



# Governing in the Public Sector:

A Guide for Province of Nova Scotia Government Agencies

Treasury and Policy Board  
January, 2007



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# Introduction

This is a time of renewed focus on governance and accountability in both the private and public sectors.

This publication will provide you with background information to help prepare you for your role as a director of a government agency in the Nova Scotia public sector. The information is intended to supplement each government agency's governance policy and the purpose-specific orientation that agencies provide to their directors upon assuming their duties. The document is not an exhaustive discussion on the topics presented; rather, it is presented to assist both new and returning directors in their governance and oversight role and to promote further independent study.

The following materials appear as Appendices to assist readers:

- **Appendix A** - List of government agencies.
- **Appendix B** - Glossary of Terms - includes specific terms applicable to governing in the public sector.
- **Appendix C** - Summary of Statutes and Policy Manuals - provides an overview of legislation and government policies that directors of all government agencies should be familiar with.
- **Appendix D** - contains a list of governance reference sources.

These materials have been compiled after consultation with Ministers, Deputy Ministers, departmental staff and representatives of government agencies. Your feedback on the content and presentation would be greatly appreciated. It is expected that this publication will evolve over time to reflect feedback and advances in governance and accountability practices.

## What is a Government Agency?

Government agencies<sup>1</sup> are separate corporate entities that operate outside the traditional departmental structure and provide various services to the public of Nova Scotia. Government agencies (or agencies) are most commonly created through legislation, regulation or incorporation under the Nova Scotia *Companies Act*. All instruments that create government agencies will be referred to in this document as “enabling legislation”. Not including specially created funds, there are approximately 60 government agencies that are responsible for a significant portion of provincial program expenditures. With some exceptions<sup>2</sup>, government agencies fall into the following categories:

- District Health Authorities
- School Boards
- Housing Authorities
- Crown Corporations

The rights, privileges and powers of a government agency are both established and limited in enabling legislation and provisions contained in statutes of general application, such as the *Provincial Finance Act* and the *Public Service Act*, which are discussed in Appendix C. Directors should familiarize themselves with these provisions and ensure there are systems in place to ensure compliance.

Government interacts with the agencies in relation to board composition, mandate, policy- setting and resources. The fact that the government bears overall responsibility for provincial policy development and a balanced budget, forms the backdrop for government’s relationship with the agencies.

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## Financial Consolidation

In 2001, the Province of Nova Scotia moved to full implementation of Canadian generally accepted accounting principles (GAAP), represented by accounting recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).<sup>3</sup> As a result of this implementation, the *Provincial Finance Act* was amended to define the Government Reporting Entity to include all government agencies.

**This change was significant for the following reasons:**

- all government agencies in the Government Reporting Entity are now consolidated, along with government departments and offices, in the provincial financial statements (Public Accounts);
- the *Provincial Finance Act* and the *Public Service Act* were amended and identified various accountability provisions that apply to all government agencies in addition to any enabling legislation requirements.

Directors, therefore, need to be familiar with both entity-specific financial reporting requirements and the corporate requirements of being part of the Government Reporting Entity.

GAAP implementation and the requirement for balanced budget legislation contained in the *Provincial Finance Act* results in a focus on the entire Government Reporting Entity. The relationship between Ministers and government agencies is therefore evolving to account for this heightened interdependence. The following materials have been prepared with this in mind and will help directors understand the unique nature of governing in the public sector.

## Appointments to Government Agencies

The enabling legislation for a government agency will establish how directors are appointed. In most circumstances, directors are appointed / elected for a finite term in one of the following ways:

### **Governor in Council (GIC)**

GIC appointments require the approval of Executive Council and the Lieutenant Governor and result in an Order in Council.

### **Ministerial**

Ministerial appointments are made by the Minister responsible for the legislation that establishes the agency. These appointments are forwarded to the Executive Council for information purposes.

### **Board election**

Board election often requires shareholder / Ministerial approval.

### **Public election**

School boards are currently the only government agencies whose directors are elected by the public.

Some appointments are made by the Minister or Governor in Council upon the nomination or recommendation of a particular group or organization. For example, community health boards make nominations to the Minister of Health in regard to some of the positions on District Health Authority Boards. Once an appointment is made, every director has the same duties, responsibilities and accountabilities to the agency and the responsible Minister.

The Province will indemnify persons who are appointed as directors by Governor in Council or by Ministerial appointment if the selection of the person was in the sole discretion of the Governor in Council or the Minister making the appointment and the claim arises out of the person's activities in relation to the appointment and is not based in fraud or criminal activity<sup>4</sup>. Such an indemnity may also be provided by Order in Council. In circumstances where the Provincial indemnity does not apply, directors should inquire as to what indemnity/insurance their agency provides.

