



Second Session, 40th Parliament

REPORT OF PROCEEDINGS
(HANSARD)

LEGISLATIVE ASSEMBLY MANAGEMENT COMMITTEE

Victoria
Tuesday, May 27, 2014
Issue No. 7

HON. LINDA REID, MLA, CHAIR
AND SPEAKER OF THE LEGISLATIVE ASSEMBLY

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LEGISLATIVE ASSEMBLY MANAGEMENT COMMITTEE

Victoria
Tuesday, May 27, 2014

Chair: * Hon. Linda Reid (Speaker of the Legislative Assembly)

Members: * Hon. Michael de Jong, QC (Abbotsford West BC Liberal)
* Eric Foster (Vernon-Monashee BC Liberal)
* Bruce Ralston (Surrey-Whalley NDP)
* Shane Simpson (Vancouver-Hastings NDP)
* Michelle Stilwell (Parksville-Qualicum BC Liberal)

** denotes member present*

Legislative Assembly Officials Present: Craig James (Clerk of the House)
Kate Ryan-Lloyd (Deputy Clerk and Clerk of Committees)
Gary Lenz (Sergeant-at-Arms)
Hilary Woodward (Executive Financial Officer)

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Legislative Assembly Management Committee

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MINUTES

LEGISLATIVE ASSEMBLY
MANAGEMENT COMMITTEE



Tuesday, May 27, 2014

9:15 a.m.

Birch Committee Room

Parliament Buildings, Victoria, B.C.

Members Present: Hon. Linda Reid, MLA (Speaker and Chair); Hon. Michael de Jong, QC, MLA; Eric Foster, MLA; Bruce Ralston, MLA; Shane Simpson, MLA; Michelle Stilwell, MLA

Legislative Assembly Officials Present: Craig James, Clerk of the House; Kate Ryan-Lloyd, Deputy Clerk and Clerk of Committees; Gary Lenz, Sergeant-at-Arms; Hilary Woodward, Executive Financial Officer

1. The Chair called the Committee to order at 9:19 a.m.
2. The Committee agreed to adopt the agenda as circulated.
3. The Committee discussed the practices regarding the release of Legislative Assembly Management Committee documentation.
4. **Resolved**, that the package of materials prepared to support public deliberations of the Legislative Assembly Management Committee be released publicly prior to each LAMC meeting, including minutes of the Finance and Audit Committee. (Hon. Michael de Jong, MLA)
5. The Committee reviewed draft Legislative Assembly Management Committee minutes of May 6, 2014.
6. **Resolved**, that effective immediately, that the Committee eliminate the practice of providing per diems to accompanying persons in the family travel category. (Hon. Michael de Jong, MLA)
7. The Committee agreed to adopt its draft minutes of May 6, 2014, as circulated.
8. The Executive Financial Officer presented a hiring request for two new positions in the Financial Services Branch and answered questions from Committee Members.
9. **Resolved**, that the Committee approve two new positions in the Financial Services Branch comprised of: one MLA position (Manager, Disclosures and Constituency Offices Services) and one GL11 (Disclosure Analyst). (Hon. Michael de Jong, MLA)
10. The Committee adjourned to the call of the Chair at 9:41 a.m.

Hon. Linda Reid, MLA
Speaker and Chair

Craig James
Clerk of the House

TUESDAY, MAY 27, 2014

The committee met at 9:19 a.m.

[Madame Speaker in the chair.]

Madame Speaker: Good morning, all, and welcome to the Legislative Assembly Management Committee.

Approval of Agenda

Madame Speaker: Item 1, approval of the agenda.

Hon. M. de Jong: I have one thing that I'm going to suggest we deal with right off the top, so we're not confronted by this afterwards — that is, the question of the documentation that is available, the package that is presented at the public meeting of LAMC, and confirming that it is available to the public. Because I'm not going to go through this again like last time, where there's this and that and who is approving it. It's just crazy. We're having public meetings. Let's decide what's available publicly.

Madame Speaker: Any comments?

