West Hants
something inspiring awaits

WEST HANTS REGIONAL MUNICIPALITY
Audit Committee – Meeting Agenda
June 9, 2025, 6:00 p.m.
Council Chambers, 76 Morison Drive

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1. Call to Order
2. Declaration(s) of Conflict of Interest
3. Announcements
4. Presentation of Agenda, including additions or deletions
5. Presentation of Minutes
   a.) December 5, 2024
   b.) January 22, 2025
   c.) February 5, 2025
6. Presentation
   a.) WHRM Audit Plan, Fiscal Year 2024-2025 – Kent & Duffett
   b.) Water Operational Audit - MNP
7. Director's Update
8. Correspondence
9. Public Comment
10. In Camera
    a.) In Camera Minutes, January 22, 2025
    b.) MGA (22) (2) (c) Personnel Matter
11. Date of Next Meeting
12. Adjournment

WEST HANTS REGIONAL MUNICIPALITY
Audit Committee – Draft Meeting Minutes
June 9, 2025, 6:00 p.m.
Council Chambers, 76 Morison Drive

Present :	Abraham Zebian	Mayor
	Rupert Jannasch	Councillor, District 1
	Paul Wheadon	Councillor, District 4
	Meagan Halverson	Resident Member
	Carlee Rochon	Director of Financial Services
	Mark Phillips	Chief Administrative Officer (CAO)
	Carmen Dewar-Miller	Admin Assistant, Financial Services
	Andy Forse	Kent & Duffett Auditor
	Sonny MacDougall	MNP Audit Team
	Raima Z. Khairi	MNP Audit Team
	Jen Hayes	MNP Audit Team

1. Call to Order – Mayor Zebian called the meeting to order at 6:01 p.m.

2. Declaration(s) of Conflict of Interest – No conflicts

3. Announcements – No announcements

4. Presentation of Agenda, including additions or deletions
Moved by Councillor Wheadon and Resident Member Halverson to accept the agenda as presented.
Motion Carried.

5. Presentation of Minutes
a.) December 5, 2024
b.) January 22, 2025
c.) February 5, 2025

Moved by Councillor Jannasch and Wheadon to accept the minutes from December 5, 2024, January 22, 2025 and February 5, 2025 as presented
Motion Carried.

6. Presentation
a.) WHRM Audit Plan, Fiscal Year 2024-2025 – Kent & Duffett

Auditor Andy Forse provided the committee with an update on the audit plan. There have been no difficulties in the planning process to date. The audit team has been in a couple of times over the last few months. They have focused on information gathering through documenting things that may have changed, updates from prior years and changes to staffing or operations. They have done preliminary testing with a primary focus on internal controls.

The auditors also do interim testing to get a sense of how things are going. This helps to determine where to do more testing. They did not find anything to indicate that there would be significant errors later in the process. There are always a few areas that have variances, but nothing that leads the auditors to believe that those variances are incorrect.

The auditors will perform risk assessments through qualitative and quantitative analysis. There will be some extra work around creating a plan related to new accounting policies coming down the road which Auditor Forse will discuss with Director Rochon. There will also be extra work due to the consolidation of the utilities, which happened in October 2024.

Because WHRM internal controls have been so strong in the past, the auditors have been able to rely on them during the audit work. They can reduce testing on payables to the 50-invoice range (from 100) and will test controls during the audit process. They look at invoices compared to what was recorded, that they are accurate, complete and existing (no double-posting or fraudulent invoices).

Higher risk areas (expenditures) get more testing. The auditors have never encountered any instances of theft or misappropriation of assets. There is also higher level testing around capital assets and receivables.

The auditors do not really have any changes to the audit plan this year. To note, every accounting firm gets inspected by their governing body every three years. Last year, during Kent and Duffett's inspection, WHRM was one of the audit files reviewed. The file was given a 10/10 based on the audit process and the evidence gathered.

Director Rochon added that this was a year of significant change. We consolidated our water utilities as of October 1, 2024. There will be some preliminary work going through, more testing around closing balances last year, merged balances and closing balances this year. The Accounts Receivable (AR) Policy also came into effect this year and she anticipates some comments surrounding that. This Council-approved policy acts as a mechanism for staff to manage AR and charge interest on outstanding receivables.

Auditor Forse expressed appreciation that when the audit team arrives on site, they get great cooperation from staff. Sometimes a new or different request can cause pushback, but they have not experienced that with WHRM.

When asked if the auditors examine the budget process, Auditor Forse replied that they do not audit the budget itself. There are no actual transactions, just estimates on spending. They do verify that what they have on the financials was approved by Council. Auditors do have to analyze/provide an overview of risk management and control processes. If the auditors felt that WHRM was not properly assessing the risks, they would have to report on that as part of the management letter. Auditor Forse finds the budget process to be one of the absolute key controls. A meaningful budget process is so important to the internal control and risk management function of the municipality.

