West Hants
something inspiring awaits

WEST HANTS REGIONAL MUNICIPALITY
Audit Committee Meeting Minutes
February 4th, 2026, 6:00 p.m.
Council Chambers, 76 Morison Drive, via Zoom & Livestreamed on YouTube

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Present:	Rupert Jannasch	Councillor, District 1
	Chrystal Remme	Councillor, District 3
	Paul Wheadon	Councillor, District 4
	Jim Ivey	Councillor, District 11
	Nicole Hubley	Resident Member
	Vicki Robertson	Resident Member
	Lauchlin Mackenzie	Resident Member
	Carlee Rochon	Director of Financial Services
	Mark Phillips	Chief Administrative Officer (CAO)
	Chelsea Woodman	Admin Assistant, Financial Services
	Andy Forse	Auditor, Kent & Duffett
	Sonny Macdougall	Auditor, MNP
	Raima Khairi	Auditor, MNP
	Absatou Koita	Auditor, MNP
	Jen Hayes	Auditor, MNP

1. Call to Order – As Mayor Zebian sent his regrets, Councillor Jannasch called the meeting to order at 6:02 p.m.

2. Introductions – The three new resident members were introduced to the committee.

3. Declaration(s) of Conflict of Interest – No declarations

4. Announcements – No announcements

5. Approval of Agenda, including additions or deletion
   Approved as presented.

6. Approval of June 9th, 2025, Minutes, including additions or deletions
   Moved by Councillors Ivey and Wheadon

7. Presentation

a.) MNP, Water Auditors, Water Operational Audit Presentation
Sonny MacDougall, Jen Hayes, Absatou Koita and Raima Z. Khairi were present via Zoom to represent MNP.

Auditor Khairi introduced herself as the Project Manager and explained that she would be the main presenter. She offered that she would walk the committee through their three main agenda items: Engagement Objectives, Engagement Approach and Project Management.

Auditor Khairi began with the engagement overview. It was noted that WHRM has engaged MNP to conduct an operational review for the two water utilities for Windsor and West Hants for the 2022-2023 fiscal year and current state evaluation of key processes. It was advised that WHRM is undergoing growth which puts added pressure on both the Finance and Public Works Departments. To assist MNP has developed a staffing model to help identify where additional staff is required.

Auditor Khairi then moved on to the next phase project approach. Deliverables from the staff reporting process were drafted narratives four key processes: Operational steps, determine process frequency and identify existing controls, credit issue assessment, and staffing model.

2022-23 Credit Adjustment issue: involving the bulk master meter that tracks water transfers between the Windsor Utility and TMP. The main takeaway is that the overbilling occurred only between the two utilities and did not affect customer billing. The causes have six main themes: meter malfunction and replacement, undetected read error, billing and recording mistakes, year-end cut off, communication and oversight gaps, documentation and transparency gaps.

Auditor Khairi moved on to the timeline of events which is meant to give Council and the Audit Committee the full chronology in one place. Auditor Khairi highlighted key takeaways from the timeline of events: actions were taken and the issues were ultimately eliminated with consolidation reoccurring theme in the record is that clarity reconciliation package and quantification of drivers were not consistent which allow confusion to persist over multiple years.

The current state overview was presented by Auditor Khairi.

- Strengths highlighted: access controls, escalation protocols, UARB compliance, payment collection, monthly reporting to council.
- Key gaps: staff capacity, systems and technology, manual steps and reporting
- Recommendations summary: Improve financial reporting, increase frequency of internal water meter audit and inspection for earlier detection, invest in cross training staff, hire a senior accountant to support the Director of Financial services, and create a Public Works Advisory Committee.

Auditor Koita presented the staffing model that was created. She noted that it provides valuable insight that can be leveraged during the upcoming organization-wide review. The trends indicate emerging capacity pressures in both Public Works and Finance departments. The model incorporates population growth, housing development and operational workload to generate 10- year staffing projections aligned with anticipated service demand. Auditor Khairi added that the key takeaway is it is a tool that can be updated as assumptions change and it is intended to support West Hant's planning as growth continues. It's a dynamic tool for management to change based on the input MNP has entered. The presentation concluded offering time for questions.

