

**House of Assembly
Office of the Speaker
Administrative Review
May 28, 2010**

Background

The Controller's Office was requested to review the administrative practices, procedures and structure of the Office of the Speaker. The Controller requested the Director of Compliance & Reporting to lead the review. Additionally, the Controller's Office was requested to provide administrative support to the Office of the Speaker during the transition from its current structure and operations to a restructured organization and operations. This support ended up being more than originally anticipated due to the earlier than expected retirement of the Director of Administration. This early departure did create some operational challenges that required the contracting of services of a recently retired senior financial executive. It does however create the opportunity to enable changes. These recommended changes should now be implemented in a timely manner given the desire to limit the time of interim administrative leadership to the operations support of the Office of the Speaker.

Observations and recommendations contained in this report are those of the Controller's Office based on the review of current operations of the office of the Speaker, a review of practices in other Canadian jurisdictions, previous business interactions with the Speaker's Office and acknowledging leading internal control priorities primarily in the area of segregation of duties.

Summary of Major Recommendations

The recommendations contained in this report are based on the following broad guiding principles.

- The delivery model of administrative services does not infringe on the independence of the programs and organizations serviced;
- Public trust and compliance is best obtained through robust rules based policies and procedures that are consistent with modern bureaucratic best practices;
- The delivery model of administrative services must avoid potential conflict of interest, or protect against potential misuse of funds and fraud in assignment of duties through appropriate segregation of duties.

This report has three main recommendations on the organization structure of the Speaker's Office, Members' expenses and Members' salaries. A more detailed discussion of every recommendation is provided in the next section of this report.

1. Organization Structure

- The Director of Administration and the MLA Claims Clerk should remain in the Office of the Speaker and report to the Chief Clerk of the House of Assembly.
- Primary back office functions of the Office of the Speaker should be conducted by units already established within government. Specifically, budgeting and forecasting, procurement, accounts payable transactions should be assigned to the Finance Central Service Unit (CSU) in the Department of Finance. Human resources should be assigned to the Public Service Commission and payroll processing should be assigned to the central Payroll Client Relations Division of the Department of Finance. Office of the Speaker staff that carry out these back office functions should also be transferred.

2. Members' Expenses

- The House of Assembly Management Commission Regulations must be strictly complied with and supported by policies and procedures that apply the financial and management policies of the government when a financial or management policy has not been established by the House of Assembly Management Commission.
- Clarity between Members' expenses and expenses for Elections Nova Scotia must be documented in policies and procedures.

3. Members' Salaries

- Members' salaries should be paid on the standard payroll cycle, every two weeks on a deferred basis through direct deposit.

Detailed Findings and Recommendations

1. Organization Structure

Recommendation 1a

The Director of Administration and the MLA Claims Clerk should remain in the Office of the Speaker and report to the Chief Clerk of the House of Assembly.

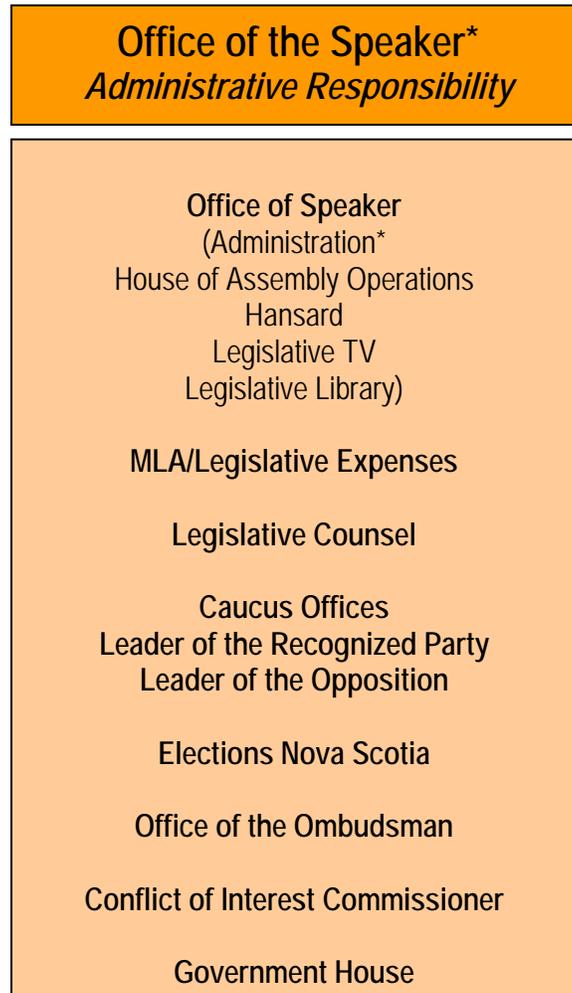
Recommendation 1b

Primary back office functions of the Office of the Speaker should be conducted by units already established within government. Specifically, budgeting and forecasting, procurement, accounts payable transactions should be assigned to the Finance Central Service Unit (CSU) in the Department of Finance. Human resources should be assigned to the Public Service Commission and payroll processing should be assigned to the central Payroll Client Relations Division of the Department of Finance. Office of the Speaker staff that carry out these back office functions should also be transferred.

