From:	Rick Smith
To:	PublicOnlyCouncilEmail
Subject:	WHRM Procurement Practices - Audit Services
Date:	June 30, 2026 1:32:37 PM
Attachments:	Audit Comments - .docx

To all Councillors,

Attached is a brief regarding WHRM procurement practices when selecting audit services.

I believe that it is timely, given the circumstances and encourage you all to take the time to read it at your earliest.

Regards Rick Smith

West Hants Regional Municipality – Procurement Practices - June 30, 2026

WHRMFS 26-01 Annual Audit Services

Issued April 17, 2026, Closing date May 28, 2026

Contact Jennifer Gilbert

Bid Submission – Two Stage Evaluation

Proposal Evaluation – Stage 1 Technical Evaluation must achieve at least 75% of the total technical points (70).

Stage 2 - Cost Evaluation maximum 30 points.

The Recommendation Report noted that three proposals were received, one from MNP LLP, Doane Grant Thorton LLP, and BDO Canada LLP.

The report said that there was a two -phase evaluation process and proposals needed to score at **least 56 out of 70 points (80%) to move to the next stage**. The team determined that only two proposals met the minimum score. MNP LLP apparently did not meet the minimum score?

The proposals were reviewed by staff, including the Director, the Manager of Accounting and Financial Reporting and the Municipal Clerk.

The Recommendation Report dated June 11, 2026, was prepared by Carlee Rochon, Director, Financial Services.

This Recommendation Report was presented to the Audit Committee on June 17, 2026. Issues were raised during the meeting by counsellors and resident committee members regarding the role of the Audit Committee in the review, selection and recommendation process.

The Audit Committee went in camera to discuss the issue and subsequently approved a motion to recommend that Council award a contract to BBO Canada LLP to provide audit services to WHRM.

Concerns with the Annual Audit Services Procurement Process

Appendix E Audit Committee of the WHRM Meeting and Procedural Policy Section 5 Duties and Responsibilities 5.1 (a) The Audit Committee review the qualifications, independence, quality of service, performance, and fees of the auditors and recommend the appointment of the auditor to Council.

This policy is in place to ensure complete independence between WHRM's management / financial team and the auditors. Management cannot be allowed to choose who reviews and audits the very work that they do. In other words, they should not be involved in the evaluation and selection process other than to provide support to the Audit Committee.

It is normal practice to have safeguards in place to ensure accountability, by putting controls into the hands of an oversight body such as an audit committee. This also helps to avoid any conflict of interest between finance, management and the auditors.

I understand that the Audit Committee did have the opportunity to review and approve the recommendation report, however without any direct involvement with the process.

Scoring

There appears to be an issue with the minimum score required to move forward to stage two of the evaluation.

The request for proposal said at least 75% of the technical points would be required as a minimum requirement (75 % of 70 points which is **52.5 points**), compared to the Recommendation Report which used 80 % of 70 points which is **56.0 points**.

The technical score was intended to be a maximum of 70 points based on a weighted average. The proposal scores were determined to be 89.5 and 81.7 points which exceeds the 70-point maximum.

This indicates that the Recommendation Report used an **incorrect calculation.** My concern is that this calculation error will affect all the proponents scoring and may have possibly disqualified MMP LLP.

It is completely inappropriate to change the scoring process outlined in the RFP and use a different calculation in the recommendation process.

It is difficult to understand that a national audit firm such as MMP LLP did not meet the required minimum points. MNP is a registered auditor with Municipal Affairs and currently are auditors for the Cape Breton Regional Municipality.

It is apparent, that the Audit Committee should have carried out the review of the RFP's, the evaluations (including interviews with the qualifying proponents) and the recommendation process from start to finish.

It appears that this matter should be revisited and dealt with at your earliest.

WHRMFS 24-01 2022-23 Water Operational Audit

Issued November 12, 2024, Closing Date January 8, 2025

Contact Diana Gibson, Manager, Financial Services & Carlee Rochon, Director, Financial Services

Bid Submission – One-part submission process.

Proposal Evaluation – Part 1 based on 80 points for technical and Part 2 based on 20 points for price.

Recommendation Report dated February 19, 2025, was prepared by Diana Gibson. Manager, Accounting and reviewed by Carlee Rochon, Director, Financial Services.

Report noted that only one proposal was received from MNP. The proposal was reviewed by financial services and public works team members to determine if they had met all their requirements.

It does not appear that an evaluation score was provided to the Audit Committee.

The Recommendation report was reviewed by the Audit Committee on February 4, 2025, and subsequently approved by a motion of Council on February 19, 2025.

Concerns with the 2022-23 Operational Audit Procurement Process

The motion of Council stated 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.

Appendix E Audit Committee of the WHRM Meeting and Procedural Policy Section 5 Duties and Responsibilities 5.1 (a) The Audit Committee review the qualifications, independence, quality of service, performance, and fees of the auditors and recommend the appointment of the auditor to Council.

As identified previously this policy is in place to ensure complete independence between WHRM's management, financial team and the auditors. Management cannot be allowed to choose who reviews and audits the very work that they do. In other words, they should not be involved in the evaluation and selection process other than to provide support to the Audit Committee.

It is normal practice to have safeguards in place to ensure accountability, by putting controls into the hands of an oversight body such as an audit committee. This will also help to avoid any conflict of interest between management and the auditors.

I understand that the Audit Committee did review and approve the recommendation, however without any direct involvement with the process. It appears as well that the Proposal Evaluation and scoring was not provided to the Audit Committee for their review.

The motion of Council was not carried out as requested and the terms of reference in the Request for Proposal were changed. This should not have happened and the effects are obvious.

It should be noted that the auditors MNP qualified the limitations of the scope of their work as noted in the Work Addendum on page five of their report.

These issues could have all been avoided, if the intent of the Audit Committee Policy had been followed and the Audit Committee managed the selection process.

Respectfully Submitted   Rick Smith