

FMI Halifax Chapter

April 15th 2010

Title: The Auditors – Breakfast / morning event

The speakers at this event were Kevin Potter, Principle of the OAG in Halifax; Jacques Lapointe, the AG Nova Scotia; and Larry Munroe, the Auditor for Halifax Regional Municipality (HRM) .

The session commences with Jacques Lapointe illustrating the role of the office which is to hold government to account He elaborated that the Province is the client and provides service to the House of Assembly and that he is appointed for a period of 10 years and can be dismissed by a 2/3 vote of the House. The tenants of the Office are Integrity, Stewardship and Operational Improvement. The Inquiries Act gives the Office the Powers of a Commissioner which can compel via Subpoenas. This, he surmised, can raise a series of interesting legal questions as to the limits of the AG Power.

He continued to summarize the types of Audit which are Financial, Performance, and Compliance. He then elaborated on the differences while explaining the different purpose, focus and relevance or each function. He also examined the priority, significance and risks involved in pursuing the various courses of action. The reporting is to the Public Accounts Committee, which is a committee of the House of Assembly. This presentation comes at a time when the expenditures of Members of the Legislative Assembly are being examined.

Kevin Power, from a Federal Perspective, continued to explain the source of the authority for his office, being the Auditor General Act, the Financial Administration Act and the recent Accountability Act. The Federal appointment is also 10 years and can only be removed by a joint House and Senate vote. He also stated that the reporting is through Senate not via a minister. The staffs are recruited directly by the Office, not through the PSC, and include 620 personnel in 4 Regional Offices and a budget of \$82 Million.

He went on to describe the functions of the various forms of audit: Financial to ensure proper accounting; Performance to ensure that Programs are properly

manages, in other words Value for Money ; and Special Examinations that are done cyclically for Crown Corporations. Kevin also pointed out the Environmental Mandate that is integrated into the audit. There are also Specific Audits that are performed for agencies such as Canadian Coast Guard Fleet.

What should and what should not be audited? According to Kevin issues involving high fiscal impact, complexities in the operation or political impact present challenges in risk management, but those areas which are the prevue of Provincial, Municipal or First Nations legislation are not addressed by his Office. The question also arises: Who Audits the OAG? The Public Accounts Committee engages an Audit Team from Australia.

The last of the Auditors to address the group was Larry Munroe, the recently appointed auditor for the Halifax Regional Municipality (HRM). His source of legitimacy is the HRM Municipal Charter and his role is to assist City Council with enhancement and quality of stewardship in the handling of public funds. He is, however, restricted in his addressing the Funding portion not the organization of any program and he must file a Work Plan with the HRM. He stressed the independence of his office that reports to the Citizens of Halifax. The reports indicate good news where possible and highlight best practices where applicable, usually associated with effective performance measurement indicators. The types of audits performed by his office include: Performance (Value for Money); Risk Audits which can come from portions of Internal Audits, Audits of Internal Controls; Compliance and reviews. When addressing Measurement Audits the results must be Inclusive, Comparable; Timely and Understandable. What to Audit? To develop his Work Plan Larry looks at the Financial Value and quantity involved the possible loss and what is acceptable, and the risk versus the cost to perform the review.

He mentioned that he has discussed methods and strategies with both Sheila Fraser and Jacques Lapointe to gain insights, and has established a Fraud and Waste hotline. He indicated that he remains open to new ideas.

This most enlightening session ended with questions from the Chapter audience and thanks for a very timely and informative session.