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**WEST HANTS REGIONAL MUNICIPALITY
Audit Committee – Meeting Agenda
February 19, 2025, 6:00 p.m.
Council Chambers, 76 Morison Drive**

1. Call to Order
2. Declaration(s) of Conflict of Interest
3. Approval of Agenda, including additions or deletions
4. Announcements
5. New Business
 - a.) Recommendation Report – Water Operational Audit
6. Presentation
 - a.) Policy and Internal Controls – Diana Gibson, Manager of Accounting and Financial Reporting
7. Correspondence
8. Public Participation
9. Date of Next Meeting – May 2025
10. Adjournment



WEST HANTS REGIONAL MUNICIPALITY REPORT

Information <input type="checkbox"/>	Recommendation <input type="checkbox"/>	Decision Request <input type="checkbox"/>	Councillor Activity <input type="checkbox"/>
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To: WHRM Audit Committee

Submitted by: _____
Carlee Rochon, Director, Financial Services

Date: February 19, 2025

Subject: Recommendation Report – Water Operational Audit

LEGISLATIVE AUTHORITY

Municipal Government Act, Part II, Administration, Section 31 (c)

RECOMMENDATION or DECISION REQUEST

Audit Committee recommends that . . .

. . . Council approves the award of Request for Proposal WHRMFS24-01 – 2022-23 Water Operational Audit to MNP, for (\$80,950 or \$73,710) plus applicable taxes.

BACKGROUND

Property <input type="checkbox"/>	Public Opinion <input type="checkbox"/>	Environment <input type="checkbox"/>	Social <input type="checkbox"/>	Economic v	Councillor Activity <input type="checkbox"/>
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On January 23, 2024, Council approved the following motion:

Moved by Councillors Ivey and Hartt that Council directs the CAO to secure an independent firm to undertake a detailed, operational and financial audit of the West Hants and Windsor Water Utilities.

Following this motion, Financial Services staff had researched what an operational audit would look like, and what type of financial commitment we could expect.

DISCUSSION

On November 12, 2024, a Request for Proposal (RFP) was posted to the Nova Scotia Procurement Portal and the WHRM website seeking qualified independent auditors to complete an operational audit on the 2022-23 West Hants and Windsor Water Utilities. Within

this RFP it was requested that the auditors provided methodology and pricing on the following items:

- Internal Processes and Controls, including but not limited to:
 - The Metre Reading Process (both in Financial Services and Public Works)
 - The Customer Billing Process
 - Water Customer Account Adjustments
 - General Ledger Account Adjustments
- Management Controls
- Compliance with Nova Scotia Utility and Review Board approved orders
- Current Staff Resources

Initially, the RFP was scheduled to close on December 12, the deadline was extended to January 8th, after a number of questions were received seeking clarification on the requirements.

At the January 8th closing one (1) proposal was received from MNP. This proposal was thoroughly reviewed by Financial Services and Public Works team members to determine if they had met our requirements. At this review, it was felt that a conversation with the MNP team to clarify a few of our requirements to ensure their understanding of our desired outcomes of the operational audit.

Senior Financial Services members met with the MNP team to discuss the type of testing to be used, the level of public works staff involvement in initial interviews, and to hash out the details of the staff resource requirement.

During this call, WHRM requested to have an updated methodology and quote based on the new information and requested to have a quote with and without the staff resource requirement.

- With staff resource requirement - \$80,950 plus applicable taxes
- Without staff resource requirement - \$73,710 plus applicable taxes

NEXT STEPS

Should the Audit Committee recommend to Council to move forward with the operational audit, approval will be requested at Council. Pending that approval the next step would be to reach out to our MNP contacts and set up a kick-off meeting with the team.

FINANCIAL IMPLICATIONS

Tendering Timeline:

Posted to Procurement	November 12, 2024
Closing Date	January 8, 2025
Price Expiry Date	March 9, 2025
Days Remaining	19 Days

There was no budget allocation in 2024-25 for a Water Operational Audit, by approving this RFP award before budget deliberations, Financial Services will be able to ensure the proper amount is included in the 2025-26 water utility budget for this audit.