[0920]

S. Simpson: I think that's a fair question. My sense is that documents that are decision documents and support decisions or help explain — all of that — should be available with decisions. Sometimes I think there are documents to inform. For example, finance and audit committee documents haven't got to the decision point yet. They're still a discussion document. Whether those should be made available before you get to actually bringing them back here for a decision.... I think those are the documents that are in question.

Presumably, if we make some decision about this, then this becomes a document in support of the decision.

Hon. M. de Jong: We're all learning about this and how to.... But I kind of equate this to what a city council does — right? — to the extent that people come to them, and those that do are actually real people. The notion is that you come in.... You go to a council meeting or a school board meeting. There's the package, there's the agenda, and there's the supporting documentation.

I would say that the minutes of finance and audit that we get.... Unless they're dealing with an in-camera matter — they get severed off for in-camera consideration — I think those are part of the material. It's hard to have a public meeting and then refer to documents that people don't have access to. I'll repeat this.

There will be times when this group has to go in camera, and the documentation relating to that is out of bounds. But if we're having a public meeting and we're referring to a bunch of documents, then in my view, they've

got to be public. In fact, they've got to be public at the time we're having the meeting, not two weeks afterwards.

My motion is that the package of material relevant to the public meeting of LAMC is prepared in advance and available to the public and that that would include the minutes of the finance and audit committee. That's my motion.

S. Simpson: I don't see any problem with the minutes. That's of no concern to me. I don't see that.

Maybe, then, the decision is if the finance and audit committee kind of is in a point of discussion and has advanced a document to other members of LAMC so that they can be aware of what this conversation is. If there is a concern that that document somehow isn't far enough along to be able to be public yet because it's still an early discussion document, then maybe that shouldn't occur until that discussion document is far enough advanced. Then it should come here and then be part of the package. Would that be the suggestion?

Hon. M. de Jong: Sure. That'll be a quantum leap forward.

Madame Speaker: Does that motion have a seconder?

A Voice: It doesn't need a seconder.

Motion approved.

Review of Previous Minutes

Madame Speaker: We'll review item 2, review of previous minutes, May 6, 2014. We've distributed hard copies as well. If anyone has a question or concern they wish to bring forward.

Hon. M. de Jong: I just want to compare No. 10 of the minutes of the LAMC meeting, May 6, with the minute from finance and audit committee of May 13. It's page 5, subparagraph (c), "Accompanying-person travel." The minute from the finance and audit committee in that subparagraph (c) reads: "The committee also discussed the question of eliminating the per diem for accompanying persons and recognized that elimination may not be reasonable when the various housing options chosen by members are taken into consideration."

Here's my thought on this. If, as part of other conversations, finance and audit committee wants consider these things, I think that's fine. But I think the will of LAMC was pretty clear. If I need now to make a motion, I will, and that is that per diems will no longer be paid to accompanying persons in the family travel category.

[0925]

Now, if someone wants to come along later and suggest we change that.... Following the conversation of May 6.... We tend to do this a lot, or the public tends to perceive

we do this a lot. We say all the right stuff, and then six months later it's still happening.

The will of LAMC was pretty clear. So my motion is, effective immediately, just to eliminate the payment of per diems to accompanying persons in the family travel category.

Madame Speaker: Discussion.

E. Foster: A comment. I was under the impression we had done that. That was my... I thought we'd already done it.

Madame Speaker: I believe so as well.

E. Foster: It's probably going to be nailed down. That was my understanding.

Madame Speaker: The minister has moved the motion, I believe, for the continuation.

Motion approved.

Madame Speaker: Minister, any other comments?

Hon. M. de Jong: That's all I had on the minutes.

Madame Speaker: Hilary, that brings us to item 3 on the agenda, which is financial services restructuring and hiring request.

Financial Services Restructuring and Hiring Request

H. Woodward: Before you is a hiring request for two additional positions for financial services. Finance and audit committee recommended LAMC approval of this request on May 13, 2014.

The request addresses two areas of concern. The first is addressing internal control weaknesses — for example, segregation of duties. It's been raised previously by the Auditor General. The second is addressing the increasing workload for financial services. That's to do with the stand-alone financial statements and increased disclosure requirements.

