000
04. Supplies	10,700
05. Professional Services	12,000
06. Purchased Services	175,400
07. Property, Furnishings and Equipment	6,200

Total: Office of the Child and Youth Advocate

1,128,700

**6.1.01. OFFICE OF THE INFORMATION AND PRIVACY
COMMISSIONER**

01. Salaries	767,200
02. Employee Benefits	13,500
03. Transportation and Communications	99,300
04. Supplies	12,300
05. Professional Services	80,000
06. Purchased Services	139,400
07. Property, Furnishings and Equipment	13,000

1,124,700

02. Revenue - Provincial

(8,800)

Total: Office of the Information and Privacy Commissioner

1,115,900

TOTAL LEGISLATURE

24,140,700

To: House of Assembly Management Commission
From: Speaker of the House of Assembly
Date: May 7, 2009
Subject: Authorizations under Section 43 - *Members' Resources and Allowances Rules*

Section 43 of the *Members' Resources and Allowances Rules* provides that the Member may claim for additional travel expenses when the Member is traveling and unable to return to his/her residence when scheduled to do so and would not otherwise be entitled to claim reimbursement for such expenses. Under the Rules, a Member shall make application to the Clerk or the Speaker before incurring such expenses, if practical. Otherwise, the Member must notify the Speaker at the earliest reasonable opportunity after incurring the expenses. The Speaker must report, in writing, to the Commission any authorizations made under this section of the Rules.

Report on Section 43 – **Period Ending: May 7, 2009**

DISTRICT	MEMBER	TYPE OF EXPENDITURE	COSTS	DETAILS
Torngat Mountains	Ms. Patty Pottle	Meals and Accommodations April 8, 2009	\$134.47	Flight Schedules required the Member to overnight in Goose Bay en route to Member's home in Hopedale.

House of Assembly Management Commission

Briefing Note

Title: Proposed Resolution Respecting Mr. Fraser March

Issue: Commission Endorsement of Resolution for House of Assembly

Background:

- The Minister of Justice announced on 22 January 2009 that he would request the Commission to endorse the introduction of a Resolution in the House of Assembly calling for an independent review into the case of former Citizens' Representative, Fraser March.(Press release attached.) The Government House Leader wrote the Speaker on 23 January 2009 (letter attached) confirming this.
- At the Commission's January 27, 2009 meeting, the Government House Leader presented a Resolution (attached) to be read into the Commission's record and to be discussed at a subsequent meeting of the Commission.
- The matter has been discussed previously at *in camera* sessions of the Commission with no decision having been reached.

Action Required:

The Commission to decide whether to endorse a Resolution in the House of Assembly.

Prepared by: Wm. MacKenzie

Date: 2009.05.07.

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Justice

January 22, 2009

Minister of Justice Requests Review into Case of Former Citizens' Representative

The Honourable Tom Marshall, Minister of Justice and Attorney General, announced today that he has requested the House of Assembly Management Commission to endorse the introduction of a resolution, during the next session of the House of Assembly, to conduct an independent review into the case of former Citizens' Representative Fraser March.

"I have asked the Government House Leader to request the Management Commission of the House of Assembly to endorse the introduction of a resolution during the spring session that will allow for an impartial and independent review into the circumstances of Mr. March's tenure as Citizens' Representative," said Minister Marshall.

Mr. March was appointed Citizens' Representative in December 2001. A 2004 report of the Auditor General raised concerns relating to travel expenses in the Office of the Citizens' Representative. The Internal Economy Commission of the House of Assembly conducted a review of the concerns raised by the Auditor General and subsequently, Mr. March was removed from his position by a vote of House of Assembly December 12, 2005. On April 26, 2007, the Trial Division of the Supreme Court of Newfoundland and Labrador dismissed an application by Mr. March and concluded that due to parliamentary privilege, the motion passed in the House of Assembly was immune from judicial review.

"It is important, in the interests of natural justice, that Mr. March be provided the opportunity to have his case reviewed. To that end, I am requesting a review by a retired judge," said Minister Marshall. "While I support and respect the ruling of the Trial Division of the Supreme Court of Newfoundland and Labrador I believe this review to be necessary and in the best interest of the Office of the Citizens' Representative."

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Media contact:

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Director of Communications
Department of Justice
709-729-6985, 685-6612
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2008 01 22

1:35 p.m.



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January 23rd, 2009

Honourable Roger Fitzgerald
Speaker
House of Assembly
P.O. Box 8700
St. John's, NL
A1B 4J6

Dear Mr. Fitzgerald:

Please accept this letter as a request for permission to introduce a resolution at the next meeting of the House of Assembly Management Commission, scheduled for January 27th, 2009.

I would like to introduce a resolution to allow an independent and transparent review of the circumstances surrounding the dismissal of Fraser March, the previous Citizens' Representative for Newfoundland and Labrador.

Thank you.

Sincerely,



JOAN BURKE, MHA
St. George's-Stephenville East
Government House Leader

Resolution

WHEREAS in December 2001, the Lieutenant – Governor in Council on resolution of the House of Assembly appointed Fraser March as the Citizens' Representative, pursuant to section 3(1) of the *Citizen's Representative Act*.

AND WHEREAS in 2004 the Auditor General advised the Speaker of the House of Assembly of concerns relating to travel expenses in the office of the Citizens' Representative and in the following months the Internal Economy Commission conducted a review of the Auditor General's concerns.

AND WHEREAS on December 1, 2005 the Government House Leader in the House of Assembly gave notice that he would be introducing a resolution recommending Fraser March's removal from office for cause.

AND WHEREAS on December 12, 2005, during debate on the resolution a member moved that the resolution be amended to provide Fraser March with "an opportunity to state his case to the House of Assembly before a vote is taken regarding his removal...". Following debate the amendment was defeated, and the House of Assembly by a majority then passed a resolution that Fraser March be removed from the office of Citizens' Representative. By Order-in-Council, the Lieutenant-Governor in Council removed Fraser March from office, effective December 12, 2005.

AND WHEREAS on April 6, 2007 Justice Orsborn of the Supreme Court, Trial Division, dismissed an Application by Fraser March and concluded that the resolution and the manner in which it was debated was immune from judicial review due to Parliamentary privilege.

AND WHEREAS Fraser March has requested that there be an independent and transparent review of the circumstances surrounding his dismissal, and that as a result of Justice Orsborn's ruling, such a review is not possible through the judicial process.

BE IT RESOLVED that this Commission endorse a resolution in the House of Assembly, when it next sits, to appoint a retired Supreme Court Justice to conduct an independent and impartial review into the circumstances of Fraser March's removal from office, which review will include the opportunity for Fraser March to be heard.

Briefing Note

House of Assembly Management Commission

Title: Financial Statement Audits

Issue: Cost of recreating financial information for **1999-00 and 2000-01**

Background:

- At its March 18, 2009 meeting, the Commission requested additional information regarding the process and costs involved to recreate financial statements for the 1999-00 and 2000-01 fiscal years. **CM 2009 – 012 refers.**
- Developing an accurate estimate of the cost of recreating the financial information is a project in itself, perhaps requiring one or two weeks of dedicated accounting effort to confirm that the assumptions noted below are defensible. The various assumptions are reasonable but have not been confirmed through testing. Nevertheless, the following list provides an overview of the complexities of the undertaking.
- **Accounts Payable Invoices:** Each invoice and the scanned supporting documentation will need to be re-examined to determine the correct accounting distribution. In many cases, it is unlikely that sufficient detail will be available on the invoice to determine to which activity/office the expenditure relates.