ALTERNATIVES

- Audit Committee could decide not to recommend to Council.
- Audit Committee could suggest an alternative solution to the operational audit.

ATTACHMENTS

NA

CHIEF ADMINISTRATIVE OFFICER REVIEW

(For use if report is from a Councillor. CAO to provide additional comments on background, department/staff responsible and workload, budget, options, preferred strategy. State “Not Applicable” if report is from staff which already incorporates CAO review.)

Report Prepared by: _____
Diana Gibson, Manager, Accounting & Financial Reporting

Report Reviewed by: _____
Carlee Rochon, Director, Financial Services

Report Approved by: _____
Mark Phillips, Chief Administrative Officer



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Financial Policies

Audit Committee Presentation





This presentation will provide an overview of the financial and administrative policies that impact the financial statements.





Policies Impacting Decisions & Procedures

- Expense Policy, RCOFN-006.00
- Hospitality Policy, RCOFN-001.00
- Investment Policy, RCOFN-005.00
- Procurement Policy, RCOFN-003.00
- Reserve Policy, RCOFN-010.00



Expense Policy, RCOFN-006.00

- This policy directs staff and Councillors on the reimbursement of necessary, actual, and reasonable expenses incurred in the conduct of West Hants Regional Municipality business.
- It assigns approved per diem amounts for the following:

Breakfast \$17

Lunch \$20

Dinner \$30

Incidentals \$5

Meeting Allowance \$12.50

- It also provides details on acceptable travel expenses, from airfare to hotel stays.
- The policy also provides details on how to be reimbursed for these items should a staff member or Councillor incur an expense.
- This policy also sets out the guidelines for quarterly reporting on Council expenses.

Hospitality Policy, FCOFN-001.00

- The purpose of this policy is to provide direction and guidance to Councillors and staff with respect to the appropriate expensing of necessary hospitality expenses that support the Municipality's objectives. While ensuring taxpayers' dollars are used prudently and responsibly with a focus on accountability and transparency.
- The Policy defines the circumstances when Hospitality may be offered, such as hosting dignitaries or recognition events. Other authorized official functions not listed in the policy will require Council or CAO approval.
- It also states that all hospitality events require a Hospitality Request Form be submitted for authorization prior to the event for pre-approval by the CAO. And ensures a second CAO approval once all expenses are recorded.
- A quarterly Hospitality report will then be posted on the Municipal website 30 days after quarter period ends.



Investment Policy, RCOFN-005.00

- This policy governs the investment of trust funds, reserve funds, and surplus cash balance at an optimum level of return while ensuring the principal amounts of investment are preserved.
- This is accomplished by structuring the portfolio so that securities mature and/or are accessible concurrent with cash needs to meet anticipated demands.
- The Director, Financial Services is authorized to execute decisions made by the CAO. Any investments made are to be reported to Municipal Council at its next Committee of the Whole meeting.
- The investment portfolio shall be monitored and reported annually to the CAO and Council, by the Director, Financial Services.
- There are risks that go along with any investment, but this Policy's main objective is the preservation of the principal amount by remaining conservative when choosing investment options.



Procurement Policy, RCOFN-003.00

- This policy directs staff and community groups using municipal funds for single capital projects on the best practices approved by Council for procuring goods and services at various purchasing levels. These practices reflect provincial and federal trade agreements.
- It assigns authority to the CAO to approve purchases within the Council approved budget. The authority is:
 - Goods & Services up to \$25,000
 - Construction up to \$100,000
- It also assigns authority to Directors to approve purchases within the Council approved budget up to \$15,999.99 before HST.
 - With CAO Approval, Directors can assign authority to managers to a maximum of \$5,499.99
 - With CAO Approval, Directors can assign authority to staff members to a maximum of \$2,499.99.
- Anything outside the Council approved budget, or over the signing authority of the CAO, must be recommended to Council for approval.
- This policy also governs the application and use of credit cards and supplier purchase cards.
 - Acquisition of Credit Cards shall be approved by Council.
 - Acquisition of Supplier Purchase Cards shall be approved by the CAO/Director, Financial Services.
 - Both cards are to be used in compliance with the Municipal Government Act Section 65 – Power to Expense Money & Section 67 – Expenditure for Municipal Purposes.