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## Governance and Accountability in the Public Sector

Corporate governance has been defined as “the process and structure for overseeing the direction and management of a corporation so that it carries out its mandate and objectives effectively.”<sup>5</sup> “There are several elements required in a sound governance system: clarity of objectives and expectations, clear lines of accountability, transparency in the application of and compliance with rules and a culture based on a solid ethical foundation.”<sup>6</sup> Good governance benefits directors, agency managers and those who do business with and rely on the services delivered by the agency.

Over the last decade, securities regulators and governments alike have begun to define standards for corporate governance in both publicly traded companies and government agencies respectively<sup>7</sup>. Some standards are imposed through legislation or regulation and others are established through best practices that can be adopted from one environment to another. Directors have a responsibility to ensure appropriate implementation in their own agency. An attitude of working toward continuous improvement for an agency should always be the goal of governance initiatives.

Accountability is one aspect of a sound governance system. It is the obligation to answer for an assigned responsibility. Agencies are assigned their formal accountability requirements back to government (eg. audited financial statements and annual report) within their enabling legislation or through legislation of general application such as the *Provincial Finance Act*.

Accountability requirements should not be confused with the autonomy of a government agency. Although a policy decision has been made to deliver the services in question through a government agency outside of a traditional department, there is still accountability to the responsible Minister:

The terms independence and autonomy are often used synonymously to suggest a governing body's unfettered right to conduct the affairs of the organization it represents. In reality, no public body is totally independent from the elected government which created it. However, many public bodies are autonomous in that they are self governing within a larger framework of governance and exercise their decision making powers within provincial government policy and legislation.

The autonomous status of public bodies does not exempt them from being accountable to designated Ministers. It is important to understand that public bodies are instruments of public policy that have been created for that purpose by government or the Legislature. ...<sup>8</sup>.

Although many governance concepts can be transferred from the private to public sector, directors need to recognize the unique elements of governing in the public sector and how each agency should define its relationship with government.

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## Accountability to Ministers

Each government agency is assigned a responsible Minister either through legislation or Order in Council. For example, the Minister of Health is responsible for District Health Authorities and the Minister of Economic Development is responsible for Nova Scotia Business Incorporated. Agencies are often assigned to a Minister whose department most closely aligns with the business of the agency.

The Minister responsible for a government agency is accountable to the legislature for the overall effectiveness of the agency in addition to being answerable for all of its activities, including day to day operations<sup>9</sup>. While the agency has day to day autonomy, the legislature will ultimately look to the Minister to ensure that it is delivering efficiently and effectively on its mandate.

Ministers expect boards to

- report in a timely manner on activities, accountabilities and financial performance;
  - ensure the agency's strategies are aligned with government priorities and direction;
  - ensure compliance with legislative authority;
  - maintain effective communication with the responsible Minister;
  - be familiar with and understand the issues and trends affecting government; and
  - be knowledgeable about government structure and key organizations.
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## Role of the Responsible Minister

At a systemic level, Ministers are responsible for<sup>10</sup>:

- the legislation creating the agency
- making or recommending appointments to the agency's board of directors
- assessing the ongoing relevance of the mandate of the agency
- providing broad policy direction to the agency on government's strategic priorities
- general guidance to the agency on the government's objectives and expectations.

Depending on the agency, there may be areas of shared decision making with their responsible Minister or Governor in Council. This means that boards of directors may be required to seek approval of the Minister or an Order in Council to transact certain business or finalize certain operational decisions. For example, the making of bylaws by the board of directors of the Nova Scotia Liquor Corporation is subject to the approval of the Governor in Council<sup>11</sup>.

Submissions by an agency to obtain an Order in Council must be made through the agency's responsible Minister. Agencies are encouraged to work cooperatively with representatives of their Minister's department and Treasury and Policy Board staff when they are preparing submissions for consideration by Executive Council. Decisions of Executive Council will be communicated to the agency by the responsible Minister.

There are a number of relationships between an agency and government. The board chair and responsible Minister should communicate regularly. Depending on the scope and complexity of the business of the government agency, there may also be interaction between government agency staff and the staff of the Minister's office/department and other departments (Finance, Public Service Commission, Treasury and Policy Board). The Chief Executive Officer (CEO) of the agency may interact with responsible Minister and his/her Deputy Minister and other senior government officials. Despite this series of relationships, it is the responsible Minister who speaks on behalf of government in relation to matters affecting the government agency.