It is estimated that it will take 5 minutes per transaction for a straight-forward invoice payment. For those which require that the scanned documents be examined in detail, one transaction can require 15 minutes. In a one year period, there may have been 1500 transactions.

If it is assumed that 750 transactions will be straight-forward, and 750 will require the extra time, then **250 hours** will be required. (750 x 5 minutes plus 750 x 15 minutes.)

Documentation for all invoices is only available on micro-fiche. It is estimated that it will take an average of 20 minutes to locate and print the invoice, recap and supporting documentation for one transaction. For a one year period, this will require **500 hours** for 1500 transactions.

- **Members' Claims:** Although these claims have been exhaustively examined in the past, an external auditor charged with providing an audit

opinion will quite likely require that individual items be checked and “re-posted”. From our experience in re-posting claims for April 2006, many claim forms and the related supporting documentation from that period did not provide sufficient detail to determine to which accounts the amount paid should be charged.

If 48 Members submitted 25 claims per year, each with 10 separate expense items, this will entail 12,000 separate items to be reviewed. At 10 minutes for each item, this will require **2,000 hours**.

Documentation for all claims processed prior to April 2000 is only available on micro-fiche. It is estimated that it will take an average of 20 minutes to locate and print the documents on one claim for review. For the fiscal year 1999-00, this will require **400 hours** for 1200 claims.

Documentation for all claims processed after April 2000 is available in hard copy so no additional time has been estimated to locate the documents.

- **Salary costs:** Salaries are the single largest expenditure in the Legislature. The payroll registers are not available for review as they were destroyed after the seven year required period of retention.

Salary costs comprised approximately 70% of total expenditures. Based on a cursory review of 2005-06 transactions, it appears that certain salary amounts for committees, etc. were budgeted under the salaries main object but the actual expenditures were charged incorrectly to allowances and assistance main object. Without a review of the payroll registers, it will not be possible to “re-post” to the correct accounting distribution.

- **Journal Vouchers:** All JVs for each year (which correct and re-assign expenditures posted to incorrect accounts) will have to be re-examined. Checking 40 of these, at 15 minutes each, will require **10 hours** per year.
- **Budget Transfers:** All budget transfers (which transfer funds from one Main Object and/or Activity to another) will have to be re-examined. Checking 50 of these, at 15 minutes each, will require **13 hours** per year.
- **Public Accounts Submission for Accruals:** The travel imprests, petty cash and other receivables as well as accrued annual leave, payroll, overtime, severance and invoices payable amounts which were submitted to Public Accounts must be re-examined and possibly re-calculated.

Without the payroll registers to determine the employees on payroll during the fiscal year, the accruals for annual leave, payroll, overtime and severance pay will be difficult. Reliance will have to be placed on the

existing documentation compiled and submitted to Public Accounts by the former Director of Financial Operations for each of the two fiscal years.

If we assume that all items except severance take about 60 minutes each to re-examine, it will require **7 hours** per year.

It is likely that personnel files will have to be re-examined in order to determine severance amounts payable. For 130 employees at 15 minutes each, it will require **33 hours** per year.

Accounts receivable amounts will have to be calculated for the double billing amounts and the overpayments to the five former Members which were identified by the Office of the Auditor General. It will be necessary to identify how much of the total double billings and overpayments occurred in each of the two fiscal years.

If we assume that it takes about 2 hours to gather the information and calculate the portion of the double billings amount related to one Member for a year, it will require **10 hours** per year.

- **Financial Information Presentation:** Each individual financial transaction above will have to be “re-posted” in an accounting software program in order to create a set of cash statements by activity. (We cannot alter the entries in government’s FMS [Oracle] system for those two years.)

If we assume that 500 transactions have to be reposted, at 2 minutes each, it will take 16 hours, plus 4 hours to summarize the results of the re-posting, for a total of **20 hours**.

We can assume that the initial set up time for the accounting program and the search for and printing of records, etc. can take **40 hours**.

- **Other Considerations:**
 - The lack of adequate documentation from many of the transactions during that period will complicate the process.
 - As the House of Assembly Service does not have original documentation for the four MHAs facing criminal charges, an external auditor will have to agree that the photocopies received from the RNC are an acceptable form of documentation.
 - Supporting documentation for purchase orders (if it still exists) is not scanned into TRIM at the Office of the Comptroller General and thus is not available for auditing purposes.

- Equipment and furniture purchases valued at \$500 or more are the property of the House of Assembly and have a depreciation factor of 1/3 of its value each year, and at the end of 3 years is the property of the Member. All claims and direct payments on behalf of Members will need to be reviewed in order to determine the items that should be recorded as property of the House of Assembly. This will require a review of the claims and direct payments for the two year period prior to 1999-00 since the items would still be assets of the House for that period. While the total purchases are likely to be immaterial, it is difficult to determine with any degree of certainty without a review of claims and invoices.
- Additional time will be required for research to become familiar with the Members' Rules and other background information. There will also be a cost to acquire and set up a system to record the re-created transactions.
- The seven projects identified above will require **3,283 hours** for 1999-00 and **2,843** for 2000-01. At a junior rate of \$100 per hour with a public accounting firm, the cost could be **\$328,300** for the first year and **\$284,300** for the second year for a total of **\$612,600**. Both the Office of the Comptroller General and the Office of the Auditor General have indicated to us that the time estimates are conservative.
- If a letter of representation by management is possible, it will likely include qualifications regarding the alleged fraud, reference to the fact that the salary accounts were not re-examined as payroll registers were not available and any other items that may result from the re-examination.
- It is not possible for an external auditor to advise in advance whether or not the 'recreation' will be satisfactory for any opinion to be provided.

Action Required:

The direction of the Commission is requested.

Prepared by: Marlene Lambe
2009.04.09

Approved by: Wm. MacKenzie

House of Assembly Management Commission

Briefing Note

Title: Phone Policy

Issue: Cellular and Landline Phone Services Policy for Members of the House of Assembly and Constituency Assistants

Background:

- Subsections 20(1) and 20(3) of the *House of Assembly Accountability, Integrity and Administration Act* states that

20. (1) The commission is responsible for the financial stewardship of all public money, within the meaning of the *Financial Administration Act*, that may be voted by the House of Assembly for the use and operation of the House of Assembly and statutory offices, and for all matters of financial and administrative policy affecting the House of Assembly, its members, offices and staff and in connection with them and, in particular, the commission shall

(c) implement and periodically review and update financial and management policies applicable to the House of Assembly service and statutory offices;

(3) Notwithstanding paragraph (1)(c), where a financial or management policy has not been established by the commission for the House of Assembly and statutory offices, the financial and management policies of the government shall apply.

- A Treasury Board directive was issued in 2008 which updated the General Policies for Cellular Phones (including Blackberry units) for the Executive branch of government. However, the policy provides guidelines for assessing the need for phones, types of cellular phones (digital cellular versus blackberry) and these guidelines are not appropriate for Members of the House of Assembly. It also does not address landline phone services.
- Attached is a proposed Cellular and Landline Phone Services Policy for Members of the House of Assembly and Constituency Assistants, April 2009. The policy provides direction regarding services for cellular phones and landline long distance services.

Action Required:

- Pursuant to subparagraph 20(6)(b)(ii) of the *House of Assembly Accountability, Integrity and Administration Act*, the Commission adopts the Cellular and Landline Phone Services Policy for Members of the House of Assembly and Constituency Assistants, April 2009.