The independence of the Legislative Branch from the Executive Branch of government is a long established practice in Canada. The independence of the Legislature has been extended to the administrative services of the House of Assembly by default in all but one Canadian province.

The Office of the Speaker is responsible for providing administrative services to the Public Service Votes in *Figure 1* below. The Chief Clerk of the House of Assembly is responsible for this administration. The Chief Clerk currently has a Director of Administration and a team of five staff. An organization chart of the Office of the Speaker – Administration is in *Figure 2*.

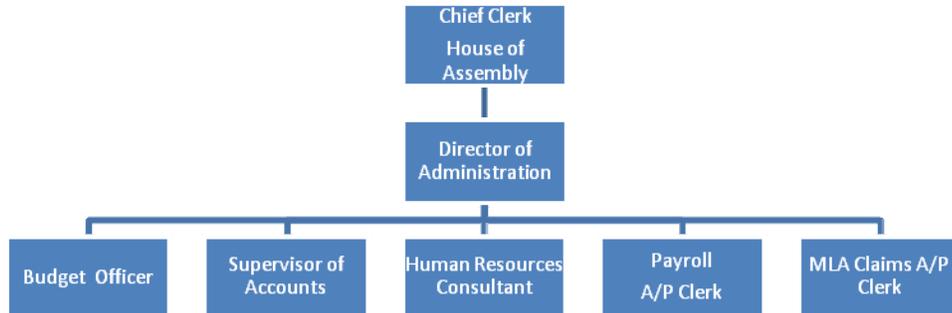
Figure 1 Administrative Responsibility for the Office of the Speaker



This administrative team has provided operations, budgeting and forecasting, accounts payable processing, human resources, and payroll in the absence of clear policies and procedures. The purpose of the recommendation on the restructuring of the administrative organization structure is to provide established leadership and continuity of financial and management policies of the government where the House of Assembly Commission Regulations would not apply.

The current organization structure provides for a Director of Administration in the Office of the Speaker reporting to the Chief Clerk of the House of Assembly. The Director's role is to direct all the operational administrative affairs of ten agencies and public service votes, including MLA salaries and expenses (compliance with the House of Assembly Management Commission Act and Regulations), and Government House.

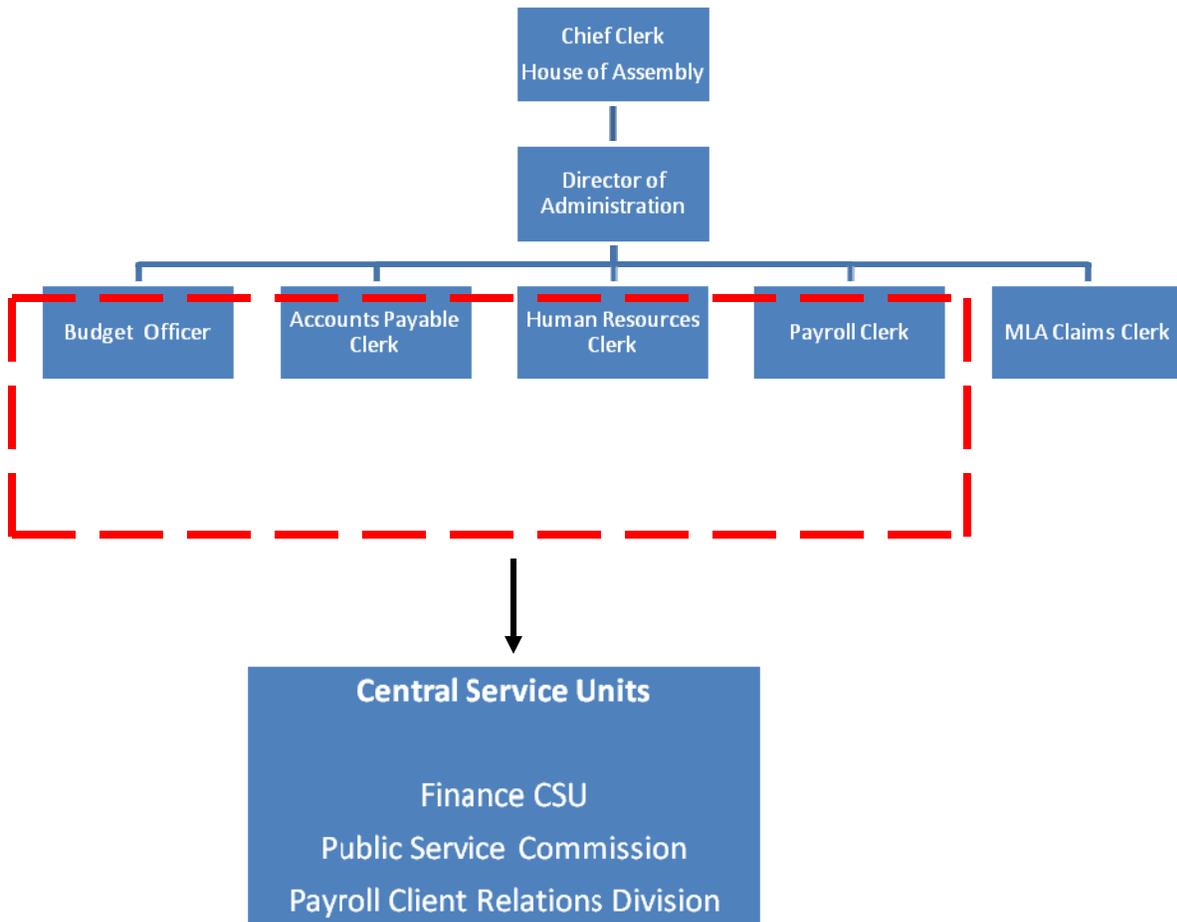
Figure 2 Current organization structure – Office of the Speaker - Administration