Reserve Policy, RCOFN-010.00

- The purpose of this policy is to establish long term funding strategies for the Municipality and to ensure good financial and cash management for ongoing financial stability.
- This policy supports decisions relating to long-range financial planning for operations and capital projects. Allowing the Municipality to minimize both debt servicing costs and significant annual budget impacts by allocating costs over multiple years through the prudent use of reserve funds.
- It governs that creation, intended use, limitations and targeted balance levels of reserve funds.
- It also directs the Financial Services Department to monitor the status of the reserve funds and how to allocate interest and budget surpluses.





Policies Impacting Revenue

General Services

- Accounts Receivable Policy, RCOFN-015.00
- Acceptance of Donations Policy, RCOFN-007.00
- Fees Policy, RCOFN-013.00

Water

- Utility Assurances Rebate Policy, RCOFN-016.00

Taxes

- Residential Property Tax Assistance Policy, RCOFN-011.01
- Tax Collection Policy, RCOFN-004.00
- Tax Exemption Policy, RCOFN-002.00

Area Rates

- Area Rate Policy, RCOFN-008.00

Other

- Disposal Surplus Real Property, COUNCIL-01-007
- Disposal of Surplus Goods and Material Policy, RADGE-001.00



General Service & Water

- **Accounts Receivable Policy, RCOFN-015.00**
 - This policy outlines the interest the Municipality can charge for outstanding general invoices as well as timelines for interest posting.
- **Acceptance of Donations Policy, RCOFN-007-00**
 - This policy outlines how the Municipality accepts, administers, and uses donated funds. It also outlines Canada Revenue Agency's and the Income Tax Act requirement for issuing tax receipts for income tax purposes.
- **Fees Policy, RCOFN-013.00**
 - This policy applies to fees set out in by-laws, policies, and resolutions authorized by Council for certain applications, licenses, and services that are applicable for residents and businesses when requesting permits, licenses, or other forms of services.
- **Utility Assistance Rebate Policy, RCOFN-016.00**
 - This policy outlines rebates available to Municipal residents for quarterly sewer fees and bulk water fees.



Taxes

- Residential Property Tax Assistance Policy, RCOFN-011.01
 - This policy outlines the rebates available to Municipal residents for their annual property tax billing.
- Tax Collection Policy, RCOFN-004.00
 - This policy is to provide direction regarding tax collection in accordance with various sections of the Municipal Government Act.
 - Interest, arrears, permanent property loss, tax sale, payments and additional costs charged to the property owner are covered in this policy.
- Tax Exemption Policy, RCOFN-002.00
 - This policy outlines the criteria for a property to become tax exempt or qualify for a tax reduction.
 - Registered Canadian Charity, Nonprofits and Nonprofits Commercial can apply. Once added to the list, owners of these properties shall annually provide a statement that the property use remains the same. Deadline to apply is February 28.
 - Council is provided a list annually for approval of the additions and removals from the exemption lists.



Area Rates

- Area Rate Policy, RCOFN-008.00
 - This policy provides the framework and guidelines to be used when establishing and managing an area rate approved by Council.
 - Public will be consulted for recommendation for Council approval. Council may be guided by, but is not bound by, the results of the recommendation polling.
 - The policy outlines the approved purposes, and guidelines that an Association, Society, or Local Community Group must comply with.



Other

- Disposal Surplus Real Property, COUNCIL-01-007
 - This policy outlines disposal criteria and categorizes the property. Each category has a preferred disposal method.
 - The CAO will recommend to Council any real property identified as surplus to operations, and no longer needed.
 - With Council approval on the categorization of the property and declaring the property surplus, the CAO will proceed to dispose as determined by the category.



Other

- Disposal of Surplus Goods & Material Policy, RADGE-001.00
 - This policy outlines the disposal criteria for Information Technology Equipment and provides an opportunity for first rights to Schools of Nova Scotia, Annapolis Valley Regional Library Board, and Atlantic Canada Electronics Stewardship.
 - The CAO will identify which materials and goods are surplus and/or obsolete to departmental requirements and report to Council any materials declared surplus or obsolete over the preceding fiscal year.
 - Disposal criteria for surplus goods other than IT Equipment will be prepared annually and signed off by each department's director.
 - Surplus goods will be given first right to nonprofit organizations up to a value of \$1,000. Any goods that remain will be sent to public auction.