House of Assembly

Cellular and Landline Phone Services Policy

for

Members of the House of Assembly and Constituency Assistants

April 2009

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- 1.0 Approval**
- 2.0 Purpose**
- 3.0 General**
- 4.0 Process**
- 5.0 References**

1. Approval

Under the authority of subparagraph 20(6)(b)(ii) of the *House of Assembly Accountability, Integrity and Administration Act*, the House of Assembly Management Commission establishes this policy respecting services for cellular phones and landline phones for Members of the House of Assembly and their Constituency Assistants.

2. Purpose

To provide direction to Members of the House of Assembly and Constituency Assistants regarding cellular phone and landline long distance services.

3. General

Members of the House of Assembly and Constituency Assistants must ensure that the phone services provided are eligible for reimbursement under the *House of Assembly Accountability, Integrity and Administration Act*, the *Members' Resources and Allowances Rules*, and Directives of the Commission.

4. Process

4.1. Applicability

This policy applies to all cellular phone and landline long distance services which are paid by the Legislature for Members of the House of Assembly and Constituency Assistants.

4.2. Definitions

For the purposes of this policy, the term “cellular phone” refers to analog and digital cellular phones, as well as Blackberry units and similar electronic devices that provide data and/or phone communications.

For the purposes of this policy, the term “landline phone” refers to the office phone or the home phone in the Member’s residence.

“User” means a Member of the House of Assembly or a Constituency Assistants.

“Business purposes” means constituency business (as defined in S.2 of the *Members’ Resources and Allowance Rules*) and departmental business (in the case of Members who are Ministers and have been provided with a cellular phone and services package by the Legislature).

4.3. Restrictions

This policy does not apply to any phone services provided by the Executive Branch of government.

4.4. Cellular Phones

Each user is responsible for the security of the cellular phone and should be aware that cellular phone conversations may not always be secure and confidential.

Each user is responsible for ensuring that the cellular phone is used in a manner that is consistent with this policy.

Cellular phones are intended for business purposes only. However, it is recognized that some incidental personal usage may occur as a result of the user not being accessible by landlines on a regular basis.

Users are not required to reimburse Government for incidental personal phone or data usage. Personal usage that exceeds what is considered “incidental” should be reimbursed to Government. Each user must set the threshold for his/her incidental usage based on the particular circumstances and expected requirement for personal usage. Some general guidance would be: personal usage that exceeds 10% of the monthly airtime/data usage costs; airtime exceeding 80 minutes per month; or some other reasonable basis that is consistent with the business demands placed upon the cellular phone user.

Each user should avail of temporary packages when travelling to the United States. Contact Corporate and Members’ Services Division staff to arrange the period of coverage.

4.5. Landline Phones

The user is responsible for ensuring that the long distance charges on each landline phone assigned for his/her use were incurred by the user for business purposes.

4.6. Administrative Matters

Each billing period, Corporate and Members' Service Division will send each Member copies of all phone bills that are charged to the Member's allocation. The Member is responsible for reviewing and signing a statement each billing period to ensure that the phone services are accurate. If the user does not sign and return the statement to Corporate and Members' Service Division of the House of Assembly Service, it is assumed that the user is in agreement with the charges for that billing period.

A detailed review may not be feasible given the nature of cellular phones, the inherent difficulty in identifying the nature of certain phone calls (especially incoming calls due to lack of detail on the bill), and the relatively insignificant amounts involved in some cases. Therefore, a reasonable review of the bill details is acceptable.

5. References

Members' Resources and Allowances Rules

Directive 2007-003 - Standard Office Allocation

Directive 2007-021 - Phone lines in private residences

House of Assembly Management Commission
Briefing Note

Title: Travel under Special Circumstances – S. 43 of *Members’ Resources and Allowances Rules*

Issue: Request to amend S. 43

Background:

- Section 43 of the *Members’ Resources and Allowances Rules* provides for travel under “special circumstances”, as follows:
 - - 43.(1) *Where it is unsafe or otherwise impractical for a member who is traveling to return to his or her permanent residence when scheduled to do so and when he or she would not otherwise be entitled to claim reimbursement for accommodations and meals under this Part, the member is entitled to claim for additional expenses at the same rates and under the same circumstances that relate to the original travel.*
 - (2) *A member shall contact the clerk or the speaker before incurring the additional expenses contemplated by this section, explain the reason for and estimated amount of the additional expenses and obtain the approval of the speaker for that expenditure and that approval shall not be unreasonably withheld.*
 - (3) *Notwithstanding subsection (2), where a member has been unable to contact the clerk or the speaker before incurring an expense, the member shall at the earliest reasonable opportunity, notify the speaker of the incurring of the expense.*
 - (4) *The speaker shall, in writing, report the nature and amount of additional expenditures incurred under this section, together with the reasons for those expenditures to the next meeting of the commission and that information shall be recorded in the minutes of the meeting.*
- The most common application of these provisions is for travel between a Member’s district and the capital region. As subsections 31 (1) and (2) of the Rules require Members to complete such travel without any overnight accommodations, the approval noted in S. 43(2) is required each time such accommodations are required.

- Minister Pottle has written the Commission and requested that Rule 43 be amended to allow her continuing approval for overnight accommodations in Happy Valley – Goose Bay when flight schedules or weather conditions do not permit flights to Torngat Mountains district (letter attached). Minister Pottle has had to regularly seek approval under S. 43 for such overnight accommodations. This approval has never been denied, but it does require that Minister Pottle and the Speaker, or their staff, prepare and exchange correspondence to comply with S. 43 and that these approvals be reported at a Commission meeting.
- It should also be noted that other Members have expressed concern with S. 43, although only Minister Pottle has formally requested an amendment. Members representing West Coast districts who drive between the district and the Capital Region often must drive for ten or more hours, but are not permitted to stop overnight without seeking approval under S. 43. Other Members would like to start the drive to their districts when the House closes at 5:30 p.m. Thursday, take a hotel room for the night part way through the trip, and conclude the drive on Friday morning with time to do constituency business on that day. Instead, since it is difficult to argue “special circumstances”, they spend Thursday night in St. John’s and spend much of Friday driving. There is no dollar saving, as a temporary accommodation night is required under either scenario.
- Should the Commission wish to address this issue, an amendment to either S. 31 or S. 43 of the *Members’ Resources and Allowance Rules* is required. Such an amendment could address recurring travel situations, limit the accommodations to one night and determine which districts to which these provisions, would apply. (Other situations and circumstances would continue to be addressed as per the current S. 43.)

Action Required:

- The Commission’s direction is requested.

Prepared by: Wm. MacKenzie
Date: 2009.05.07.



HOUSE OF ASSEMBLY
Newfoundland and Labrador

PATTY POTTLE, M.H.A.
District of Torngat Mountains

April 3, 2009

Hon. Roger Fitzgerald
Speaker and Chair
House of Assembly Management Commission
P.O. Box 8700
Confederation Building
St. John's, NL
A1B 4J6

Dear Mr. Fitzgerald:

Re: Request for Amendment of Rule 43 for Patty Pottle, MHA, Torngat Mountains

I am writing to request an amendment to Rule 43 of the Members' Resources and Allowances to cover accommodations I must often incur when traveling to and from my District or my home in Hopedale.

As members of the Commission are aware, my district is only accessible year round by air. In particular, because of scheduled flight time or weather, I am often required to overnight in Happy Valley on route to either my District or home in Hopedale.

I am requesting approval on a continued basis that when flight schedules or weather conditions require me to overnight in Goose Bay on route to and from my District or home, that I will be able to access accommodations and claim those expenses to the House of Assembly.

Should you have any questions regarding this request, I would be pleased to provide further information.