E. Foster: A question. Hilary, I was here for part of that meeting, and I don't vote on that stuff in the finance and audit anyway. But I had some questions at the time, and I still have them.

Could you give us a little more detail on why we need two people? The other thing is: why are they management people as opposed to...? It seems to me — I'm kind of maybe reading into this — that this is a lot more clerical than management.

H. Woodward: In answer to the first question, in terms of why two people, since 2012, when the first Auditor report came out, we're still operating on the same staffing complement of seven folks. We did restructure. We had two payroll managers. We eliminated one of those payroll manager positions when that position became vacant and substituted in a senior manager of financial reporting. However, we still are short-staffed in terms of dealing with all the additional requirements.

In answer to the manager question, we're trying to move to having more qualified accountants in the position. We started with one, we now have three, and we'd be looking for an additional one as well.

Hon. M. de Jong: As I understand it, the original proposal was to hire three additional people at a total cost of \$237,000. Is that correct?

H. Woodward: Correct.

Hon. M. de Jong: Better tell us a little bit more about the additional... By the way, I accept and recognize that this committee has added some additional responsibilities and burdens. They certainly relate to, for example, the posting of receipts. The reporting relationship with the constituency offices, in my view — perhaps incorrectly — given the system that's been established, is not overly burdensome, because we have the categories. Hilary, tell us a little bit more about...

There are two dimensions to this that, candidly, we have to be on guard against. First of all, we are asking a lot of areas within the public sector to make do, so in my view, fairly or unfairly, that same standard has to apply here.

[0930]

I noticed in the material that was apparently before the finance and audit committee that there was reference to the posting of receipts. To Eric Foster's point, I do actually see that, bluntly, as a clerical function, as opposed to a managerial function paying, I think, \$90,000 or \$83,000.

Tell us a little bit more. There's something called a disclosure analyst. I don't know what a disclosure analyst is.

H. Woodward: Okay. I'll just go back to the receipts position, about the scanning of the receipts and that piece. That's the third position. That isn't being put forward. It was not recommended by finance and audit committee.

Hon. M. de Jong: Which one is that? Is that the disclosure analyst?

H. Woodward: That would be the.... Yeah, it's the disclosure analyst, which is not being put forward at this time.

Hon. M. de Jong: So the three positions were: manager of disclosures, a reporting analyst and a disclosure analyst.

H. Woodward: Correct. The disclosure analyst is not being put forward today. It was not recommended by finance and audit committee.

The manager of disclosures — there are two roles in that. One is to address.... Since the enhanced disclosure has taken place, as I said before, the existing complement in financial services hasn't changed. That role is actually twofold. It will assist with the disclosure requirements — which, as we all know, are increasing. It will also deal with more assistance to the constituency offices and the constituency assistants.

As you'll recall, in September we did a seminar for constituency assistants, which was well received. However, we would like to expand on that and provide additional services to those CAs and to assist them in their financial requirements. For example, some of that would be developing an additional website and additional resources for them — greater support for the Legislative Assembly than we've done in the past. That's a lot of the feedback that we got from CAs. They found the seminar very helpful, and they would like more continued support.

In our current capacity we are not able to provide that. With this role, it will again be twofold: to assist CAs and enhance in that role, and then also to assist with the disclosure requirements.

The second one, the reporting analyst, is more a financial reporting role. Again, speaking to our small complement, we have also included in that briefing note comparison to other jurisdictions and how we are quite small in comparison.

Again, the additional workload. Just the fact that we're now going to be doing stand-alone financial statements. Again, that's in addition to what we've previously done in the past. We're just trying to get to a complement where we can actually deliver on all the requirements that are put on financial services at this time.

Hon. M. de Jong: Okay. I have some thoughts on how we....

Madame Speaker: Go ahead.

Hon. M. de Jong: No, no. I don't want to monopolize. There may be other questions.

S. Simpson: Just maybe, Hilary, if you could talk a little bit and capsulize: what are the additional things? The original staff complement back before Leg comptroller days, before things shifted, post the previous Auditor General's report and the changes that were initiated or motivated by that.... Just talk a little bit about the things that we are doing now or will be doing that are additional workload.

