

# House of Assembly

## Independent Auditor's Compliance Report



August 2025



OFFICE OF THE AUDITOR GENERAL  
NEWFOUNDLAND AND LABRADOR



# Table of Contents

- 02 | Background
- 03 | Findings - Policies and Procedures
- 05 | Findings - Policy Compliance
- 08 | Conclusions
- 09 | Appendix I - About This Audit
- 11 | Appendix II - Recommendations & Responses

# Background

Newfoundland and Labrador's House of Assembly is the elected body that approves legislation and holds oversight of government operations. The House of Assembly Accountability, Integrity and Administration Act (the Act) and accompanying regulations (Members' Resources and Allowances Rules) govern the House of Assembly's operations.

The Management Commission, established under the Act, is responsible for the financial and administrative oversight of the House of Assembly and its six statutory offices (excluding the Office of the Auditor General). General administrative services, including budgeting, human resources, and payroll, are provided by the Corporate and Members' Services Division.

As outlined within Section 43(9) of the House of Assembly Accountability, Integrity and Administration Act, the Office of the Auditor General is required to perform and complete a compliance audit of the operations of the House of Assembly at least once during every General Assembly, in addition to the annual audit requirement for financial information of the House of Assembly under Section 43(1). Specifically, the Act requires that the Auditor General provide an opinion that:

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

Our opinion on these points will be reported separately with the annual financial statements of the House of Assembly for the year ended March 31, 2025. The work from our July 2024 Members and Ministers Expenditures compliance audit report, covering April 1, 2022, to September 30, 2023, combined with the work for this compliance report, and our annual financial statement audit will be used to satisfy Section 43(9) of the Act.

The scope of this report is focused on Section 43(9)(g) of the Act, which provides the Auditor General with the authority to express an opinion on factors or circumstances relating to the expenditure of public money which should be identified and commented on as part of the audit function.

Included in the scope of this work are the expenses of the Members of the House of Assembly under their Allowances and Assistance accounts, as well as the Caucus Offices, House staff and statutory office staff. Expenses related to the Ministerial roles of Members are excluded from this audit, given these expenses are incurred outside the House of Assembly's accounts and are audited as part of the Public Accounts.

# Findings - Policies & Procedures

**Objective** To ensure the House of Assembly is in compliance with the provisions of Section 43(9) of the House of Assembly Accountability, Integrity and Administration Act.

**Criteria 1** The expenditure policies and procedures of the House of Assembly are clear and complete.



## What We Expected

We expected all in-scope expense items to have a clear and complete policy which adequately guides spending for these expense items. We also expected those policies to have a clear and complete definition of what is permissible for reimbursement.



## What We Learned

### Clear Policies

We examined applicable policies for our sample of House of Assembly expenses for the audit period, April 1, 2021 to March 31, 2025. **We found operational expense items selected for testing had an applicable policy to guide spending. However, we found the House of Assembly used Treasury Board's entertainment policy, which lacked guidance on alcohol.**

### Hospitality Expenses

**We found the House of Assembly did not have a specific policy for entertainment expenses for House of Assembly or statutory office staff, including direction regarding the provision of alcohol at events.** By comparison, Members were explicitly restricted from being reimbursed for alcohol under the Members' Resources and Allowances Rules. Members serving in Ministerial roles were also explicitly restricted from being reimbursed for alcohol expenses under the Ministerial Expense Reimbursement Policy.

As required under Section 20(3) of the House of Assembly Accountability, Integrity and Administration Act, the Entertainment Policy of the Treasury Board applied to staff in the absence of an internal policy. The Treasury Board policy, which is available online, was last updated in 2000 and did not provide any guidance for purchasing or reimbursing alcohol expenses.

As part of our testing, we sampled 61 operational expenses and 61 Member expenses in our audit period (April 12, 2021 to March 31, 2025). We found an issue related to one sample in operational expenses for a conference hosted by the House of Assembly's staff in St. John's in August 2023. **During the annual conference of the Canadian Association of Parliamentary Administrators, \$3,514 in alcohol expenses were incurred and reimbursed.**

**We found the House of Assembly Management Commission approved the pre-commitment of funds for the fiscal year 2023-24 for the conference; however, the submission to the Management Commission did not include any explicit details on alcohol purchases, noting only that expenses would include food and beverages.** Expenses for the conference, totalling \$82,011, were appropriately approved and costs were partially offset by registration fees of \$36,421, for a net cost of \$45,590.