Policies Impacting Expenses

- Acquisition of Real Property Policy, COUNCIL-01-006
- Council Remuneration Policy, RCOHR-001.00
- Grants and Contributions Policy, RCOFN-012.00
- Property Assessed Clean Energy (PACE) Policy, RCOPL-007.00
- Regional High School Bursary Policy, RCOFN-013.00
- Home Flood Protection Pilot Program Policy, RCOPL-008.00



Acquisition of Real Property, COUNCIL-01-006

- This policy governs the acquisition of property, including property outside the municipality, which it requires for its purposes or for the use of the public. A constant and equitable framework is followed when acquiring property that supports Council approved strategies, projects, programs and policies.
- CAO carries out a needs assessment, documenting the rationale and justification for the acquisition and presents it to Council for approval. CAO will obtain sufficient and appropriate advice from specialists and Council will set a budget value for the acquisition.
- The method of acquisition is then determined, negotiation being the preferred method.
- It is the intent of this policy to acquire property on the basis of current market value unless other considerations are included in the transaction and approved by Council. Any variances shall be explained in a recommendation report and presented to Council.



Council Remuneration Policy, RCOHR-001.00

- This policy sets out the rates of Councillor remuneration per year. As well as the requirements to received remuneration, and the required deductions for missed meetings over and above the allotted time per year.
- This policy also sets the rate of remuneration for Citizen Committee members.

Grants and Contributions Policy, RCOFN-012.00

- Annually Council will determine the amount of funding and specify the parameters under which the funding will be provided.
- This policy outlines organizational and funding eligibility criteria and type of grants or contributions that can be applied for.
- Applications will be received and reviewed based on the established parameters and a report will be provided to Council annually, recommending the distribution of funds.



Property Assessed Clean Energy (PACE) Policy, RCOPL-007.00

- This policy provides the guidelines for Municipal residents who may wish to participate in SWITCH West Hants, by increasing the efficiency of their homes and receiving a loan funded through WHRM and PACE.
- The policy sets the parameters on which a resident qualifies for the SWITCH West Hants program as well as setting the fees required to participate.
- This policy also speaks to the actions the Municipality may take in a resident is unable to pay their loan payments.



Regional High School Bursary Policy, RCOFN-013.00

- This policy ensures the Municipality has resources allocated equally throughout the WHRM to support and encourage all graduating students.
- This policy sets forth the requirements on which students across the WHRM may qualify for one of four annual secondary education grants:

The Dr. Garth Vaugh Memorial Bursary	\$1,000
The Jeanne Bourque Carpe Diem Memorial Bursary	\$1,000
The Fred Fox Memorial Bursary	\$1,000
The Inspire West Hants Bursary	\$1,000



Home Flood Protection Pilot Program Policy, RCOPL-008.00

- This policy defines the operational parameters of the Home Flood Protection Pilot Program, including specifying the program's eligibility criteria, methods of assessing applications, types of eligible home upgrades and installations, and details regarding funding..
- The purpose is to offer financial assistance to property owners and renters to:
 - Assess the risk of flooding and explore upgrades and installations to mitigate risk.
 - Implement eligible upgrade and installations that will either reduce the risk or impacts of flooding.



QUESTIONS





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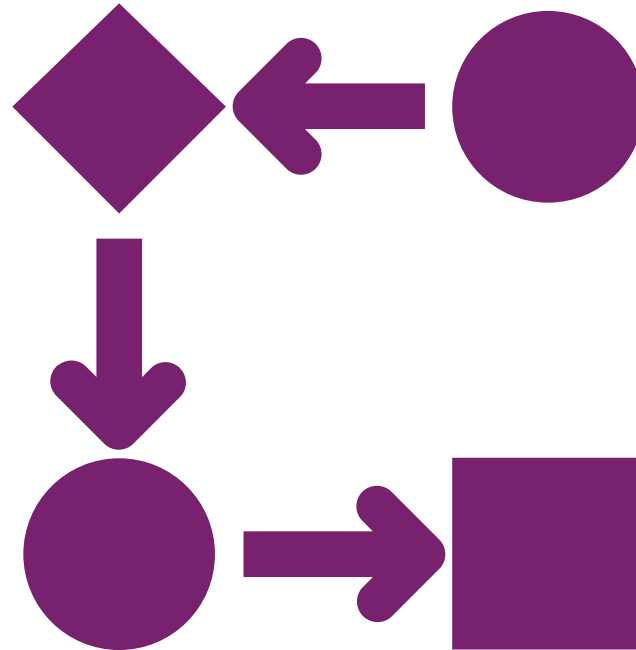
Financial Process