Clarification was requested regarding whether the UARB had ordered a stub audit as related to the water utilities' consolidation.

Director Rochon advised that a stub audit was not ordered. The utilities will be audited separately from April 1 – September 30, 2024, then audited as a consolidated entity for the balance of the fiscal year. This means a little more work for the auditors as they test to ensure that balances track through from separate to combined.

b.) Water Operational Audit – MNP
Sonny MacDougall, Jen Hayes and Raima Z. Khairi were present via Zoom to represent MNP. Auditor Khairi is the project manager for this audit and will be the main presenter this evening. She will walk the committee through their three main agenda items; Engagement Objectives, Engagement Approach and Project management.

There are three main engagement objectives:

- Current State Evaluation (processes and controls, Board Order compliance, staffing resources)
- Identification of Gaps and Opportunities (Swot analysis, efficiencies, risks). Specifically focused on the 2022/23 fiscal year.
- Assess the Current Staffing Structure and Growth Projections (staffing levels, present and future)

The engagement approach will happen in four phases:

- Project Initiation
- Understand the Current State
- Findings and Recommendations
- Staffing for the Future

Auditor Khairi provided an example of the project management reporting that will be provided to management on a bi-weekly basis over the course of the audit.

At 6:28 p.m. Mayor Zebian excused himself from the meeting, handing the Chair over to Councillor Wheadon.

Director Rochon asked Auditor Khairi to speak to the testing MNP will be doing.

Auditor Khairi responded that once they understand the full process and controls are identified, they will pick some samples pertaining to 2022/23 and do a detailed test to see if the operational and financial controls in place in that process are operating correctly. Test the design and operating effectiveness. If there were any gaps they would flag them in their report.

Auditor MacDougall added that they first do small sample of testing to determine that the design is working the way it was explained to them. This small sample helps them to understand controls, then a larger sample of testing would be done to ensure that the controls are working on a regular basis.

There was a question as to whether utility customers would be considered as key stakeholders and how they would factor into this audit.

Per Auditor Khairi, the key stakeholders would be considered to be as part of the sampling process as they would pick some water bills to test for issues and concerns. They will also look into bills flagged as complaints but are not planning to have direct conversations with customers.

There was a question surrounding the staffing resources piece. The deliverables look at future growth projections. Is there an assumption being made that the current levels are adequate? Is that part of the scope?

The auditors will look into current staffing levels as part of discussions with management. As the municipality grows, how many people will be required to serve a larger of a population? Are there any gaps or inefficiencies? The auditors would provide the municipality with a tool to project and build out as things change.

Benchmarking, although not included in the auditors' scope of work, might be a valuable exercise. As the auditors are going through processes, they are looking for efficiencies. If there's something blatant, they will flag it. Determining that current staff levels are sufficient is done through staff interviews, investigating operational processes, scheduling and the way work is done.

Director Rochon added that this was one part of the audit that was optional. Looking at internal efficiencies.

Auditor MacDougall noted that this is not a financial audit. His team views it more as an operational review, using audit techniques, with the main focus being on testing controls. They are not giving assurance that they're working to provide material-free financial statements. This operational approach requires much less samples.

Director Roschon has had discussions with the audit team around the credits. They have identified areas where more testing needs to be done.

7. Director's Update

Director Rochon advised that we have received a draft of our 2023 Financial Condition Index (FCI) Report. She is hoping to have the FCI's out soon, meaning the committee may meet ahead of the quarterly schedule. She is also hoping to receive the MNP report in late July or early August.

The auditors are booked for some on-site work during the last week of July which is a little later than normal. Per the recommendation in last year's management letter, staff took the two weeks for a pre-audit review.

Nothing more has been done regarding the financial system. This item will hopefully be included as part of next year's budget.
An RFP will be going out for auditing services, as Kent and Duffett are completing the final year of their five-year contract.

There was a question regarding when the committee would be seeing more financial results. They have not seen the results as of the end of December 2024.

Director Rochon will ensure the results are included as part of the agenda for the next meeting.

8. Correspondence – None

9. Public Comment – None

10. In Camera
Moved by Councillor Jannasch and Resident Member Halverson that the meeting move in camera.
Motion Carried.

At 6:53 p.m., the meeting moved in camera.

At 7:25p.m., the meeting moved out of camera.

11. Date of Next Meeting – tentative for late July, pending receipt of FIR and MNP reports.

12. Adjournment
Moved by Councillor Jannasch and Resident Member Halverson that the meeting be adjourned.
Motion Carried.

The meeting was adjourned at 7:28 p.m.

X
Meeting Chair