## What We Recommend

1. The House of Assembly should develop a comprehensive entertainment policy, including clear direction on the provision of alcohol at official events.



## Why It Matters

Clear, consistent and complete expense policies help guide staff, elected Members, and approving authorities in ensuring public money is used only on necessary expenditures and in a fiscally responsible manner to uphold public trust. Inconsistent expense policies across the public sector can lead to the development of organizational cultures that may allow excessive or unreasonable expenses to occur.



# Findings - Policy Compliance

**Objective** To ensure the House of Assembly is in compliance with the provisions of Section 43(9) of the House of Assembly Accountability, Integrity and Administration Act.

**Criteria 2** The House of Assembly complies with legislation, policies, and procedures, including the provisions of Section 43(9) of the House of Assembly Accountability, Integrity and Administration Act.



## What We Expected

We expected the House of Assembly to follow the requirements under Section 43(9) of the Act, such as appropriate handling and use of collections and disbursements, accounts to be faithfully and properly kept, assets to be adequately safeguarded, accounting and management control systems to be complied with, and accountability information for operations to be adequately prepared and complete. We also expected that all other relevant sections of the Act would be followed, as well as other legislation, policies, and procedures relevant to the operations and conduct of the Members and staff within the House of Assembly.



## What We Learned

We examined 61 operational expenses samples, 61 Member allowances samples, and 61 payroll disbursement samples of House of Assembly Members, staff and statutory offices between April 12, 2021, and March 31, 2025. We also examined a sample of the House of Assembly's tangible capital assets and assessed the management and control systems and accountability information of the House of Assembly. **We found there were no issues within the audit samples, with respect to the requirements of Section 43(9)(a) to 43(9)(f).**

Under Section 43(9)(g) of the Act, the Auditor General may express an opinion on factors or circumstances relating to the expenditure of public money which should be identified and commented on as part of the audit function. The following three issues on a perceived code of conduct violation, compliance with the Financial Administration Act, and compliance with the bank reconciliation policy, have been selected for comment.

### Internal Expense Review Process

**We found a former Member of the House of Assembly may have a potential code of conduct issue, according to the Act and the Code of Conduct for Members. The former Member was reimbursed for multiple expenses incurred at a local business of which they were a part-owner.**

**We found the former Member incurred significant entertainment expenses at this business between June 2022 and October 2023.**

**We found these expenses appeared to violate Principles 5 to 8 of the Code of Conduct for Members, Section 21 of the House of Assembly Act, and to contravene the Oath or Affirmation of Member in Section 5 of the Act.** Principles 5 to 8 of the Code of Conduct for Members require Members to carry out their duties with consideration of the public interest, use public resources prudently, and avoid conduct that exploits their position for private reasons. Section 21 of the House of Assembly Act restricts Members from making decisions that would further their private interests. The Oath or Affirmation of Member in Section 5 of the Act requires Members to affirm that they will follow the Code of Conduct and not allow personal interests to influence their conduct.

**We found the House of Assembly’s internal review processes were not designed to detect or prevent potential violations.** While the House of Assembly processed the former Member’s expenses, they advised us that the pre-audit process ensures that items are approved appropriately, adhere to relevant policies under the Members’ Resources and Allowances Rules, and are within the budget. They also indicated they were unaware of the former Member’s connection with the business and had not been advised by the Commissioner of Legislative Standards of any potential issue.

Members of the House of Assembly are required to formally declare all business interests to the Commissioner for Legislative Standards. We confirmed that the former Member had declared their interest in this business, but did not inform the Commissioner of Legislative Standards that political entertainment was being claimed from the business. Records held by Office of Legislative Standards with respect to the former member were destroyed, in accordance with the House of Assembly Act requirement that states destruction should occur 12 months after the individual ceases to be a Member.

## Commitments of the House of Assembly

**We found commitments entered into by the House of Assembly did not follow the requirements of Section 26 of the Financial Administration Act.** A commitment refers to a financial obligation arising from an agreement between the government and another organization or person to make payment from an appropriation of the Legislature. Section 26 of the Financial Administration Act applies to commitments for payments that extended beyond the current fiscal year, which are not included in appropriations voted on by the House of Assembly annually.