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## Role of the Board

The board oversees the management, activities and other affairs of the agency, within its enabling legislation and stated mandate. In some circumstances, legislation will define the specific responsibilities of a particular board. In general, the board is responsible for policy, direction and oversight of the agency, including:

- setting the strategic direction of the agency aligned with the priorities of government
- monitoring the agency's budget and ensuring required financial and other reporting are completed
- understanding the principal risks facing the agency and the systems/policies in place to minimize or manage those risks
- approving a communications policy for the agency in order to provide a framework for effective stakeholder relations
- establishing corporate values and fostering a culture of integrity
- monitoring the overall performance of the agency against pre-established targets
- organization of board activities including committees
- employing the chief executive officer.

Each agency should have its own corporate governance policy establishing the roles and responsibilities of the board as distinguished from management of the corporation, which is the responsibility of the CEO as discussed below under Role of the Chief Executive Officer / Management. The CEO is responsible for implementation of direction given by the board.

The chair is the leader and main spokesperson for the board. The chair sets the agenda and presides at board meetings facilitating open and challenging discussion on all matters before the board. In addition, the chair's responsibilities include: managing board affairs, effective board performance, board evaluations, managing conflicts of interest should they arise and working with management<sup>12</sup>. As the point of contact between the board and the Minister responsible for the agency, the Chair should work to build a constructive relationship with the agency's responsible Minister

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## Duties of Individual Directors<sup>13</sup>

Although the board works as a collective, individual directors have duties and responsibilities to fulfill to the best of their ability. Directors should exercise these duties with regard to the agency's place in the broader public sector. Each government agency should have a discussion of these duties in its own governance policy.

Each director owes a **fiduciary duty** to the agency. This requires each director to act honestly and in good faith with a view to the best interests of the agency in areas such as:

### **Avoiding conflicts of interest and the perception of conflict of interest**

In general, a conflict of interest exists for directors who use their position at the agency to benefit themselves, friends or families. For example, directors should not:

- directly or indirectly benefit from a transaction with the agency over which the director can influence decisions made by the agency
- use his or her position with the agency to solicit clients for the director's business
- take personal advantage of an opportunity available to the agency unless the agency has clearly and irrevocably decided against pursuing the opportunity, and the opportunity is also available to the public.

### **Maintaining appropriate confidentiality**

Confidential information includes proprietary, technical, business, financial, legal or any other information which the agency treats as confidential. Directors should not, either during or following the termination of an appointment, disclose such information unless authorized. Directors should never disclose or use confidential information gained by virtue of their association with the agency for personal gain or to benefit friends, relatives or associates.

Directors also owe a **duty of care**. They are required to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. This is demonstrated through making decisions on the best evidence available and:

- reading board material in advance of meetings
- attending all meetings of the board
- asking relevant and probing questions and being prepared to discuss all issues
- keeping informed about the agency and the areas of business they conduct.

Discussion at board meetings should be well informed and challenging, with dissenting viewpoints respected. However, once a decision of the board is recorded, members should speak with one voice outside the boardroom, to support the decision of the collective.

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## Role of the Chief Executive Officer / Management

Subject to legislative requirements, the board is responsible for the hiring of the CEO. Depending on the government agency, the board may require the approval of the responsible Minister or Governor in Council before a final hiring decision is made for a CEO and other senior managers<sup>14</sup>.

The board and CEO should work to create a relationship of trust and openness while maintaining a clear understanding of each other's role in the agency. To ensure there is no confusion of responsibilities, the board's governance policy should clearly delineate the role of the board to set and monitor direction and the role of the CEO/management to carry out the board's direction.

The CEO is responsible for the staffing, management and operations of the agency, resulting from the strategic direction provided by the board of directors. She/he is responsible to ensure that the board of directors has all information before it to make informed decisions on matters within its mandate. The CEO and other senior managers should expect to be questioned on material presented and welcome constructive dialogue on proposals presented to the board.

The CEO should have a productive working relationship with government officials in the Minister's office/ department, including the Deputy Minister, to ensure that the Minister is fully informed at all times.

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## Key Relationships

Although the Minister is the main point of contact between an agency and the government, the board should be aware of the following other key relationships that should be nurtured by agency staff to maximize the effectiveness of the agency.

**Deputy Ministers** - Each responsible Minister will have a Deputy Minister (DM) of the Minister's department. Although there may not be a direct line between a DM and an agency, often DMs are called on to provide advice to their Minister on his or her entire portfolio. Some DM's are board members appointed either in the agency's enabling legislation or by Order in Council appointment.

DM's can provide agencies with information and process guidance. In addition, the DM can be a link in conveying information when a Minister is unavailable in an effort to ensure the Minister is fully informed of a situation at the first possible opportunity.