This operational function should continue to be carried out under the direction of an administrator position reporting to the Chief Clerk, subject to a reclassification under the new EC Plan. The Director will be the primary coordinator of services between the central units for finance, human resources and payroll and the ten agencies and public service votes.

Primary back office functions of the Office of the Speaker should be conducted by units already established within government. Specifically, budgeting and forecasting, procurement, accounts payable transactions should be assigned to the Finance Central Service Unit (CSU) in the Department of Finance. Human resources should be assigned to the Public Service Commission and payroll processing should be assigned to the central Payroll Client Relations Division of the Department of Finance. Office of the Speaker staff that carry out these back office functions should also be transferred as per *Figure 3* below.

Figure 3 Proposed transfer of functions to Central Service Units



2. Member Expenses

Recommendation 2

The House of Assembly Management Commission Regulations must be strictly complied with and supported by policies and procedures that apply the financial and management policies of the government when a financial or management policy has not been established by the House of Assembly Management Commission.

On May 7, 2010 the House of Assembly Management Commission tabled Regulations for the expenditure of public funds by Members in fulfilling their public duties and responsibilities. The Regulations are comprehensive and based on the principle that all payments and reimbursements must be documented and supported. The reporting requirements under the Regulations are the responsibility of the Speaker and the Clerk and ensuring oversight and compliance with Regulations will be a primary function of the Clerk supported by the Director of Administration of the Office of the Speaker.

The approval of payments and reimbursements to Members is the responsibility of the Clerk under the Regulations. Where there is a dispute between the member and the Clerk, it shall be escalated to the House of Assembly Management Commission.

The accounts payable and processing of payments and reimbursements to Members will be a function of a departmental finance CSU. Where the departmental finance CSU believes there is an inappropriate expense or a lack of compliance with approved policies and procedures, the Clerk will be notified. If the issue is not resolved to the satisfaction of both parties, the issue shall be escalated to the Controller. The Controller's decision will be guided by the Finance Act but consistent with the understanding that the Commission has the ability to establish its own policies and where it has not, the management policies of government prevail.

Recommendation 3

Clarity between Members' expenses and expenses for Elections Nova Scotia must be documented in policies and procedures.

The Office of the Speaker and Elections Nova Scotia must provide recommendations for regulations, policies and procedures for administration and processing of Members expenses and election expenses. Lack of clarity under current regulations allows for inconsistent classification of expenses as either Member's expenses and/or election expenses.

3. Member's Salaries

Recommendation 4

Members' salaries should be paid on the standard payroll cycle, every two weeks on a deferred basis through direct deposit.

To ensure timely and efficient payment of salaries for Members, salaries will be paid on the standard payroll cycle, every two weeks on a deferred basis through direct deposit consistent with civil service procedures. For clarity, options to be paid quarterly, monthly and annually through the manual accounts payable system will no longer be made available. The current method of paying Members' salaries through the payroll system and the accounts payable system creates both system and CRA compliance risks that would be eliminated by moving to a single standard payroll cycle. The payment of salaries through the standard payroll system is also more timely and efficient for the Members on the standard payroll system compared to the accounts payable system that requires a manual cheque requisition to be circulated for approvals, the creation of a cheque and creates delays associated with the delivery of the manual cheque. Sufficient implementation notice would be required to allow Members to adjust to this recommendation.

Recommended Next Steps

To facilitate the implementation of the recommendation in this report the following steps are required:

1. Extend the contractual services of the Acting Director of Administration until the permanent position has been filled. The current Acting Director of Administration can facilitate the transfer of staff and provide turnover training to the new permanent Director.
2. The Public Service Commission should immediately reclassify the revised position description based on the new Excluded Compensation Plan.
3. The Director of Administration position should be advertised immediately indicating that the salary classification is under review.
4. Transition meeting should be held with the Controller, Clerk, Finance CSU, the Public Service Commission and the Payroll Client Relations Division to plan the transition of functions and staff members.