**We found the House of Assembly did not notify the Comptroller General of its commitments as required by the Financial Administration Act.** Section 26(1) of the Financial Administration Act requires that each deputy minister or other officer charged with administration inform the Comptroller General of all commitments chargeable to expenditures. Section 26(6) defines “other officer” in the section to include an Officer of the House of Assembly. In addition, Section 46 of the Act also specifies that the Financial Administration Act applies to the public money issued to the House of Assembly to pay its expenses. The Management Commission approved the commitments of the House of Assembly in its minutes. While these minutes were tabled in the House of Assembly, the Comptroller General was not notified.

**We found House of Assembly commitment approvals were not documented with the same level of detail as provided in commitments tabled by the Lieutenant-Governor in Council.** We found that the approvals documented in the Management Commission’s minutes did not include the amount of the commitment or the identity of the leasing company. Such details are clearly identified by the Lieutenant-Governor in Council when they table commitments in the House of Assembly.

For example, the House of Assembly entered into an office space lease for the Office of the Chief Electoral Officer for ten years in December 2023 totalling \$4,455,608. The approval was documented in publicly available Management Commission minutes in January 2023, which did not include the amount of the lease, the maximum allowable to be spent, or the identity of the leasing agency. Also, the internal minute approving the commitment documented only the maximum allowable amount for the commitment, and did not include the actual amount to be spent.

## Bank Reconciliations

**We found one issue of non-compliance with the House of Assembly requirement for Caucus Offices and Independent Members (Caucus Offices) to maintain monthly reconciliations for their bank account. Prior audits, including those of the 48th and 49th General Assemblies, identified similar concerns with incomplete bank reconciliations.** Section 6 of the Caucus Operational Funding Grants Policy states that each caucus must complete monthly bank reconciliations for their funding grants.

We also found two of the Caucus Offices were not maintaining the documentation to support their bank reconciliations. House of Assembly policy requires that supporting documentation be maintained for five years to enable auditing and review. One Caucus had to contact the bank to obtain the necessary documentation and the other could not locate the requested document.

## What We Recommend

The House of Assembly should:

2. Annually read the public interest disclosure statements that the Commissioner for Legislative Standards has approved for general public information, to ensure they are aware of declared business interests of Members and can consider same when performing expenditure processing.
3. Comply with all of the requirements of the Financial Administration Act, particularly the requirements for tabling of commitments in the House of Assembly.
4. Ensure that all Caucus Offices follow the policy requiring the completion of monthly bank reconciliations and provide confirmation to the Management Commission annually.

## Why It Matters

Given House of Assembly staff, elected Members and statutory offices serve and operate using public money, compliance with policies meant to safeguard public funds is of utmost importance in ensuring prudent use of taxpayer money and maintaining the trust of the province's residents. Members and staff are responsible for following all ethical conduct requirements and ensuring that expenditures do not violate the spirit or intent of the Act and the Oath of Office.



# Conclusions

The House of Assembly and statutory offices generally complied with policies and legislative requirements. Our audit did identify some gaps with respect to discretionary spending policies and financial reporting and compliance.

We noted reimbursement for alcohol expenditures. This reimbursement underscores the risks posed by the absence of clear discretionary spending policies for House of Assembly staff and statutory offices. Elected Members and Ministers are prohibited, creating inconsistencies in accountability within the legislative branch of government.

Our audit revealed a gap in internal expense review processes. In our testing, we found that there may have been a potential conflict of interest issue regarding a former Member of the House of Assembly. The repeated reimbursement for expenses, from a business that the former Member had a personal interest in, may have violated multiple sections of the House of Assembly's governing legislation.

We determined that the Comptroller General was not advised of long-term financial commitments, as required under the Financial Administration Act. Properly documenting and disclosing all details of financial obligations is essential for legislative scrutiny and public accountability.

Policies of the House of Assembly are in place to ensure appropriate financial oversight, with bank reconciliations serving as a critical control. It is important that House of Assembly staff, as well as the Management Commission, ensure that bank reconciliations are completed as required in order to reduce the risk to the operation.

# Appendix I

## About This Audit

### Why this Audit is Conducted

We performed this compliance audit with the authority granted to the Auditor General under the Auditor General Act, 2021. We considered sections 43 and 44 of the House of Assembly Accountability, Integrity and Administration Act. The purpose of the audit was to confirm the adequacy of, and compliance with, legislation, policies, and procedures. We audited to determine whether collections and disbursements of public money were in compliance with policies and procedures and to evaluate whether clearly defined and complete policies and procedures were in place.

### Objective

The objective of our compliance audit of the House of Assembly and statutory offices of the Government of Newfoundland and Labrador was to ensure the House of Assembly is in compliance with the provisions of Section 43(9) of the House of Assembly Accountability, Integrity and Administration Act.