**Departmental Staff** - Depending on the agency, there will be more or less contact between departmental staff and agency staff. For some agencies this contact may only occur at business planning or accountability reporting time. For others with more complex finance, human resource or operational issues, the contact may be as frequent as daily between appropriate individuals (eg. directors of finance).

**Treasury and Policy Board** - The civil service staff of Treasury and Policy Board provide policy and financial analysis to support Executive Council and its committees.

Agencies will also have contact with other central agencies such as the Department of Finance and the Public Service Commission depending on statutory requirements for submissions and approvals of certain financial and human resource matters respectively.

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## Communications

“The public interest is best served where Government and the agency enter into a constructive exchange that ensures the open, timely and accurate flow of communications in both directions. Regular and informed dialogue between the board (Chair) and the responsible Minister is a key element of accountability and is fundamental to the proper discharge of the board’s responsibilities”.<sup>15</sup> Although this is the main communications link between the agency and government, as already discussed, there are other key relationships and communications links that an agency should understand and use.

As with most governance structures, there is no one-size-fits-all solution, and each agency must define its unique relationship with government. There are however, common factors that agencies can adapt to their own circumstances:

- all agencies should have communications support and know when they should be informing Communications Nova Scotia of initiatives to be publicly announced;
- government agencies should define their formal (statutory planning and reporting) and informal (meetings, phone calls) communications strategies depending on the agency’s statutory requirements and business;
- government agencies should always remember the rule of “no surprises” ensuring that their Minister is advised in advance of all matters that he or she may be called to answer on.

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## Statutes of General Application and Policy Manuals

In addition to an entity's enabling legislation, directors should be familiar with the provisions of the following statutes and policy manuals, as these have application across different types of government agencies. This is not an exhaustive list of legislation and policies that may apply to a particular government agency. Therefore, directors should make further inquiries at their agency.

Please see Appendix C for a brief discussion of each of the following:

*Auditor General Act*, R.S.N.S., 1989, c. 28.

*Freedom of Information and Protection of Privacy Act*, S.N.S. 1993, c. 5.

*Ombudsman Act*, R.S. N.S. 1989, c. 327.

*Members and Public Employees Disclosure Act*, S.N.S. 1991, c.4.

*Provincial Finance Act*, R.S.N.S. 1989, c. 365.

*Public Service Act*, R.S.N.S., 1989, c. 376.

Management Manual 100 - Management Guide

Management Manual 200 - Budgeting/Financial Management Guide

Management Manual 300 - Common Services

Management Manual 500 - Human Resource Management

Province of Nova Scotia Procurement Policy

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## Further Information

Appendix D provides information on further resources for individual study of the topics presented. Directors are encouraged to return to these resources throughout the course of their term.

Copies of this publication can be downloaded from [www.gov.ns.ca/tpb](http://www.gov.ns.ca/tpb)

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## Endnotes – See References for complete citations

1. *Public Service Act*, R.S.N.S. 1989, c. 376, s.10 defines the term “government agency”.
  2. Examples of agencies outside of the four categories cited are the Nova Scotia Community College, Resource Recovery Fund Board and AgraPoint International Inc.
  3. For further information on the CICA, PSAB and GAAP, see [www.cica.ca](http://www.cica.ca)
  4. *Civil Service Act*, s. 44A and Province of Nova Scotia Management Manual 500, c. 13.2.
  5. Status Report of the Federal Auditor General, 2005, section 7.9.
  6. Meeting the Expectations of Canadians, p.7
  7. Toronto Stock Exchange Corporate Governance Guidelines and BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations.
  8. Excellence in Governance, p. 3.
  9. Meeting the Expectations of Canadians, p. 15.
  10. Adapted from Meeting the Expectations of Canadians, p. 16.
  11. *Liquor Control Act*, R.S.N.S. 1989, c. 260, s. 7H(1).
  12. British Columbia (BC) Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations, p.21.
  13. This section is adopted from BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations p.22 and the BC Standards of Ethical Conduct for Directors of Public Sector Organizations.
  14. This is in addition to the requirements of the Personal Services Contract Regulations made under the *Public Service Act*. See Appendix C for further discussion of these Regulations.
  15. BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations, p.8.
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## References

“British Columbia Standards of Ethical Conduct for Directors of Public Sector Organizations”

[www.fin.gov.bc.ca/oop/brdo/guidecond.htm](http://www.fin.gov.bc.ca/oop/brdo/guidecond.htm)

“Best Practice Guidelines: BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations”, The Board Resourcing and Development Office of the Premier, Province of British Columbia, 2005 [www.fin.gov.bc.ca/oop/bdro/corporategovernance.htm](http://www.fin.gov.bc.ca/oop/bdro/corporategovernance.htm)

“Better Practice Guides - Accountability and Governance”, Australian National Audit Office,

[www.anao.gov.au](http://www.anao.gov.au)

“Directors of Crown Corporations: An Introductory Guide to their Roles and Responsibilities”, Crown Corporations Directorate, Conference Board of Canada and the Canadian Centre for Management Development, July, 1993.