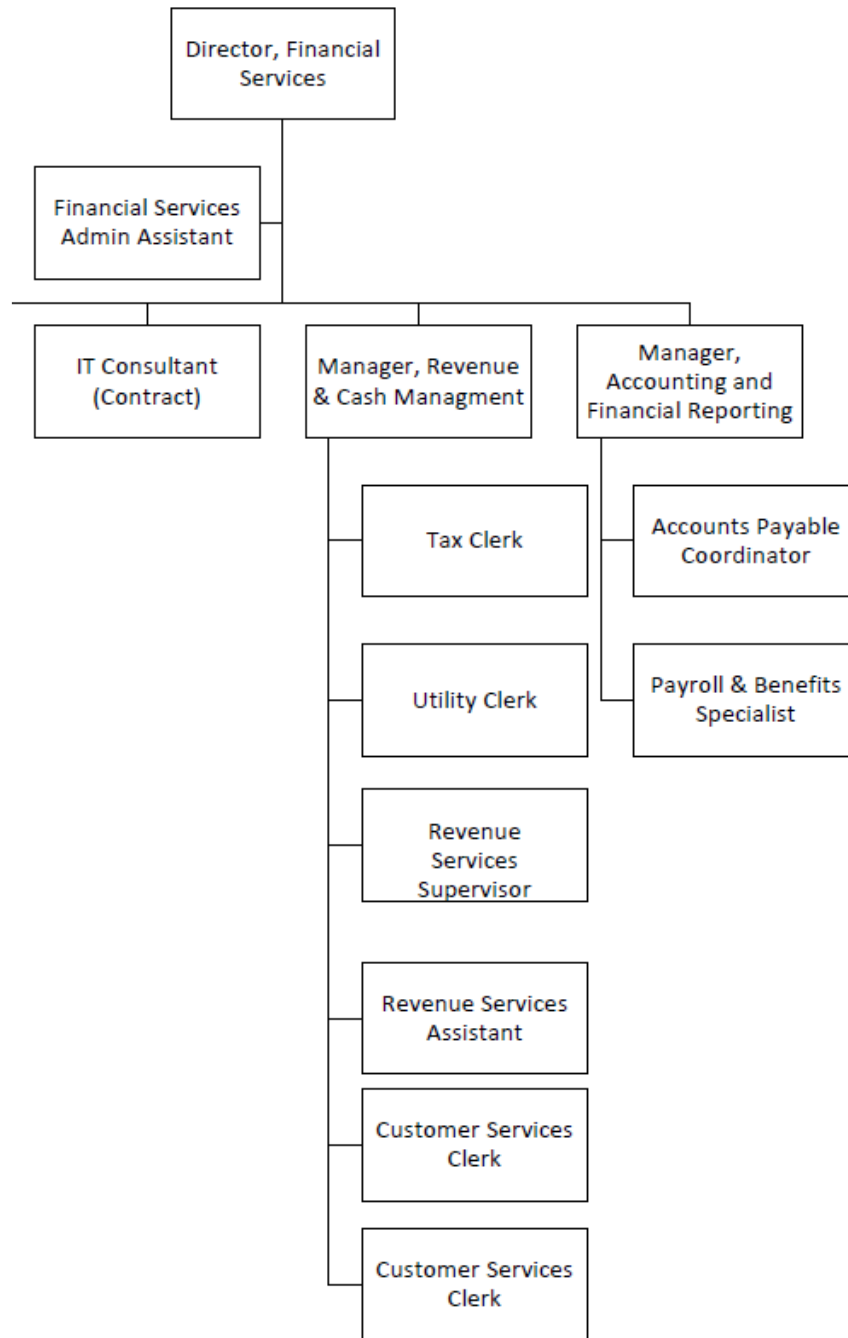
Audit Committee Presentation