A question was asked if the full report that was used to create this presentation was going to be circulated to the committee. The presentation represents the executive summary of the report although the final report has not yet been received. Management staff have only seen a draft; no significant changes are expected. Once the report is finalized it will be released to the committee.

A question was raised how the variance level was measured for the utility billing error. Director Rochon explained from a variance analysis component we would look at quarter to quarter and compare the previous year while looking at year end total and where is it projecting, how the forecast is looking and then comment on anything on the variance method of anything plus or minus 5% making a physical comment on financial updates.

It was noted that West Hant's was annually on water utility but changed to quarterly which looks at the account and while doing the budgeting exercise variance averages are used. It was reported that the Water Utility Clerk picked up on misreads also requiring investigation.

A suggestion was made to include a more detailed quarterly report including an updated budget, actual and remaining balance for the year. It was advised that it would be very valuable to look at previous reports as a structure for reports for council.

b.) Kent and Duffett, Andy Forse- 2024-25 Consolidated Financial Statement Presentation

Auditor Forse began his presentation stating their goal is to provide reasonable assurance that the statements are presented fairly. Some key points include:

- in the process they did not encounter any modifications that were not approved by staff and forwarded to the auditors, staff came across a few things in their own review process.
- The revenues were up $42.4 million up from $40.7 million the year before. Due to an increase to the tax revenue which went from $26.3 to $28.9 million which is a good robust increase to the taxes.
- There were some actual decreases with Canada Community Building Fund (CCBF) in particular with the year before being $1.9 million and this year $800,000 which is a factor of how CCBF is recorded. Over $1 million was received in CCBF funding but can only record revenue of what was spent which was $867,000 of the CCBF funds on qualified projects. The remainder of the revenue received for CCBF is deferred revenue and deferred CCBF makes up for approximately $7 million of the deferred revenue total.
- There was a slight decrease in other revenue from services with last year $3.5 million and this year $2.7 million. The biggest difference with the Sustainable Services Growth grant received the year before.
- It was consistent across the actual results compared to last year from the revenue side.
- The expenditure side did have increases with most of it in amortization which is noncash. This is a good reflection of the capital investment made this year.
- There were minor increases across the board however nothing significant just natural inflation.
- The largest other change was the appropriation to the school board which is beyond control.
- This summarizes an annual surplus of $2.6 million.
- There is a consolidated accumulated surplus of $100 million which is healthy.

- In the statement of financial position there is a net asset position which is positive. The municipality invested approximately $12-13 million of capital assets in this fiscal year, which is a great investment in capital, however a significant portion was self funded as the only new debt received this year was $3 million therefore there is a $9 million funding of the capital asset position from internal sources. The cash balance was $30 million in 2024 and now it is $27 million. It was confirmed even though the municipality shows a net financial debt position of $2.6 million the overall financial picture of West Hants Municipality is incredibly a positive healthy and vibrant with no cause for concern.
- There were a few other variances. The increase to the water fund expenditures was primarily in depreciation which touches upon the investment to the water utility on the capital side. This is a noncash expense. The water utility had a break-even position, but a significant portion of that breakeven analysis would be the increase to the amortization which reflects the capital commitment to that utility. It was highlighted the amalgamation created extra work in terms of opening balances, and transfers. In the end there is one utility which will resolve problems moving forward.
- There is a management letter to report which was sent to the Director of Finance. Auditor Forse explained there are three different comment levels. Both items mentioned were considered minor.
    - He noted that it was found that some of the individual funds were out of balance at year end. However, the entire trial balance did balance. It is best practice to remain balance funds at all times as without it may not be as reliable as it could be. It was felt the issue was minor in magnitude.
    - HST Rebate calculations and reporting was improperly done creating improper amounts. Discovered and corrected by management internally before the audit.

Auditor Forse finished his presentation and asked if the committee had any questions.