“Excellence in Governance - Handbook for Public Sector Bodies” and “Orientation for Public Sector Bodies”, Government of Newfoundland and Labrador, 2003

[www.exec.gov.nl.ca/exec/cabinet/transacc/publications.htm](http://www.exec.gov.nl.ca/exec/cabinet/transacc/publications.htm)

“Governance of Not-for-Profit Organizations - The Effective Not for Profit Board”, Deloitte, 2004.

“Meeting the Expectations of Canadians - Review of the Governance Framework for Canada’s Crown Corporations” Treasury Board Secretariat of Canada, 2005

[www.tbs-sct.gc.ca/report/rev-exa/gfcc-e\\_asp](http://www.tbs-sct.gc.ca/report/rev-exa/gfcc-e_asp)

“Owners Expectations Manual”, Crown Corporations Monitoring Unit, New Zealand, 2002

[www.ccmdu.govt.nz](http://www.ccmdu.govt.nz)

“Public Accounts, 2004-2005”, Province of Nova Scotia, Department of Finance [www.gov.ns.ca/fina](http://www.gov.ns.ca/fina)

“Status Report of the Federal Auditor General”, February 15, 2005 [www.oag-bvg.ca](http://www.oag-bvg.ca)

“Toronto Stock Exchange Corporate Governance Guidelines and Disclosure of Corporate Governance Practices” [www.tsx.com](http://www.tsx.com)

## Appendix A - Government Agencies

**April 1, 2006**

AgraPoint International Inc.  
AgriTECH Park Inc.  
Annapolis Valley District Health Authority  
Annapolis Valley Housing Authority  
Annapolis Valley Regional School Board  
Art Gallery of Nova Scotia  
Cape Breton District Health Authority  
Cape Breton Island Housing Authority  
Cape Breton Victoria Regional School Board  
Capital District Health Authority  
Check Inns Limited  
Chignecto-Central Regional School Board  
Cobequid Housing Authority  
Colchester East Hants Health Authority  
Conseil scolaire acadien provincial  
Cumberland Health Authority  
Eastern Mainland Housing Authority  
Guysborough Antigonish-Strait Health Authority  
Halifax-Dartmouth Bridge Commission  
Halifax Regional School Board  
Highway 104 Western Alignment Corporation  
Izaak Walton Killam Health Care Centre  
Law Reform Commission  
Maritime Fall Fair Association  
Metropolitan Regional Housing Authority  
Nova Scotia Business Incorporated  
Nova Scotia Community College  
Nova Scotia Community College Foundation  
Nova Scotia Crop and Livestock Insurance Commission  
Nova Scotia Farm Loan Board  
Nova Scotia Film Development Corporation  
Nova Scotia Fisheries and Aquaculture Loan Board  
Nova Scotia Gaming Corporation  
Nova Scotia Gaming Foundation  
Nova Scotia Government Fund Limited

Nova Scotia Harness Racing Incorporated  
Nova Scotia Health Research Foundation  
Nova Scotia Housing Development Corporation  
Nova Scotia Innovation Corporation / Bioscience Enterprise Centre Incorporated  
Nova Scotia Insurance Program Association  
Nova Scotia Legal Aid Commission  
Nova Scotia Liquor Corporation  
Nova Scotia Municipal Finance Corporation  
Nova Scotia Power Finance Corporation  
Nova Scotia Primary Forest Products Marketing Board  
Nova Scotia Utility and Review Board  
Pictou County Health Authority  
Resource Recovery Fund Board Inc. / Novapet Inc  
Rockingham Terminal Incorporated  
Sherbrooke Restoration Commission  
South Shore District Health Authority  
South Shore Housing Authority  
South Shore Regional School Board  
South West Nova District Health Authority  
Southwest Regional School Board  
Strait Regional School Board  
Sydney Environmental Resources Limited  
Sydney Steel Corporation  
Sydney Tar Ponds Agency  
Trade Centre Limited  
Tri-County Housing Authority  
Tri-County Regional School Board  
Upper Clements Family Theme Park Limited  
Waterfront Development Corporation Limited

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## Appendix B - Glossary of Terms

### **Cabinet**

The common name used in place of Executive Council.