Sincerely,

Patty Pottle
MHA, Torngat Mountains District

cc: William MacKenzie
Clerk and Secretary to the Commission



House of Assembly

Audit Committee Handbook

Version 3.0 October 2008

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AUDIT COMMITTEE HANDBOOK

1 INTRODUCTION

- 1.1 As a result of the recommendations made within the report by Judge Derek Green Rebuilding Confidence - Report of the Review Commission on Constituency Allowances and Related Matters (the Green Report), the House of Assembly (the House) passed the *House of Assembly Accountability, Integrity and Administration Act (the Act)* in June 2007. In order to improve governance generally by providing an independent and informed point of view on financially related matters to the House of Assembly Management Commission (the Commission), the Green Report recommends, and section 23 of *the Act* requires, the establishment of an Audit Committee. The Audit Committee is to be a committee of the Commission.

This Handbook establishes the terms of reference within which the Audit Committee will discharge its functions, as prescribed by *the Act*. Where a matter is not addressed by this Handbook, committee members should refer to *the Act* for guidance. In the event of a conflict between this Handbook and *the Act*, *the Act* shall prevail. This Handbook has been approved by the Commission on meeting number (*insert #*) held on (*date*).

2 AUDIT COMMITTEE MANDATE

- 2.1 The primary function of the Audit Committee is to assist the Commission in fulfilling its financial and compliance oversight responsibilities. The Audit Committee will review the financial statements and other financial information of the House to ensure the transparency and integrity of published financial information; the House's systems of internal and disclosure controls as well as its code of conduct (note that there is an employee code of conduct and one for members). More specifically, the mandate of the Audit Committee is to:
- a. Make recommendations to the Commission with respect to choice and terms of engagement of auditors;
 - b. Review financial statements, audit reports and recommendations and give advice thereon to the Commission;
 - c. Review any compliance audits undertaken by the Auditor General;
 - d. Make recommendations respecting internal audit procedures;
 - e. Review with the Clerk of the House the effectiveness of internal control;
 - f. Review a code of conduct applicable to the Clerk and House staff (see Appendix H);
 - g. Review disclosure practices of the Commission;

- h. Advise the Clerk with respect to the exercise of his or her responsibilities as accounting officer; and
 - i. Communicate matters with respect to public interest disclosures as appropriate according to provisions of *the Act*.
- 2.2 Consistent with this function, the Audit Committee shall foster adherence to, and shall encourage continuous improvement of the House's policies, procedures and practices. In performing its duties, the Audit Committee will maintain effective working relationships with the Commission as well as internal and external auditors.

3 AUDIT COMMITTEE COMPOSITION AND INDEPENDENCE

3.1 The Audit Committee shall consist of:

- a. Two (2) members of the Commission chosen by the Commission, at least one of whom shall not be a member of the government party; and
- b. Two (2) persons, chosen by the Chief Justice of the province, who are not members but who are resident in the province, and have demonstrated knowledge and experience in financial matters and are suitable to represent the public interest.

(subsection 23(2) of *the Act*).

- 3.1.1 A person appointed under paragraph 3.1a shall serve for a term that coincides with the life of the Assembly which is consistent with the term to be served by members of Standing and Select Committees of the Commission. A member may serve for more than one Assembly at the discretion of the Commission.
- 3.1.2 A person appointed under paragraph 3.1b shall serve for a term of not more than four (4) years but may be reappointed for one additional term of not more than four (4) years (subsection 23(4) of *the Act*).
- 3.1.3 The Committee should corporately possess an appropriate skills set to allow it to carry out its overall function as set out in this Handbook. The Committee should identify, and agree on with the Commission, the skills necessary for Committee effectiveness. These identified skills should in part form the basis for selection of members of the Committee. The Committee and the Commission should review the necessary skills periodically (see Appendix C).
- 3.1.4 All members of the Audit Committee shall have a working familiarity with basic finance and accounting practices (be financially literate) as well as the compliance environment in which the House operates. At least one member of the Audit Committee shall have accounting or related financial management expertise.

- 3.1.5 For external Committee members, their only contact with the House may be as Committee members. These members will have to make particular efforts to obtain and maintain appropriate understanding of the House as well as the Legislative and Executive branches of Government and generally the role of audit committees, which is vital if they are to make a meaningful contribution to the Committee. In this respect, appropriate orientation training is important for these members. Such training may be provided in the form of, but not limited to: meetings with the Auditor General, the Comptroller General and the Clerk; access to various publications available through the Government web site; external training courses etc.

Role of the Chair of the Audit Committee

- 3.2 The Commission shall designate the Chair of the Audit Committee from among the members of the committee (subsection 23(3) of *the Act*). The role of Chair of the Committee is critical to the Committee achieving its goals. Some key activities of the Chair are summarized in Appendix E.

Role of the Secretary of the Audit Committee

- 3.3 The Clerk Assistant shall act as Secretary of the Audit Committee (subsection 23(5) of *the Act*). Specific responsibilities of the Secretary are summarized in Appendix F.

Independence, objectivity and conflict of interest

- 3.4 It is important for Committee members to be independent and objective in the performance of their duties. Independence means being free from the control or influence of others. It is important to note that the *appearance* of independence is as important as *actual* independence.
- 3.4.1 Each member of the Committee is personally responsible for pro-actively declaring any potential conflict of interest arising out of business on the Committee's agenda or from changes in a member's personal circumstances. The Chair of the Committee should then determine an appropriate course of action for the member. For example, the Chair may ask the member to leave the meeting while a particular item is being discussed. If it is the Chair who is in conflict of interest, the Commission should select another Committee member to determine the appropriate course of action.

4 AUDIT COMMITTEE MEETINGS AND PROCEDURES

4.1 The Audit Committee shall:

- a. Meet at least four (4) times a year or more often as required (refer to Appendix D);
- b. Meet separately and periodically (minimum twice per year each) with the Clerk of the House, the personnel responsible for the internal audit function and the external auditor; and
- c. Report to the Commission with respect to its activities at least twice per year.

(subsection 23(8) of *the Act*).

- 4.2 An agenda shall be prepared for each meeting of the Audit Committee. The Chair shall be responsible for preparing the agenda and the Secretary shall be responsible for distributing the agenda to Committee members.
- 4.3 The Secretary referred to in 3.3 will be required to keep minutes of all meetings of the Audit Committee.
- 4.4 A quorum of members shall be not less than 3 of the 4 Committee members. No alternates are permitted. All members should make every reasonable attempt to attend all meetings. Attendance may be either in person or via telephone or other electronic medium.
- 4.5 To enhance the effectiveness of the Committee meeting, each member shall devote the time needed to prepare for and participate in each meeting by reading the reports and background materials provided for the meeting.
- 4.6 The Committee may invite other persons (for example the Chief Financial Officer, representatives from internal audit, external auditors) to its meetings as it deems necessary.
- 4.7 The substance of the reports, advice and recommendations made by the Audit Committee to the Commission shall be tabled at meetings of the Commission and recorded in the minutes (subsection 23(9) of *the Act*).
- 4.8 Where there is a disagreement among members of the Audit Committee as to the report, advice or recommendations to be made to the Commission on a matter, and the two members of the Audit Committee appointed under 3.1 b of this Handbook are in disagreement with the other members of the Audit Committee or disagree with each other on that matter, that fact shall be recorded in the report, advice or recommendations and in the minutes of the Commission (subsection 23(10) of *the Act*).