Vicki Robertson advised she noticed under revenue that there was a significant other revenue of $2 million and asked for more clarification. Auditor Forse offered the difference in other would be the grants that come from a capital fund or a reserve fund. He explained in other of the $1.986 million, $1.90 million of that is actually a capital grant which was not budgeted and therefore would not be seen on the financials. He advised the other was insurance proceeds that were received throughout the year.

Vicki Roberson noticed that a surplus is budgeted which was exceeded. She indicated the FRAM standard for municipalities requires that any surpluses go into a reserve. She questioned if there are any statements that show accumulated surplus, and if it is in specific reserves and if there is a policy of where the surplus goes.

Director Rochon responded when looking at the consolidated budget it includes everything and that they don't budget per FRAM surplus. She referred to page 26 which reflects the nonconsolidated statement which shows the Municipality follows the FRAM guidelines and budget for zero. She noted you will see the nonconsolidated surplus on page 26 that gets moved into the reserve. Auditor Forse agreed that page 26 is more ideal for information purposes. He advised the budget does go to zero as change in fund balance with $1.4 million surplus which would be on a cashflow basis.

Director Rochon noted that one of the practices the Municipality implements that may differ is budgeting for debt services in advance. She confirmed as part of the transfer they airmark the difference for the debt servicing projects when they are completed and reduce the borrowing amount from MFD.

Auditor Forse referred to page 37 which shows three separate operating reserves, Windsor, West Hants and Region with a $1.8. $2.3 and just under $1 million closing fund balances in all the reserves combined at the end of the year. Director Rochon stated due to the dissolutions and amalgamation there is duplicate or extra reserves as they have to stay within the former boundaries of the former municipal units but noted they will slowly disappear as the money goes away.

Councillor Ivey asked for clarification on why the financials are later this year. Auditor Forse responded that that he would summarize it into two categories. The first being he felt the water utility audit presentation raised an interesting point in that the Finance Department could benefit from an additional staff member.

He offered that the Director of Finance has a new staff member and suggested that this is a unique accounting setting with different standards. He felt that with the new staff it was delayed getting the information due to the learning curve. He clarified that he did not mean this as any form of criticism as they were taking their time to ensure it was done with high quality. He indicated there were some trial balances that they received later than usual.

Auditor Forse stated the other issue was himself and explained this would be his last time doing this audit due to personal health issues which precluded him from working at his normal pace, to which he apologized. He felt that it should not lead the committee to have less confidence in the Finance staff and suggested it is a very tall task for the Director to have inexperienced staff under her. He estimated the learning curve to be approximately two years, and two months is insufficient for that staff person. He did not foresee it being an issue moving forward as staff gets more experience going into the second audit as a team. He reminded this is a large municipality cautioned about having one person to manage the majority while understaffed.

Councillor Ivey suggested that it may be beneficial if the Audit Committee gave quarterly reports. Auditor Forse agreed this was a good point and in the management letter before they suggested more frequent financial analysis would be beneficial. He felt if there as analytical review process it could identify issues quickly and see the current results.

Councillor Jannasch asked for clarification on the relationship between the net assets and the depreciation expense. Auditor Forse commented usually what would be seen is if you have $12 million in capital expenditures you would expect to see a significant portion in debt. He offered the fact that to a quarter of it was funded through debt is the reason the net asset went to a net debt position.

He confirmed the net asset calculation is the financial assets less your financial liabilities. He noted when increasing the nonfinancial assets which is capital assets and prepaids which is a lot of cash is going out from the reserves and different funds to fund the capital assets additions. He offered that the atomization when from $4.6 to $5.8 million which is a very significant increase to the atomization expense in one year. He suggested that often that towns underfund their capital, departments and utilities and funds. He felt it is tremendous to be able to purchase almost $13 million of capital assets with $3 million of debt. He commended West Hants for doing some wonderful commitments to their capital infrastructure which should pay dividends long term.

Director Rochon referred to pages 16/17 which shows a breakdown of the tangible capital assets over the year which reconciles to the statements.