### **Cabinet Ministers**

Members from the governing party, as selected by the Premier, make up Cabinet. Each minister is responsible for a portfolio or department, agency, board or commission and participates in making government policy / decisions. Ministers are responsible in law and accountable to the legislature for certain actions taken in departments.

### **Caucus**

The group of elected Members of the Legislative Assembly belonging to a political party. A closed meeting of the members of a political party within a legislative body to decide upon questions of policy and selection of candidates for office.

### **Canadian Institute of Chartered Accountants (CICA)**

The CICA conducts research into current business issues and supports the setting of accounting, auditing and assurance standards for business, not-for-profit organizations and government. It issues guidance on control and governance, publishes professional literature, develops continuing education programs and represents the Chartered Accountant profession nationally and internationally.

### **Clerk of Executive Council**

Person appointed to ensure that submissions to Executive Council meet legal requirements, prepares and processes Orders in Council and works with departments on Executive Council matters.

### **Communications Nova Scotia**

The provincial government's central communications agency. Staff of the agency coordinate all government communication activities to ensure the public understand government initiatives.

### **Crown corporation**

A body corporate with legal power and capacity to carry on an industrial, financial or other commercial enterprise. These agencies are designated a Crown corporation by their enabling legislation, by Order in Council, or by application of the criteria established under Section 70 of the *Provincial Finance Act*.

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**Deputy Head**

The deputy of the member of Executive Council presiding over a department and all others who the Governor in Council from time to time designates as having the status of deputy head.

**Deputy Minister**

Individuals appointed by Order in Council as the chief administrative officers of departments who work under the direction of the Minister and who perform duties assigned by the Governor in Council. The deputy Minister is responsible for managing the day-to-day operations of the department as well as administering a department composed of non-partisan professional civil servants who carry out the policies and programs of government.

**Enabling Legislation**

The Statute creating a government agency.

**Executive Branch**

Generally referred to as government.

**Executive Council**

The decision-making authority of the Executive Branch of the Government of Nova Scotia (See Cabinet).

**FOIPOP**

*Freedom of Information and Protection of Privacy Act*, S.N.S. 1993, c. 5, provides access to most records under the control of the provincial government while protecting the privacy of individuals who do not want their personal information made public. The *Act* strives for balance between the public's right to know and an individual's right to privacy. (see Appendix C)

**Generally Accepted Accounting Principles (GAAP)**

Generally Accepted Accounting Principles (GAAP) encompass broad principles and conventions of general application together with rules and procedures that determine accepted accounting practices at a particular time. Establishing generally accepted accounting principles for any sector is an evolutionary process. GAAP involves and adapts to changes in economic or social conditions.

**Governance Policy**

A governance policy details the roles and responsibilities of the board and the governance processes used to fulfill them.

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**Government Business Enterprise**

A self-sustaining organization that has the financial and operating authority to sell goods and services to individuals and non-government organizations as its principal activity and source of revenue.

**Government Partnership Arrangement**

A contractual arrangement between the government and a party or parties outside the reporting entity.

**Government Reporting Entity**

The Government Reporting Entity is comprised of the Consolidated Fund, other Governmental Units, Government Business Enterprises and Government Partnership Arrangements. Government Units and Government Business Enterprises represent entities that are controlled by government. Control is defined as the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the government from the other organization's activities. Control exists regardless of whether the government chooses not to exercise its power to govern so long as it has the ability to govern.

**Government Units**

Departments, offices, public service votes, funds, agencies, service organizations, boards, government not-for-profit organizations and government business-type organizations.

**Governor in Council**

The Executive Council, acting with the advice and consent of the Lieutenant Governor.

**Lieutenant Governor**

The Lieutenant Governor is the Queen's representative in Nova Scotia. The Lieutenant Governor gives Royal Assent to all bills passed by the Legislature before they become law and also signs other official documents, such as proclamations, land patents, and Orders in Council appointing persons to government posts, including deputy ministers, provincial judges and members of agencies, boards and commissions. At the opening of a Session of the Legislature, the Lieutenant Governor reads the Speech from the Throne. Discretionary powers also include the finding and appointing of the First Minister (Premier) and the swearing in of the members of the Executive Council.

**Memorandum to Executive Council**

A Cabinet document which sets out proposals requiring policy decisions. The record of decision from a Memorandum to Executive Council is a Minute Letter, which is not a public document.

**Ministers**

Members of the Executive Council appointed to preside over a department pursuant to the *Public Service Act*.

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**Minute Letter**

The record of decision following a Memorandum to Executive Council.