5 AUDIT COMMITTEE RESPONSIBILITIES AND DUTIES

General

5.1 The Audit Committee shall:

- a. Provide assistance to the Commission in fulfilling its oversight responsibility to the House and the public with respect to stewardship of public money;
- b. Make recommendations to the Commission respecting the choice of and terms of engagement and compensation of an external auditor appointed under section 43 of *the Act*;
- c. Review the audit plans of an auditor appointed under section 43 of *the Act*, including the general approach, scope and areas subject to risk of material misstatement;
- d. Review the financial statements, audit report and recommendations of the auditor and give advice about them to the Commission;
- e. Review the compliance report issued and recommendations, if any, provided by the Auditor General as a result of a compliance audit conducted under subsection 43(9) of *the Act* and give advice on that report and those recommendations to the Commission;
- f. Review internal audit reports and make recommendations to the Commission as required in respect of matters arising from those reports and generally make recommendations with respect to internal audit procedures of the House and statutory offices;
- g. Review with the Clerk the effectiveness of internal control and other financial matters, as well as compliance with legal requirements respecting accountability, record-keeping, tendering and conflict of interest in the House service and the statutory offices;
- h. Review the code of conduct (see Appendix H) applicable to the Clerk and staff of the House service and statutory offices, and make recommendations for improvements to the Commission;
- i. Establish procedures for the receipt and treatment of complaints regarding accounting and internal controls, and the confidential submission by staff of the House service and statutory offices and by members of the public service of concerns regarding questionable accounting or auditing matters;
- j. Use reasonable efforts to satisfy themselves as to the integrity of the House and statutory office's financial information systems and the competence of accounting personnel and senior financial management responsible for accounting and financial reporting;
- k. Review disclosure practices of the commission to ensure full, plain and timely disclosure of its decisions respecting financial matters;

- l. Advise the Clerk with respect to the exercise of his or her responsibilities as accounting officer; and
- m. Act on, advise and report on other matters relating to the financial affairs of the House and statutory offices as may be required by the Commission.

(subsection 23(7) of *the Act*)

- 5.1.1 For the information of Committee members, some guidance has been provided in Appendix B regarding sample questions for an Audit Committee to consider.
- 5.2 The Committee shall not have any executive responsibilities or be charged with making or endorsing any decisions, although it may draw attention to any strengths and weaknesses in control and make suggestions for how weaknesses might be dealt with. The purpose of the Committee is to advise the Commission; it is then the Commission that makes the decisions.
 - 5.2.1 The primary responsibility for financial and other reporting, internal control and compliance with policies, ethics and legislation rests with the Commission. The Audit Committee is a committee of the Commission and these responsibilities are not to be delegated to the Committee.

Procedure for appointment of external auditor

- 5.3 The Audit Committee shall, before the end of each fiscal year, make a recommendation to the Commission on appointment of an auditor to perform audits of the House and its statutory offices as outlined in *the Act* (subsection 43(2) of *the Act*).
 - 5.3.1 a. The external auditor of the House would normally be recommended to be the Auditor General.
 - b. In making a recommendation to the Commission on appointment of external auditors, other than the Auditor General, the criteria to document the Committee's rationale for the recommendation will be:
 - capacity of the auditor to perform the work in a timely fashion;
 - knowledge and experience of public sector accounting and auditing;
 - factors which may impact actual and perceived independence;
 - the qualifications and experience of personnel to be assigned to the audit;
 - the relationship between the audit partner, the Commission and senior management; and
 - fee proposal.

- 5.3.2 The Audit Committee will be provided with a copy of the external auditors' engagement letter.
- 5.3.3 If it is agreed to call for proposals for an external auditor, a recommendation of the Committee will be forwarded to the Commission for its approval. The process of seeking proposals for external audit services shall follow the Government's Guidelines Covering the Hiring of External Consultants. Proposals will be evaluated by the Committee and a recommendation made to the Commission based upon this evaluation.
- 5.3.4 The requirements of the proposals referred to in section 5.3.3 shall be determined by the Committee and shall include (but are not limited to):
- the proponent's capacity to perform the work in a timely fashion;
 - history of similar work performed by the proponent;
 - knowledge and experience of public sector accounting and auditing;
 - factors which may impact actual and perceived independence;
 - an outline of the proposed audit approach;
 - the qualifications and experience of personnel to be assigned to the audit;
 - fee proposal; and
 - any other relevant information in support of the proposal.
- 5.3.5 The external auditor shall not provide services that impact on the independence of the audit role. These may include:
- activities normally undertaken by management;
 - activities normally remunerated by a success fee;
 - activities where the auditor may be required to audit their own work;
 - valuation services including appraisals and fairness opinions; and
 - bookkeeping, except for secondments under control of House management.
- 5.3.6 Sections 5.3.1 to 5.3.5 are not applicable where the Auditor General is appointed as the external auditor.

The role of Internal Audit

- 5.4 In fulfilling its oversight role, the Committee may place reliance on the internal audit function. This function will be performed by the Professional Services and Internal Audit Division of the Office of the Comptroller General (the Division). If external resources are to be employed to perform internal audits, such resources must be hired, and work under, the direction of the Division.

- 5.4.1 The Division has no direct reporting relationship to the Committee or the Commission and as such, the mandate or audit plan of the Division does not require the approval of the Committee or the Commission. The Comptroller General under the *Financial Administration Act (the FAA)* and *the Act* has access to all books, documents, accounts and other financial records of the House and its statutory offices. The Division may initiate internal audits of the House and its statutory offices at the discretion of the Comptroller General of Finance. The Committee may request specific internal audit services from the Division. Refer to section 5.4.3 to 5.4.3.4 of this Handbook for guidance on this matter.
- 5.4.2 The role of the Committee in relation to internal audit is to advise the Commission on the assurance needs of the Commission (ie. recommending areas to be examined by internal audit) and to review reports provided by internal audit as well as the Commission's responses to these reports.

Protocol for requesting internal audit services

- 5.4.3 For purposes of this document, internal auditing is defined as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes (source, the Institute of Internal Auditors).
- 5.4.3.1 If a member of the Committee identifies an area which will require an internal audit project, that member should provide written notification to the Chair of the Committee of such a request.
- 5.4.3.2 The Chair shall circulate a copy of the request referred to in 5.4.3.1 to all Committee members. The Committee shall then decide whether a formal request is to be made to the Office of the Comptroller General for such work and the Chair shall communicate the Committee's decision to the Comptroller General.
- 5.4.3.3 The Comptroller General has authority to determine the priorities of the Internal Audit Division. As such, the decision to action formal requests for internal audit work from the House is at the discretion of the Comptroller General based upon available resources and other priorities. In addition, the Comptroller General has authority to proceed with an internal project he/she has been made aware of under 5.4.3.2 even if the Committee decides not to proceed with a formal request.
- 5.4.3.4 The Chair, on behalf of the Committee, may discuss the scope of specific internal audit projects with the Comptroller General to offer suggestions for consideration. In addition, in determining the scope of work to be performed by the Division, the Comptroller General may seek input from the Chair of the Committee through informal discussions.

5.4.3.5 In order for the Comptroller General to fulfill his/her duties in an efficient manner, the House shall respond to all requests for information from the Office of the Comptroller General in a timely manner.

Items identified by the Auditor General, Comptroller General or another auditor

5.5 Reports received by the Commission from the Auditor General, the Comptroller General or another auditor should be forwarded to all members of the Committee as soon as is practical (generally within three business days).

5.5.1 The Comptroller General has access to all books, documents, accounts and other financial records of the House and the statutory offices which would include reports issued by the Auditor General or another auditor.

