



Nova Scotia

Office of the Auditor General

1888 Brunswick Street, Suite 302
Halifax, Nova Scotia
B3J 3J8 Canada

902•424•5907 tel
902•424•4350 fax
www.oag-ns.ca

May 18, 2010

Honourable Charlie Parker
Speaker of the Nova Scotia House of Assembly
Speaker's Office
1st Floor, Province House
P.O. Box 1617
Halifax, Nova Scotia
B3J 2Y3

Dear Mr. Parker:

I have completed my forensic investigation into the expense claims of certain current and former Members of the Nova Scotia House of Assembly. Please accept this letter as my final report for tabling in the House Assembly in accordance with Section 9A(1) of the Auditor General Act.

In November 2009 I completed an audit of Members' constituency and other expenses covering the time period from July 2006 to June 2009. The results of the audit were reported in my February 2010 Report released on February 3, 2010.

The audit procedures I performed at that time were sufficient to allow me to provide an opinion on whether payments to Members of the House of Assembly for constituency and other expenses were reasonable, adequately supported, and in accordance with legislation, regulations and guidelines. My audit identified serious weaknesses in the funding system including instances of inappropriate and excessive expenditures claimed by and reimbursed to Members. However, at the time of the release of my report, I saw no evidence of illegalities which would have warranted further investigation by my Office.

Following the release of my report, I received new information from a number of sources which indicated possible expense claim irregularities by certain Members. Given the nature and sources of the information, I decided that a forensic investigation should be undertaken.

I conducted my forensic investigation from February to May 2010. The focus of the investigation was primarily on specific transactions by certain Members and it was not, nor was it intended to be, a forensic investigation covering all Members. Certain limited procedures, however, were conducted on some transactions affecting all or most Members.

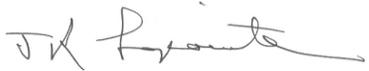
My Office conducted investigative procedures as I deemed necessary, including numerous interviews with former and current Members' employees and other payment recipients; review of all relevant documents obtained; confirmation of some amounts paid; discussions with legal counsel; and re-examination of certain detailed documentation supporting Members' expense claims initially reviewed for the audit reported in February 2010.

Based on the results of my investigation, I believe four former Members and one current Member of the House of Assembly may have committed illegal acts related to their constituency expense claims. Due to the serious nature of my findings, I determined it would not be appropriate for my Office to continue to do additional work in regard to these specific individuals. Accordingly, we referred our investigation files for these five individuals to the RCMP for criminal investigation.

Due to the sensitive nature of this investigation it would not be appropriate for me to release publically the names and related details of the Members' files passed on to the RCMP. Release of such information might hamper the criminal investigations.

As of the date of this report, no further evidence related to any other Member has come to my attention which would warrant further investigation by my Office.

Respectively submitted,

A handwritten signature in black ink, appearing to read 'J.R. Lapointe', with a long horizontal flourish extending to the right.

Jacques R. Lapointe, CA
Auditor General

**Auditor General's Statement to the Media
May 18, 2010**

Release of Forensic Investigation Report to the House of Assembly

Good morning ladies and gentlemen.

Today I reported to the Speaker and to Members of the House of Assembly on the actions I have taken as a result of my Office's forensic investigation into MLA expense claims.

I have referred our investigation files pertaining to five individuals to the RCMP.

You will recall that following release of my February report, we received additional information that necessitated a forensic investigation. Based on the results of that investigation, we believe one current and four former members of the House may have committed illegal acts. Due to the serious nature of these findings, it is appropriate now for my Office to discontinue its work, and to transfer the file to the police. That has been done.

I will not identify the people involved, nor will I discuss the nature of any possible breach of law, because I will not in any way interfere with any legal processes, proceedings or investigations. I have discussed this issue with the RCMP, and it is clear that any such disclosure in this case could jeopardize their criminal investigation.

It is not the role of the Office of the Auditor General to determine guilt. Our job in this case was to investigate information we received suggesting possible wrong-doing and, where we found substance, refer the matter to the appropriate legal authorities. We have done that.

Finally I want to say that I have no evidence, and I have no reason to believe, that any further investigative work is called for with respect to any other Members of the House.

I will now take questions; although as I have said I can't answer the question I'm sure is foremost on your minds, and I may be somewhat guarded in response to others.