**Order in Council**

An Order of the Lieutenant Governor acting by and with the advice of the Executive Council.  
(See Report and Recommendation to Executive Council).

**Prerogative Power**

An exclusive right or privilege held by a person or group, especially a heritage or official right.

**Public Accounts**

The financial statements of the Province published on a yearly basis.

**Public Sector Accounting Board (PSAB)**

The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA) has the authority to set accounting standards for the public sector.

**Report and Recommendation to Executive Council (R&R)**

A Cabinet document in which matters are presented to the Executive Council for their consideration. Upon approval, an Order in Council is issued authorizing the action requested in the Report and Recommendation.

**Statute**

A law enacted by a legislative body and formally recorded in writing (See Enabling Legislation).

**Treasury and Policy Board**

A committee of the Executive Council charged with establishing plans and policies for the operation of the government of the Province and ensuring that they are implemented in a co-ordinated and fiscally responsible manner.

**Treasury and Policy Board Office**

Headed by a Deputy Minister, the office provides policy and financial analysis to support Executive Council and its committees to fulfill the statutory responsibilities of a central government agency.

## Appendix C - Summary of Statutes and Policy Manuals

### ***Auditor General Act, R.S.N.S., 1989, c. 28.***

This Act grants the Auditor General the responsibility to examine the accounts of the Province and its various agencies and the requirement for the Auditor General to report to the House of Assembly on the government's stewardship of public funds.

Further information on the Office of the Auditor General can be found at:

<http://www.gov.ns.ca/audg>

### ***Freedom of Information and Protection of Privacy (FOIPOP) Act, S.N.S. 1993, c. 5.***

The *Freedom of Information and Protection of Privacy Act* provides access to most records under the control of the provincial government while protecting the privacy of individuals who do not want their personal information made public. The *Act* strives for balance between the public's right to know and an individual's right to privacy.

The *Act* supports the belief that every document, record or file held by government, regardless of format, is subject to release to the general public. Exemptions from release are few and narrow in their scope. These exemptions are designed to protect against the unreasonable invasion of personal privacy; to prevent unfair advantages occurring in commercial or government transactions; to protect law enforcement activities; and to safeguard the business conducted by government. Cabinet documents are subject to release under certain conditions. Cabinet discussions, ten years or older, and background information, five years or older, must be released unless other restrictions apply.

### **The *Act* does not apply to the following kinds of information:**

- Published information, material available for purchase, court records, and material that is a matter of public record;
- Archival material, including information at the Public Archives of Nova Scotia, that has NOT been placed there by a government body;
- Records created or collected, by the Conflict of Interest Commissioner, the Ombudsman or a Review Officer relating to their statutory functions;
- A record of a question that is to be used on an examination or test;
- A record relating to a prosecution if all proceedings are incomplete; and
- Private records deposited at the Public Archives of Nova Scotia.

Also, the *Act* does not apply to records of the Legislature.

The *Act* allows for the severing or extraction of information. If the information being sought is part of a record that is exempt from release but can be removed, then the information must be given to the applicant.

Further information on FOIPOP can be found at:

<http://www.gov.ns.ca/just/Divisions/IM/FOIPOP/foisvcs.asp>

#### ***Members and Public Employees Disclosure Act, S.N.S. 1991, c.4.***

Part III of the *Members and Public Employees Disclosure Act* sets out conflict of interest rules for public employees.

Public Employee is defined in this legislation as “a person employed by a department and includes a member of the board of directors or the board of management of a department”.

A department includes any board, commission, foundation, agency, association or other body of persons whether incorporated or unincorporated, all the members of which, or all the members of the board of management or board of directors which,

- are appointed by an Act of the Legislature or by order of the Governor in Council, or
- if not so appointed, in the discharge of their duties are public officers or servants of Her Majesty in right of the Province, or for the proper discharge of their duties are, directly or indirectly, responsible to Her Majesty in right of the Province.

#### ***Ombudsman Act, R.S. N.S. 1989, c. 327.***

The *Ombudsman Act* establishes the Office of the Ombudsman: a unique office that provides independent, unbiased investigations into complaints against provincial and municipal government departments, agencies, boards and commissions.

The office of the Ombudsman is comprised of two sections: Investigation and Complaint Services, and Youth and Senior Services. They also have responsibilities for investigating complaints under the Civil Service Disclosure of Wrongdoing Regulations, which came in effect in September 2004.