Section 43(9) of the House of Assembly Accountability, Integrity and Administration Act requires the Office of the Auditor General to perform a compliance audit of the House of Assembly's operations at least once during each General Assembly. Compliance audits are performed to determine whether:

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

Additionally, our audit examined whether all expense items have a clear and complete policy that adequately guides spending and that all policies that guide expenses clearly define what is permissible.

### Criteria

Audit criteria were developed based on discussions with legislature management and staff, review of relevant documentation, guidelines, legislation, policies and procedures, and literature reviews. The Office of the Auditor General defined two criteria regarding the objective, which senior management of the House of Assembly accepted as suitable:

- The expenditure policies and procedures of the House of Assembly are clear and complete; and
- The House of Assembly complies with legislation, policies, and procedures, including the provisions of Section 43(9) of the House of Assembly Accountability, Integrity and Administration Act.

## Scope and Approach

In July 2024, the Office of the Auditor General issued a compliance audit report entitled *Members and Ministers Expenditures*, covering April 1, 2022 to September 30, 2023. The relevant sections of that report, combined with this compliance report and our annual financial statement audit, will be used to satisfy Section 43(9) of the Act for the 50th General Assembly of the Province of Newfoundland and Labrador. This audit began in October 2024 and covered the period April 12, 2021 to March 31, 2025, and it examined whether the House of Assembly's operations complied with relevant legislation, policies, and procedures.

## Audit Standards

This independent assurance report was prepared by the Office of the Auditor General of Newfoundland and Labrador for auditing the collection and disbursement of public money to or on behalf of House of Assembly staff, elected members, and statutory offices through our compliance audit objectives and criteria.

This audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements 3001 – Direct Engagements and 3531 – Direct Engagements to Report on Compliance set out by the Chartered Professional Accountants of Canada and under the authority of the Auditor General Act, 2021.

The Office applies the Canadian Standard on Quality Management. This standard requires our Office to design, implement, and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the compliance audit work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of the Association of Chartered Professional Accountants of Newfoundland and Labrador.

## Management Representation

The Clerk of the House of Assembly confirmed that senior management had provided the Office of the Auditor General with all the information they were aware of that had been requested or that could significantly affect the findings or conclusions of the compliance audit report on behalf of the House of Assembly.

## Use of Expert

During this audit, the Office of the Auditor General engaged the services of a lawyer specifically to provide assistance regarding commitments.

## Date Conclusion Reached

We obtained sufficient and appropriate audit evidence on which to base our conclusions on August 18, 2025, in St. John's, Newfoundland and Labrador.



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

# Appendix II

## Recommendations & Responses

### Recommendation 1

The House of Assembly should develop a comprehensive entertainment policy, including clear direction on the provision of alcohol at office events.

### Recommendation 2

The House of Assembly should annually read the public interest disclosure statements that the Commissioner for Legislative Standards has approved for general public information, to ensure they are aware of declared business interests of Members and can consider same when performing expenditure processing.

### Recommendation 3

The House of Assembly should comply with all of the requirements of the Financial Administration Act, particularly the requirements for tabling of commitments in the House of Assembly.

### Recommendation 4

The House of Assembly should ensure that all Caucus Offices follow the policy requiring the completion of monthly bank reconciliations and provide confirmation to the Management Commission annually.

# About Us

## Vision

Promoting positive change and accountability in the public sector through impactful audits.

## Mission

To promote accountability in government's management and use of public resources and encourage positive change in its delivery of programs and services.

## Values

Above all else, the Office of the Auditor General must have independence, credibility and integrity. These are essential to everything we do; and critical to our success. The Office of the Auditor General complies with professional and office standards to produce relevant and reliable audit reports. The Office of the Auditor General's independence of government, in fact, and in appearance, provides objective conclusions, opinions and recommendations on the operations of government and crown agencies. Our staff work in a professional and ethical manner, ensuring respect, objectivity, trust, honesty and fairness.

## Audit Team

The Auditor General and Deputy Auditor General wish to thank the diligent audit team who performed their work with independence, credibility and integrity:

Brad Brown, CPA - Assistant Auditor General

Adam Martin, CPA - Audit Principal

Brad Short, CPA - Audit Manager

Andrea Gunn - Audit Senior

The Auditor General also would like to thank Chrysta Collins, Manager of Communications, for report editing and design, as well as stakeholder management.

*Independence. Credibility. Integrity.*

# Contact Us

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