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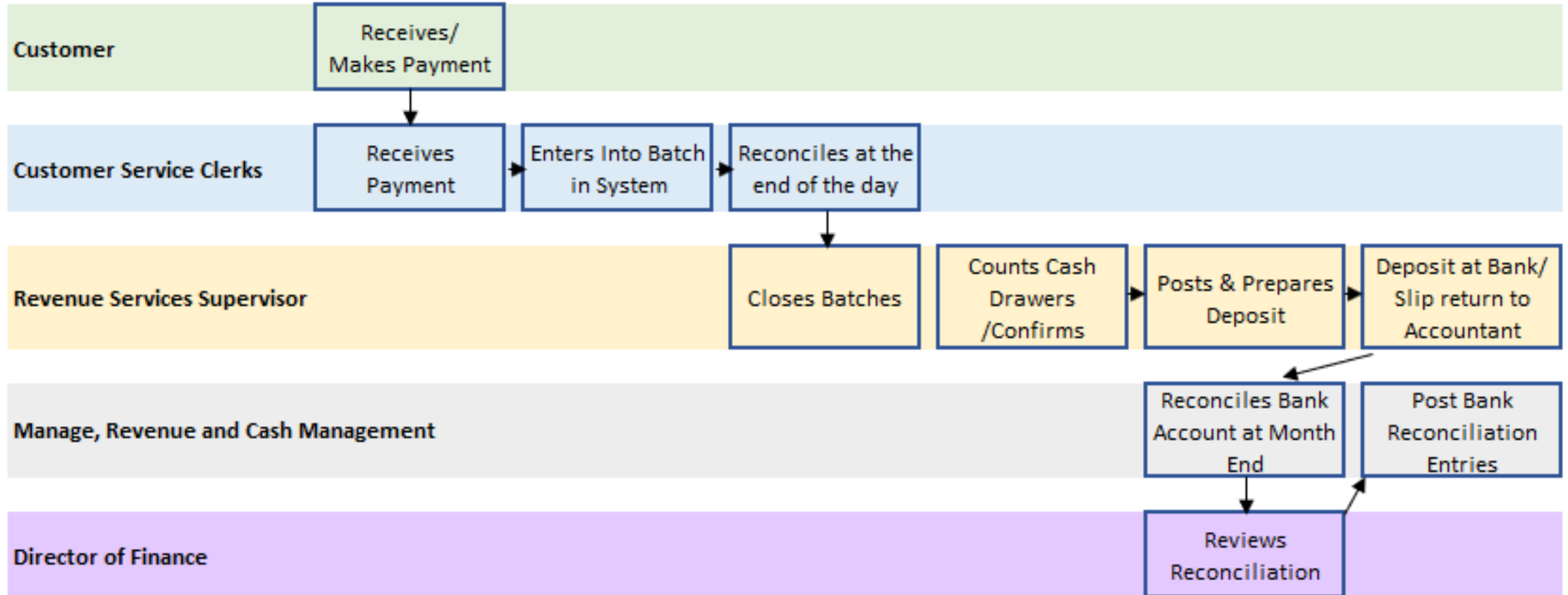
Processes & Information