The focus of the office is to resolve complaints about provincial and municipal government services. It does this by:

- gathering facts and information
- reporting findings

- issuing recommendations
- bringing reason and understanding to disputes

Further information on the Office of the Ombudsman can be found at:

<http://www.gov.ns.ca/ombu/default.asp>

***Provincial Finance Act, R.S.N.S. 1989, c. 365.***

The *Provincial Finance Act* establishes the legislative framework around the budget, business planning and accountability reporting process for the Government Reporting Entity.

***Public Service Act, R.S.N.S., 1989, c. 376.***

The *Public Service Act* creates all departments and offices of government and establishes certain accountability provisions relating to government agencies.

The Personal Services Contract Regulations made under the *Public Service Act* establish the requirements for approval of personal services contracts (employment) in all departments, offices and government agencies unless a specific exemption is granted. The threshold for approval of personal services contracts is based on total compensation packages, not just on salary.

Further information on the Personal Services Contract Regulations can be found at:

<http://www.gov.ns.ca/tpb/manuals/PersonalServicesContracts.htm>

**Management Manuals**

The corporate administrative policies and procedures of the Government of Nova Scotia, as approved by Treasury and Policy Board, are contained in four Management Manuals:

**Management Manual 100 - Management Guide**

Documents the organizational structure of government and the delegation of responsibility to departments. This manual also outlines the Executive Council decision making process and the planning, budgeting and accountability framework for government.

**Management Manual 200 - Budgeting/Financial Management Guide**

Documents the budgeting and budgetary control processes as well as accounting policies and procedures applicable across government.

**Management Manual 300 - Common Services**

Documents common operational services provided within government for the benefit of other entities.

**Management Manual 500 - Human Resource Management**

Documents the human resource policies and procedures that apply to all employees, except where superceded by collective agreements.

***The Management Manuals have the following categories of applicability:*****Category I**

Direct application of the policies and procedures in the Management Manuals to departments, offices of government and all public service votes, as well as any additional entities as indicated in a specific policy or procedure.

**Category II**

Direct application to Crown corporations, which are to use the policies and procedures in the Management Manuals to the extent that there is no conflict with their existing legislation, regulations or existing contracts. Where possible and as appropriate, Crown corporations are to make their by-laws reflective of the policy objectives contained in the Management Manuals.

**Category III**

Other government agencies are asked to embrace the intent of the policies/procedures, where to do so is determined reasonable for the efficient and effective operation of their agency.

The Management Manuals can be accessed at:

[www.gov.ns.ca/tpb/manuals](http://www.gov.ns.ca/tpb/manuals)

**Province of Nova Scotia Procurement Policy**

Information on procurement can be found at:

<http://www.gov.ns.ca/tenders/>

## Appendix D - Reference Materials

### Governance Organizations

#### Canada

Conference Board of Canada - Governance and Social Responsibility  
[www.conferenceboard.ca/GSCR](http://www.conferenceboard.ca/GSCR)

Institute on Governance (Canada)  
[www.iog.ca](http://www.iog.ca)

Canadian Comprehensive Auditing Foundation  
[www.ccaf-fcvi.com](http://www.ccaf-fcvi.com)

Canadian Institute of Chartered Accountants  
<http://www.cica.ca>

The Director's College  
[www.thedirectorscollege.com/default.htm](http://www.thedirectorscollege.com/default.htm)

Institute of Corporate Directors  
[www.icd.ca](http://www.icd.ca)

#### International

National Institute for Governance  
[http://governance.canberra.edu.au/the\\_institute.html](http://governance.canberra.edu.au/the_institute.html)

National Association of Corporate Directors  
[www.nacdonline.org](http://www.nacdonline.org)

Organization for Economic Co-operation and Development  
[www.oecd.org](http://www.oecd.org)

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## Information specifically related to government agencies

### Canada

Province of British Columbia  
Crown Agencies Secretariat  
Board Resourcing and Development Office  
[www.gov.bc.ca](http://www.gov.bc.ca)

Crown Investments Corporation of Saskatchewan  
[www.cicorp.sk.ca](http://www.cicorp.sk.ca)

Province of Newfoundland and Labrador  
Executive Council - Transparency and Accountability Office  
[www.exec.gov.nl.ca](http://www.exec.gov.nl.ca)

Government of Canada  
Treasury Board Secretariat - Crown Corporation Policy and Information  
Auditor General of Canada  
[www.canada.gc.ca](http://www.canada.gc.ca)

### International

Australia National Audit Office  
Better Practice Guidelines - Public Sector Governance 2003  
[www.anao.gov.au](http://www.anao.gov.au)

Crown Company Monitoring Advisory Unit  
[www.ccmdu.govt.nz](http://www.ccmdu.govt.nz)



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[www.gov.ns.ca/tpb/](http://www.gov.ns.ca/tpb/)