5.5.2 The Clerk of the House shall submit in writing to the Chair of the Committee and the Comptroller General, within 60 days of receipt of all such reports referred to in paragraph 5.5, plans for corrective action to be taken to address all issues identified in these reports. If the Clerk feels that no corrective action is necessary, he/she shall submit this fact in writing to the Chair of the Committee and the Comptroller General in the same timeframe noted. The Clerk may seek more time by making a request in writing to the Chair of the Committee who would have the authority to grant the additional time to respond.

5.5.3 The Committee shall review the correspondence from the Clerk referred to in paragraph 5.5.2 at their next scheduled meeting and should follow up with the Clerk regularly on the status of the corrective action being proposed. As part of its oversight role, the Committee should evaluate the action proposed by the Clerk to determine if it adequately addresses the matters raised by the Auditor.

5.5.4 If an item identified by the Auditor General, Comptroller General or another auditor is not being addressed or has not been addressed adequately, the Committee shall report on that fact in writing to the Commission.

Financial reporting

5.6 In assessing the financial reporting of the Commission, the Committee should consider the following points:

- key accounting policies and disclosures;
- assurances about the financial systems which provide the figures for the financial statements;
- the quality of internal controls over the preparation of financial statements;
- key judgments and estimates made in the preparation of financial statements;
- and

- any disputes between the management and the external auditor.

Public interest disclosure – “Whistleblower policy”

- 5.7 The specific procedures to be followed with respect to public interest disclosures are detailed in part VI (sections 54 to 63) of *the Act*. In circumstances whereby a member of the Committee has information that a wrongdoing may have been committed under *the Act*, that member shall refer that matter to the investigator for investigation pursuant to section 57 of the *Act*.
- 5.7.1 Where the matter being investigated involves the Speaker, the investigator shall give a copy of the report to the Chair of the Committee and if the report recommends corrective action the Chair shall call a meeting of the Committee and determine if the report is to be referred to the Auditor General, the Attorney General, the Minister of Finance or other official to take appropriate action or refer the report to the Commission.

6 AUDIT COMMITTEE AUTHORITY

- 6.1 The Audit Committee has authority, within the scope of its responsibilities, to:
- a. seek any information it requires from:
 - i. Any employee including the Clerk (and all employees are directed to cooperate with any request made by the Audit Committee)
 - ii. Internal auditors and external auditors
 - iii. External parties;
 - b. obtain outside legal or other professional advice to assist it in undertaking its responsibilities; and
 - c. obtain full access to the books and records of the House and its statutory offices.

7 AUDIT COMMITTEE ACCOUNTABILITY AND REPORTING

- 7.1 The work of the Committee needs to be communicated to the Commission if it is to be of value. After each meeting, the Committee shall prepare a report to the Commission summarizing business taken by the Committee and offer advice to the Commission on issues they feel are of concern.
- 7.2 The minutes of the Committee meeting may be used to fulfill the reporting requirement in 7.1. If the minutes are to be used to fulfill the requirements of 7.1, care should be taken in their presentation to highlight the advice being provided.

- 7.3 The Committee, in its reports to the Commission shall summarize the Committee's work since their last report and present the Committee's views on:
- the quality of financial reporting and disclosure for the year;
 - whether the assurances provided by internal and external audit are sufficient to support the Commission;
 - any issues that may be relevant to the annual management certification; and
 - the Committee's view of its own effectiveness.
- 7.4 In his or her role as financial officer, the Clerk is responsible for reporting to the commission and the Audit Committee on the status of audits of the House and the statutory offices and, specifically, reporting if in his or her opinion the audit is not being conducted on a timely basis (subsection 28(3)(j) of *the Act*).

8 AUDIT COMMITTEE ASSESSMENT AND REVIEW OF TERMS OF REFERENCE

- 8.1 The Audit Committee's performance is to be reviewed periodically. This shall normally be a self-assessment but may involve review by another party. The results of this assessment shall be made available to the Commission.
- 8.2 These terms of reference are to be reviewed by the Committee at least once during its term. The review is to be documented in the minutes of the Committee meeting. The purpose of the review is to assess whether the terms of reference are still relevant to the Commission in discharging its responsibilities (see Appendix G).

APPENDIX A

MODEL LETTER OF APPOINTMENT FOR AUDIT COMMITTEE MEMBERS

APPOINTMENT

You are hereby appointed by the House of Assembly Management Commission/Chief Justice of Newfoundland and Labrador as a member of the Audit Committee (the Committee) of the House of Assembly Management Commission (the Commission). As a member of the Committee you are accountable to the Commission through the Chair of the Audit Committee.

Your appointment is for *(number)* years from *(date)*. This appointment may be renewed for one additional term of up to *(number)* years (by mutual agreement).

The Audit Committee is a committee of the House of Assembly Management Commission. The role of the Committee is detailed in the "Audit Committee Handbook" which you should now be provided a copy of. We are also providing you with a copy of the *House of Assembly Accountability, Integrity and Administration Act*, the *Financial Administration Act*, the Financial Management Handbook as issued by Government, the Members' Handbook and the Members' Resources and Allowances Rules Manual.

The Committee is Chaired by *(name and contact information)*. The other Committee members are *(names and contact information)*.

COMMITMENT AND REMUNERATION

As an Audit Committee member, you are expected to attend Audit Committee meetings, set aside time to prepare for these meetings and keep in touch with the House's activities. The Audit Committee normally plans to meet four (4) times per year but additional meetings may be required from time to time. Your remuneration will be *(include details of amounts and frequency and means by which it will be paid)*.

CONFLICT OF INTEREST

If during the period of your appointment to the Committee your personal circumstances change in any way that may provide a conflict of interest for you in your Audit Committee role, you are to declare these circumstances to the Chair of the Committee.

APPRAISAL

As a member of the Committee, you will participate in an Audit Committee appraisal via a self-assessment process as discussed in the Handbook. This assessment will be made available to the Management Commission.

CONDUCT

Although your appointment does not make you a member of the public service, you are expected to conduct yourself in your role in accordance with the spirit of the code of conduct developed under section 35 of *the Act* as applicable (see Appendix H).

TERMINATION

If you choose to resign from this appointment, you will be expected to give one (1) months notice. This notice period may be waived at the Chair's discretion.

APPENDIX B

KEY QUESTIONS FOR AN AUDIT COMMITTEE TO CONSIDER

This list is not intended to be exhaustive or restrictive, nor should it be treated as a check list substituting for detailed consideration of the issues it raises. Rather it is intended to prompt Committee members to certain key issues.

Risk, control and governance

- Is there a comprehensive process for identifying and evaluating risk and for determining risk tolerance levels?
- How does management oversee its operations?
- How does management know whether internal controls are working?
- How does the Commission determine the effectiveness and efficiency of the operations of the House and its statutory offices?
- How are ethics monitored?

Internal and external audit

- Are key risk areas being communicated to internal audit for consideration in the audit plan?
- Does management accept and act upon the recommendations of internal and external auditors?

Financial and other reporting

- Does the House follow appropriate accounting policies?
- Is there a due process in the preparation and review of financial statements to ensure that they are accurate and complete?
- How is advice on accounting policies obtained?
- Are there suitable processes in place to ensure accurate financial records are kept?
- Are suitable processes in place to prevent and detect material fraud?
- Are there any questionable accounting issues which may result in a qualification to the external audit report?
- Are the recommendations of external auditors followed up? If not, how are the issues resolved?
- How does the Clerk plan to be able to sign off on internal control certification annually?

Audit Committee effectiveness

- How does the Audit Committee know it is being effective?
- Is the Committee satisfied that it possesses an appropriate skill set?
- Is the Committee satisfied that members possess adequate knowledge of the House and are staying informed of relevant developments?
- Is the Committee satisfied that it is avoiding conflicts of interest?
- Is the Committee dedicating sufficient time to discharge its duties?