Councillor Ivey inquired about the salaries for the elected officials and whether it is changing regarding allocating compensation. He indicated there seems to be a different set of numbers. Director Rochon advised that any expenses as part of renumeration would need to be added which is required to be reported through FRAM and the MGA. She added it would also be from when Council made a motion in 2025 to make a change to the renumeration and as part of the election there was a Deputy Mayor position change, adding that prorated amounts that impact that change halfway through the year.

Councillor Ivey asked about Valley Waste. Director Rochon clarified that she discusses this yearly with the auditor and staff are trying to get everyone caught up. She confirmed they are holding it until confirmation is received from Valley Waste on what they are doing.

Councillor Ivey referred to previous discussion regarding under allocating the correct tax rate amount for the RCMP based on an incorrect allocation in 2023/2024. He questioned if there is something that tracks that this is caught up. Director Rochon confirmed he was talking about the 4-cent increase for West Hants. She offered this was discussed during the budget process and noted the biggest driver of some of the change was increase in waste. She advised 2023/2024 budget had miss estimates which was required to be corrected in the taxing model in the next budget to ensure the $700,000 that was not captured in the taxing before. She clarified it wasn’t all related to RCMP.

Councillor Wheadon asked Director Rochon for clarification on the expenses column if it was councillors expense submitted monthly or during their term. Director Rochon advised this would include training, conferences, etc. required.

Moved by Councillors Wheadon and Remme that Council approve the West Hants Regional Municipality's Audited Consolidated Financial Statements ending March 31, 2025, as presented to the Audit Committee.
Motion Carried.

8. New Business
a.) Directors Update

Director Rochon reported that once Council approves the audited statements, they will be requesting a Special Council meeting to get them sent to the province. She noted staff will then post the RFP for auditing services and that an Audit Committee meeting will be required at the end of March in preparation for the audit presentation. She suggested that there will be more than the four annual meetings. She confirmed once the RFP is posted will a closing date of tentatively early to mid March, following a recommendation to Council.

She confirmed the other item on the agenda is associated to the financial system updates. She noted it is a significant process that is upcoming this year and will require a lot of staff resources and investments. She confirmed staff will be making a recommendation in the upcoming budget year for the new financial system to which she has provided an estimate to Council on that cost. She cautioned there are not a lot of programs that cater to municipal financial operations and therefore there is a limited pool of which to receive quotes.

Director Rochon addressed the report that was circulated for the 2023/2024 Financial Condition Index. She explained the province was behind in issuing these reports, however they have released two. She stated that we have been consistent over the last number of years and remain in a low risk with one yellow category in the tax collection receivable. She pointed out that this is something that is continually worked on however there is a significantly large account they have been dealing with. She offered that she hoped to have updates on this matter soon for Council.

Vicki Robertson inquired if the uncollected taxes is any better. Director Rochon confirmed it was improving however the outstanding account is significant and continues to grow.

Vicki Robertson referenced that West Hants was recently in court trying to force payment and asked if there is a good portion of the 13%. Director Rochon confirmed this to be true.

Councillor Wheadon mentioned in the report he noticed that only 482 people have moved to West Hants in the past 10 years and inquired if that has recently changed, and offered this seemed small for a growing municipality. Director Rochon offered these are prepared by the province and they use the numbers provided by Statistics Canada. She indicated that through preliminary meetings on the integrated resource plan which is seeing similar growth. She added it is also based on two years ago and may not reflect the actual number.

Councillor Ivey suggested that format for council be changed slightly to show how the budget is being allocated throughout the year. Director Rochon appreciated the comments and indicated that she has to prepare that monthly and she wanted to show what has been presented to Council at this time. She confirmed she will have the detailed reports for the quarter end at the next meeting which will include the suggested detail.

She confirmed the March meeting will also include the review of the internal processes, and internal controls. She felt with new committee members the Terms of Reference should be reviewed, noting the role of the Audit Committee has changed over the year. She suggested if Council wishes the committee can make referrals to Council. Councillor Ivey indicated he would very much support this.

9. Correspondence- None

10. Public Comment- None

11. Date of Next Meeting – Early to mid March

12. Adjournment –

The meeting was adjourned at 7:45 p.m.

X

Committee Chair