WHRM Financial Services Department Organizational Chart

Accounting Process - Example payment at the counter

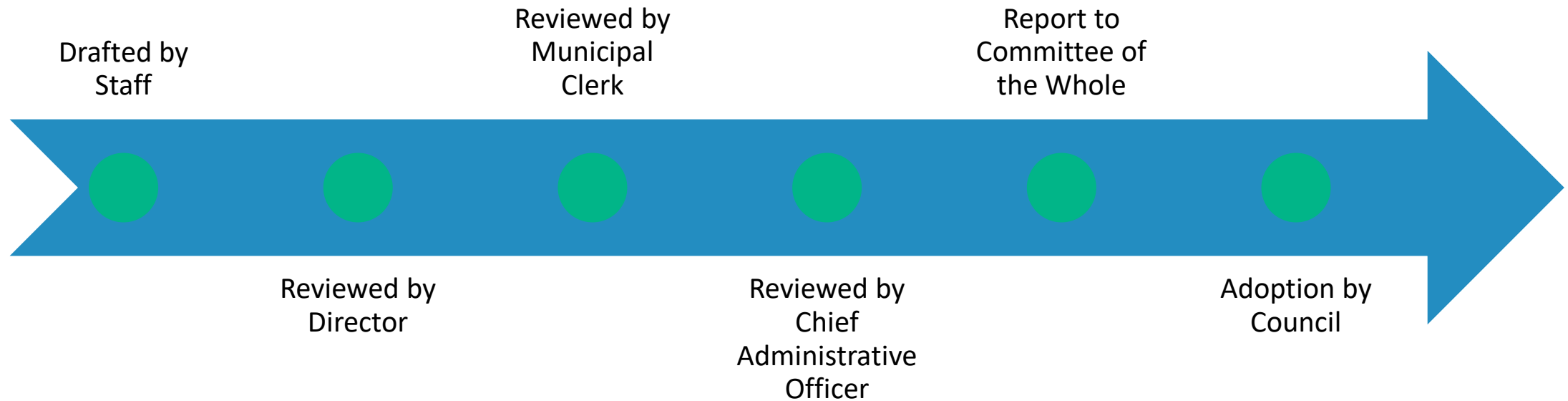


Banking

- The Municipality's banking provider, Royal Bank of Canada.
- Monthly reconciliations are completed.
- Authorized signing authorities for this account are:
 - Chief Administrative Officer
 - Director of Finance
 - Manager, Revenue and Cash Management
 - Manager, Accounting and Financial Reporting



Policy Development

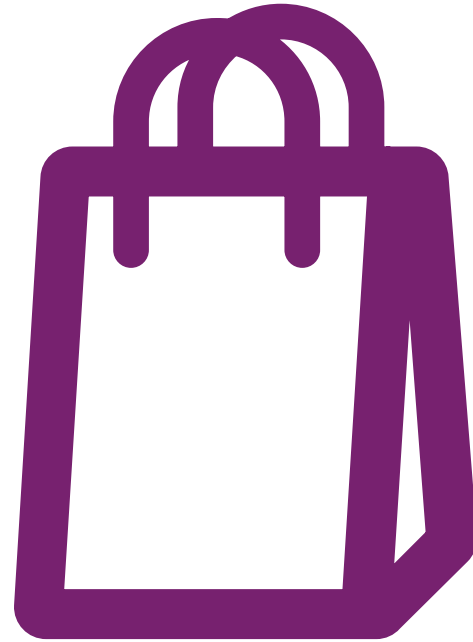


Auditing Requirement

- The Municipal auditors are Kent and Duffett Professional Chartered Accountants
- The auditors review and develop an auditing plan and present to the Audit Committee, along with reviewing the engagement letter.
- Audit engagement letter will then be signed off by the Mayor.
- On-site audit work begins around June-July.
- The audit results are presented to the Audit Committee



Procurement



Signing Authority

- Procurement signing authority may only be granted by the Chief Administrative Officer and must meet the terms of the West Hants Regional Municipality's Procurement Policy.
- Signing authority can only be changed by submitting a completed and signed Signing Authority Form.
- Individuals granted signing authority by the Chief Administrative Officer must work within the approved budget. Anything outside of the approved budget must have Council approval in advance.
- Individuals granted signing authority will only be permitted to sign off on their specified budget accounts and will not be permitted to sign off on any expenses that are payable or will directly benefit themselves.
 - Any that do not follow this criteria could result in delayed payment and if it persists, a recommendation will be made to rescind or temporarily suspend their signing authority.