APPENDIX C

AUDIT COMMITTEE COMPETENCY FRAMEWORK

All members of the Audit Committee should have, or acquire as soon as possible after appointment:

- Understanding of the objectives of the House and significant current issues.
- Understanding of the House's structure including key reporting relationships.
- Understanding of the House's culture.
- Understanding of the relevant legislation or other rules governing the House.
- Broad understanding of the government environment.

The Committee should collectively possess:

- Knowledge, skills and experience in:
 - Accounting and financial reporting (at least one member);
 - Auditing (at least one member);
 - Risk management (at least one member); and
 - Technical or specialist issues relevant to the House's operations (at least one member).
- Management experience within similar size organizations (at least one member).
- Understanding of the wider environment in which the House operates (all members).
- Sufficient understanding of the government environment and accountability structures (all members).

APPENDIX D**SAMPLE WORK PROGRAM FOR AN AUDIT COMMITTEE MEETING FOUR TIMES PER YEAR**

Note that not all of the responsibilities of the Audit Committee are listed here. This is meant only to guide the Committee in setting its agendas.

SPRING MEETING (MARCH)

- Review the plan of the external auditor;
- Approve the Committee's annual report to the Commission for the fiscal year previously ended;
- Provide input to the internal audit division on the scope of potential projects;
- Ensure all points raised in the previous years external auditor's management letter have been appropriately dealt with;
- Ensure all matters raised by internal audit in the past year are being appropriately dealt with; and
- Assess the performance of the Committee and its members.

SUMMER MEETING (JUNE)

- Review progress of the external auditors; and
- Review proposed scope of internal audit projects as proposed by the internal audit division.

AUTUMN MEETING (SEPTEMBER)

- Review the financial statements for the year ended March 31 and make recommendations regarding their approval;
- Review, and advise on the content of, the annual statement of internal control from the Clerk; and
- Consider the findings of the external audit management letter. Discuss with the Clerk the proposed corrective action.

WINTER MEETING (DECEMBER)

- Review mid-year update on the status of internal audit work; and
- Review status of actions to address matters raised in external audit management letter.

APPENDIX E

ROLE OF THE CHAIR OF THE AUDIT COMMITTEE

The role of Chair of the Committee is critical to the Committee achieving its goals. Some key activities of the Chair are:

- a. The Chair and the Secretary of the Committee should meet prior to each meeting to set the meeting agenda;
- b. The Chair should ensure that after each meeting, appropriate reports are prepared from the Committee to the Commission;
- c. The Chair should ensure that the Committee provides appropriate reports to the Commission;
- d. The Chair should ensure that the external members have access to information they require to keep apprised of the activities of the Commission;
- e. The Chair should ensure that the Committee's performance is reviewed on an annual basis;
- f. The Chair should ensure that appropriate orientation training is provided to members; and
- g. The Chair shall be the primary liaison between the Committee and other stakeholders such as the Comptroller General, the Auditor General and the Speaker.

APPENDIX F**ROLE OF THE SECRETARY OF THE AUDIT COMMITTEE**

Specific responsibilities of the Secretary include:

- a. Meeting with the Chair to prepare agendas for Committee meetings;
- b. Circulating the agenda and other relevant documents to Committee members in sufficient time prior to each meeting;
- c. Maintaining the minutes of Committee meetings;
- d. Supporting the Chair in preparation of Committee reports;
- e. Maintaining records of members' appointments and when these appointments are due for re-newal or termination;
- f. Ensuring that appointment processes are initiated when required;
- g. Supporting the Chair in ensuring that new members receive orientation training; and
- h. Ensuring that all members receive a copy of this Handbook as well as other materials relevant to their appointment, including the letter of appointment (see Appendix A).

APPENDIX G

AUDIT COMMITTEE SELF ASSESSMENT

For each of the following statements, select a number between 1 and 5, with 1 indicating that you strongly disagree, and 5 indicating that you strongly agree with the statement. Select 0 if there is no basis for evaluation.

Composition and Quality

		No basis	Strongly disagree	disagree	Neither agree nor disagree	Agree	Strongly agree
1.	Audit Committee members possess the collective skills as set out in Appendix C of the Audit Committee Handbook.	0	1	2	3	4	5
2.	The Audit Committee demonstrates integrity, credibility, trustworthiness, ability to constructively handle conflict, independence, and proactiveness.	0	1	2	3	4	5
3.	The Audit Committee reviews its mandate at least once during its term to determine whether its responsibilities are adequately described.	0	1	2	3	4	5

Understanding the organization and risks

4.	The Audit Committee considers the significant risks faced by the entity. Examples include (but are not limited to): <ul style="list-style-type: none"> • Accuracy of financial reporting • Compliance with legislation and policies • Effectiveness of internal controls • Reputation 	0	1	2	3	4	5
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Processes and procedures

5.	The Audit Committee regularly reports to the House of Assembly Management Commission.	0	1	2	3	4	5
6.	The agenda and related information (e.g. prior meeting minutes, internal audit reports, etc.) are circulated in advance of meetings, to allow members sufficient time to study and understand the information.	0	1	2	3	4	5
7.	Meetings are held at least 4 times per year.	0	1	2	3	4	5
8.	The Audit Committee has private (in camera) sessions with management, internal audit and external audit.	0	1	2	3	4	5
9.	The Audit Committee behaves in a manner which promotes organization-wide awareness of ethics, quality financial	0	1	2	3	4	5

	reporting, and strong internal controls.						
10.	The level of openness between the Audit Committee and relevant parties (management, internal audit, and external audit) is acceptable.	0	1	2	3	4	5
11.	For matters that require specialized expertise, the Audit Committee engages external parties as appropriate.	0	1	2	3	4	5

Oversight of the financial reporting process and internal controls

12.	The Audit Committee has sufficient understanding of management's process of financial reporting.	0	1	2	3	4	5
13.	The Audit Committee makes a reasonable effort to satisfy themselves as to the integrity of the House of Assembly and statutory offices' financial systems and competence of accounting personnel and senior financial management.	0	1	2	3	4	5
14.	The Audit Committee reviews the management letters and other reports written by the auditors (external and internal) to ensure that all significant matters raised are addressed.	0	1	2	3	4	5
15.	The Audit Committee takes action to ensure resolution when there are instances of repeat comments from auditors and others about internal controls.	0	1	2	3	4	5
16.	The Audit Committee reviews matters related to financial reporting and internal control with the Clerk of the House as well as advises the Clerk with respect to the exercise of his or her responsibilities as accounting officer.	0	1	2	3	4	5

Oversight of audit functions

17.	The Audit Committee considers the coordination of work between the auditors (external and internal) to ensure that they appropriately address their different areas of responsibility.	0	1	2	3	4	5
18.	The Audit Committee regularly discusses the work of internal audit and offers input into the scope of work to be performed.	0	1	2	3	4	5

Public interest disclosures

19.	The Audit Committee establishes and follows procedures for the confidential treatment of complaints regarding accounting and internal control matters.	0	1	2	3	4	5
	The Audit Committee communicates all matters brought to its attention related to public interest disclosures according to the provisions of the <i>House of Assembly Accountability, Integrity and Administration Act</i> .	0	1	2	3	4	5

APPENDIX H**HOUSE OF ASSEMBLY EMPLOYEE CODE OF CONDUCT**

As Officers and Staff of the House of Assembly:

1. We will serve the aims and objectives of the House of Assembly and ensure that personal interests and activities do not interfere, or appear to interfere, with this obligation.
2. We will perform our duties honestly, faithfully, ethically, impartially and efficiently, respecting the rights of the public and our colleagues. We will refrain from conduct that might impair our effectiveness or that would compromise our integrity.
3. We will ensure that we maintain the confidence and trust of Members of the House of Assembly and provide fair, confidential and impartial service equally to Members and staff of all parties.
4. We will treat colleagues, Members and the public with courtesy and respect.
5. We will avoid circumstances in which personal interests compromise or conflict with the interests of the House of Assembly and avoid circumstances in which there will be the appearance of a compromise or conflict. We are subject to the provisions of the *Conflict of Interest Act, 1995*.
6. We will not abuse our official position for personal gain. We will not accept any gift or other benefit that could be seen as an inducement or reward that might place us under an obligation to a third party. We will follow all requirements and policies of the House of Assembly service with respect to gifts and rewards.
7. We will exercise due care and control of records created or collected in the exercise of our responsibilities, ensuring that they are organized, secured and managed according to applicable policy and legislation.
8. We will ensure that any contribution we make to public debate or discussion on matters of government or House of Assembly policy is appropriate to the position we hold and is compatible with our obligation to be politically impartial.
9. We will ensure that our participation in public bodies and voluntary associations does not create a conflict of interest or the appearance of a conflict of interest with our duty to act in a politically impartial manner.

House of Assembly Management Commission

Briefing Note

Title: Members' Advertising

Issue: Advertising Policy for Members of the House of Assembly

Background:

- At its August 29, 2007 meeting, the Commission issued **Directive 2007-006**, which states as follows:

“The purpose behind any advertising expenses shall be solely to assist Members to convey contact information along with advertising messages of welcome or congratulations.”

- At its April 18, 2008 meeting, the Commission directed the Clerk to review the Rules and policies respecting advertising by Members and to prepare draft Rule Amendments and/or policies which provide Members with greater clarity respecting advertising practices. **CM 2008 – 031 refers.**
- At its July 3, 2008 meeting, the Clerk provided additional information regarding advertising guidelines for the Commission's consideration and direction. The Commission directed the guidelines should identify permissible advertising with appropriate restrictions. **CM 2008 – 076 refers.**
- The proposed Advertising Policy for Members of the House of Assembly is attached. The policy includes guidelines for advertising in various media and provides specific direction regarding allowable/non-allowable advertising.
- If the proposed policy is adopted, an effective date will be necessary as Members may have already prepaid advertising.

Action Required:

- Pursuant to subparagraph 20(6)(b)(ii) of the *House of Assembly Accountability, Integrity and Administration Act*, the Commission adopts the Advertising Policy for Members of the House of Assembly, dated June 2009.
- The Advertising Policy for Members of the House of Assembly will be effective June 1, 2009 for all new advertising and become effective on the expiry date of all existing advertising contracts.
- The Commission directs that **Directive 2007-006** is rescinded.



House of Assembly

Advertising Policy

For

Members of the House of Assembly

June, 2009

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1.0 Approval

2.0 Purpose

3.0 General

4.0 Policy

1.0 Approval

Under the authority of subparagraph 20(6)(b)(ii) of the *House of Assembly Accountability, Integrity and Administration Act* (the Act), the House of Assembly Management Commission establishes this policy respecting advertising by Members of the House of Assembly.

2.0 Purpose

The purpose of this policy is to establish guidelines to assist Members of the House of Assembly in ensuring that all advertising paid out of public funds is consistent with the requirements of paragraph 24(i) of the *Members' Resources and Allowances Rules*, subordinate legislation to the *House of Assembly Accountability, Integrity and Administration Act* (the Act), which states as follows:

24. A member may claim against the office operations and supplies allowance for reimbursement to cover operational costs of operating a constituency office including,
 - (i) advertising, including constituency office hours, contact telephone numbers for the member, email addresses, notices of constituency meetings, and advertising messages of welcome or congratulation;

3.0 General

The Purposes and Principles of the *Members' Resources and Allowances Rules* (Part I) must be adhered to in all advertising.

3.1 Definitions

For purposes of this policy, advertising includes print media, radio, television and web-based advertising.

3.2 Principles

The Member must ensure that all advertising:

- Is incurred in the conduct of constituency business;
- Includes contact information to assist constituents;

3.3 Restriction

- Advertising is not permitted during the Election Writ period.

4.0 Policy

The primary purpose of Member advertising is to provide constituents with the Member's contact information such as constituency office hours, telephone number and location. Advertising may also provide announcement of special events or bring messages of welcome or greetings from the Member to his/her constituents, provided the Member's contact information is included.

4.1 Print Media

4.1.1 Newspapers/Magazines/Other Publications

- The standard "business card" format is the most appropriate form;
- Advertisements should be in black and white (unless the medium is predominantly color)

4.1.2 Event Programs, Calendars, Other Not-for-Profit Publications

- Circulation should target all households or a significant group or segment of the Member's Constituents;
- The standard "business card" format is the most appropriate form;
- Advertisements should be in black and white (unless the medium is predominantly color); and
- Costs should be reasonable in relation to the type of advertising and should be generally comparable to commercial rates, that is, the cost should not represent a donation to the organization.

4.2 Radio

- Brief radio messages aired on stations that broadcast in the Member's District are acceptable.

4.3 Television

- "Still Image" advertisements are the only permissible form of advertising on television and should be on stations that broadcast in the Member's District.

4.4 Web-based Advertising

- An advertisement similar to the standard “business card” format is the most appropriate form;

5.0 Message Content

All messages must conform to the principles of this policy as outlined in Section 3.2.

5.1 Types of Messages

- ✓ Notice of Meetings
- ✓ Messages of Welcome
- ✓ Messages of Greetings (Christmas and other Holidays)
- ✓ Messages of Congratulations (*e.g. Recognizing an individual, or group of individuals, on a significant achievement or award*)
- ✓ Recognition of special weeks/days of national/provincial significance
- ✓ Recognition of special weeks/days of constituency-level significance
- ✓ Recognition of special events/celebrations of constituency-level significance

5.2 Allowable

- ✓ Name of Member
- ✓ Photo of Member
- ✓ Name of Electoral District
- ✓ Email address of Member
- ✓ Telephone Number of Member
- ✓ Postal Address of Member
- ✓ Location of Constituency Office
- ✓ Constituency Office Hours
- ✓ Name of Constituency Assistant
- ✓ Contact Information for Constituency Assistant (phone number and email address)
- ✓ Fax Number for Constituency Office
- ✓ NL Coat of Arms

Note: All messages must include contact information for the Member.

5.3 Non - allowable

- ✓ Name or logo of political party
- ✓ Use of dominant party colors
- ✓ Statements of a partisan nature
- ✓ Advertising which advocates a particular position or attempts to influence public opinion on a matter before the House of Assembly
- ✓ Thank you to the constituents for voting for, or electing, the Member
- ✓ Advertising to solicit funds
- ✓ Content that disparages any political position or Member
- ✓ References to other roles of the Member (Minister, Parliamentary Assistant or Parliamentary Secretary, caucus position or opposition critic), if any
- ✓ References to programs within a department, government agency or commission
- ✓ Advertising on articles of clothing
- ✓ NL Brand

6.0 Reimbursement Process

Regardless of the media used, a copy of the advertisement must be provided to Corporate and Members' Services Division (CMS) in order for the Member to be reimbursed or for CMS to make a direct payment on the Member's behalf.

If the Member cannot obtain a copy of the advertisement, the Member should provide a written description of the content of the advertisement in order to be reimbursed.