H. Woodward: Yes, I can do that. Thank you. I can list off some of those additional duties. Those were provided previously to finance and audit committee.

As I mentioned before, the annual stand-alone financial statements are a new requirement.

The internal control environment assessment. As I was mentioning, our internal control environment — we're working on improvements there. Internal and organizationwide policy and procedures development. As you'll recall, at one of the previous meetings we identified policies and procedures that need review. So there'll be a systematic review of all those significant policies, both financial and otherwise.

Committee governance reporting. Inventory management. Tangible capital asset management and reconciliations. We have the on-line disclosure reports, monthly and quarterly. We do detailed reconciliation as part of the disclosure. We now have the constituency office disclosure reports, which will be coming out tomorrow. That'll be the first time for that.

We do reconciling of centralized expenses. We have enhanced internal control procedures. Public disclosure of members' receipts when that comes forward. That's just specific to the financial.

[0935]

We prepare MLA travel data for reporting, prepare constituency office data for reporting. We prepare internal expense reports. Again, enhanced internal control procedures. Those are some examples.

S. Simpson: I guess that I accept that, and I think I recall Eric making this comment before that as we increase our transparency and our oversight and our accountability, it's not free. It costs money to do that, and it requires additional resources.

Nobody wants to be spending more money. But if we're going to do that stuff and we're going to do it well — and we know how insufficient our situation was before and the amount that we need to do — I think everybody would agree that we're not done yet by any means.

We've come a significant way in terms of improving the oversight and the accountability and transparency, and we have much more to do. But as that moves forward, it's going to require some additional resources to get that done — whether it's this package, another package. I think this package is not unreasonable. If that's what it takes to do this properly, then we have an obligation to do it.

They're not here, but I know the Auditor General has expectations about what they expect to see from LAMC, moving forward, in order to hopefully give us the clean audit that we're looking for down the road.

Hon. M. de Jong: Hilary, I'm going to offer up my view, and then I want you to feel free to tell me why it's unworkable or unrealistic — or just your candid response.

Given the fiscal circumstances we are confronted by, I think the case has been made solidly for the position described as the financial reporting analyst, which I think

requires a measure of managerial-level capacity. We're now committed to providing proper financial disclosure of the organization and the entity, and I think that requires a level of expertise that is consistent with what has been described here.

The additional work and support for constituency offices, as worthwhile as that is, falls for me into the category of nice to have. I think there is, in the relationship between this organization and the 85 constituency offices, additional work.

There is the reporting that you've referred to. Candidly, that is fairly mechanical. It is not the job of this.... In terms of disclosing that material, it's not an audit function. There are other mechanisms for that possibly to happen. It is to mechanically make sure that people are providing their information in the categories described. The receipting from MLAs and constituency offices is, for me, clearly — again, not an analyst — to ensure that the material is properly posted.

My suggestion will be that with respect to what's being proposed, we take the financial reporting analyst at the level.... Is it ML 4? I can never remember these. Yeah, ML 4 level, which pays \$83,000, and then whatever you feel is appropriate to call the second position. But it would be more of a clerical position.

I see the amount, whether it's GL 11.... We start with that, and if that becomes problematic and we're not getting the job done, we'll find out soon enough that we can always revisit it. But that would be my amendment to the recommendation.

[0940]

H. Woodward: So just to clarify. You're suggesting the ML 4 and the grid level 11? Or the grid level 14 and the grid level 11?

Hon. M. de Jong: No, you've got the financial reporting analyst at the ML 4 level. Is that clear?

A Voice: That's right.

Hon. M. de Jong: Okay. Then the second position — I'm not going to attach a title to it, because I see it as fulfilling more of a clerical function — is at the GL 11 level. I don't know what all these levels mean and are, but in your material it shows GL 11.

Madame Speaker: Hilary, commentary?

H. Woodward: I'm fine with that, thank you.

Madame Speaker: That is by way of motion, Minister.

Hon. M. de Jong: By way of motion.

Motion approved.

Hon. M. de Jong: I move adjournment.

The committee adjourned at 9:41 a.m.

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