Procurement Process

- Under \$1,000
 - All documentation is kept and Signing Authority sign-off
- Over \$1,000
 - Purchase Order submitted
 - Approval from the appropriate Signing Authority
- Between \$1,000-\$9,999.99
 - Three verbal quotes required
 - Approval from the appropriate Manager/Director
- Between \$10,000-\$24,999.99
 - Three written quotes required
 - Approval from the appropriate Director or CAO
- Over \$25,000
 - Public Procurement required
 - Approval from CAO or Council



Purchase Order – Approval

The Municipality's purchase order system is completely electronic. As staff submit a purchase order for approval, it will go in the background through an approval process that matches that of the signing matrix.

For example: \$9,000 invoice, based on the Planning Department's signing matrix

Administrative Assistant (a.k.a. Purchaser) submits the purchase order

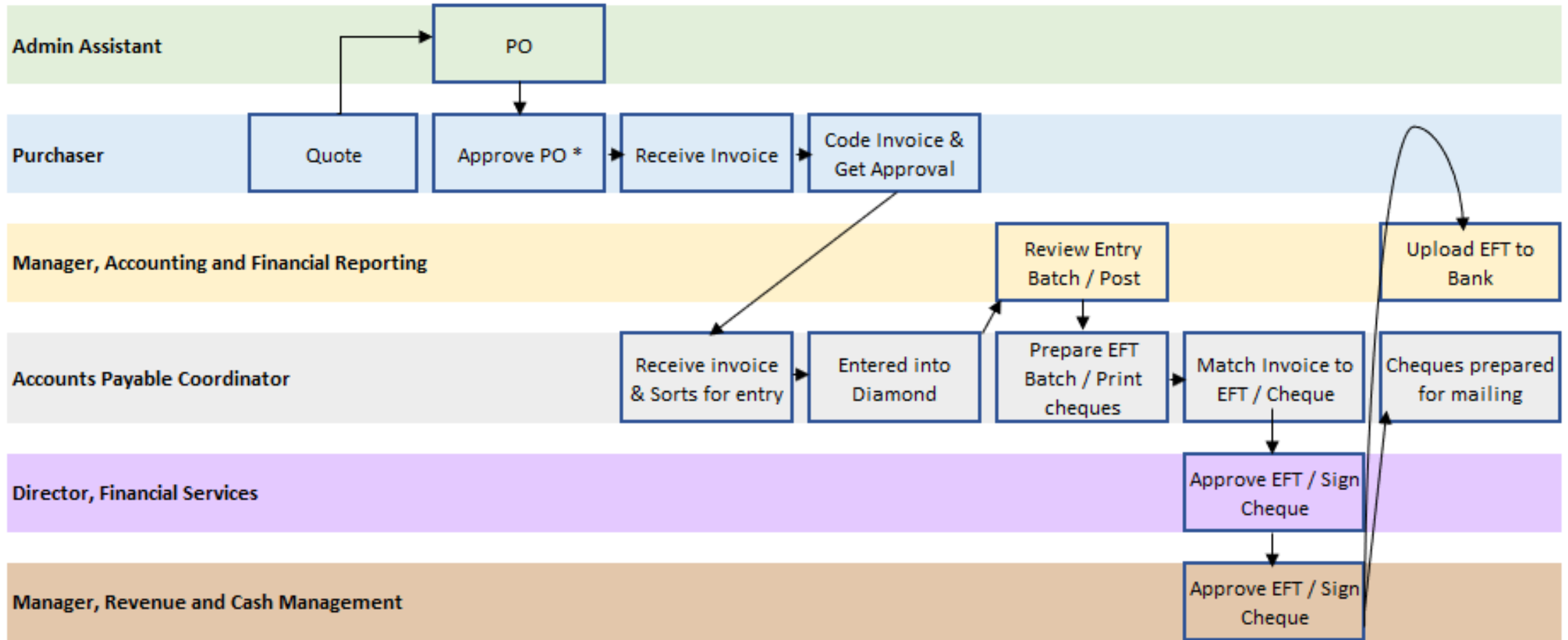
Email goes to Planning Director for approval when the invoice is over Administrative Assistant's approval level

Each approver is set up with a time limit, and if it expires the purchase order will automatically escalate to the next approver in the chain. In this example it would escalate to the CAO

Once approved the Administrative Assistant receives an email noting final approval has occurred and may proceed with the purchase



Accounting Process - example assumes over \$500 and within individual purchaser's signing authority



QUESTIONS





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