West Hants
something inspiring awaits

**WEST HANTS REGIONAL MUNICIPALITY REPORT**

| Information ✓ | Recommendation ✓ | Decision Request ☐ | Councillor Activity ☐ |
|---|---|---|---|

**To:** Committee of the Whole, West Hants Regional Municipality

**Submitted by:** Jim Ivey, Councillor, West Hants Regional Municipality

**Date:** July 14, 2026

**Subject:** WHRM Procurement Practices - Audit Services

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**LEGISLATIVE AUTHORITY**
MGA Section 44 Audit Committee
Meeting and Committee Procedural Policy -Appendix E: Audit Committee

**RECOMMENDATION or DECISION REQUEST**
Committee of the Whole recommends that Council direct the CAO to provide the correspondence received on June 30th, titled "WHRM Procurement Practices – Audit Services" in advance of the next meeting of the Audit Committee for its review and consideration.

**BACKGROUND**

The Audit Committee met and reviewed the recommendations of staff for the appointment of new auditors for the West Hants Regional Municipality.
The Committee approved the recommendation at its meeting on June 17, 2026.
West Hants Council approved the recommendation of the Audit Committee at its meeting on June 23, 2026.

Subsequent to the approval of the Auditors by Council, correspondence was received by West Hants Council from local resident Mr. Rick Smith. In his brief he identified inconsistencies in the scoring model from within the RFP when compared to the scoring being presented within the recommendation report to the Audit Committee (percentage allocation, weighting and scorinng numbers presented). He also raised concerns of policy interpretation

| Property ☐ | Public Opinion ✓ | Environment ☐ | Social ☐ | Economic ✓ | Councillor Activity ☐ |
|---|---|---|---|---|---|

**DISCUSSION**

The issues of concern raised by Mr. Smith are noted within the Appendix below. The possible scoring impact is not readily apparent as only two of three applicant scores were presented. In order to ensure the concerns raised are properly addressed, it is recommended that the correspondence received be provided to the Audit Committee for their review and consideration.

**NEXT STEPS** To be determined

**FINANCIAL IMPLICATIONS:** To Be Determined

**ALTERNATIVES:** Council may choose not to refer the correspondence

**ATTACHMENTS: (In Appendix below)**

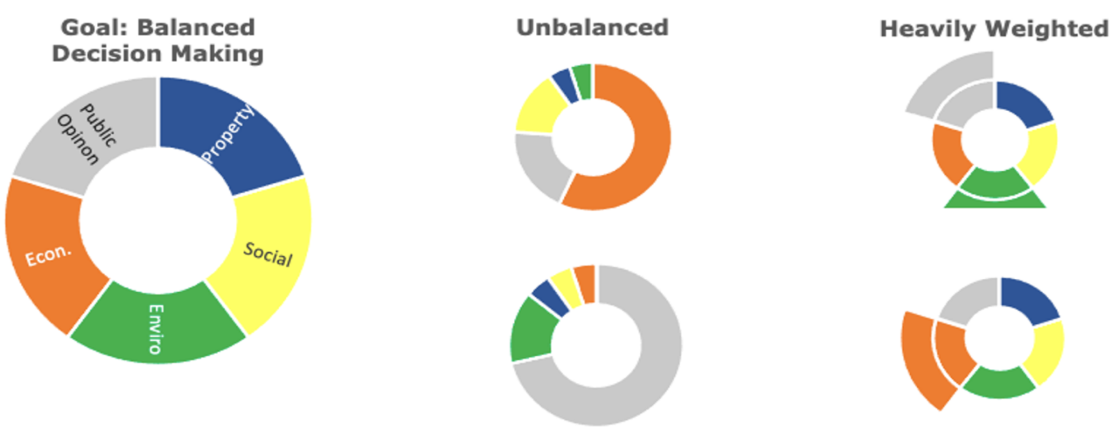
1. Correspondence from Rick Smith Titled "WHRM Procurement Practices – Audit Services"
2. Meeting and Committee Procedural Policies: Appendix E Audit Committee
3. MGA Section 44

**CHIEF ADMINISTRATIVE OFFICER REVIEW**

The correspondence can be added to the Audit Committee's agenda by request to the Committee Chair as part of normal committee or Council meeting preparation practice. An endorsement from Council would allow Council to provide comments if they wish.

I have no opposition to the decision request.

*Council has been provided with a reference taken from the Meeting and Committee Procedural Policy , Appendix C "Decision Making by Council and Committee of the Whole" as a reminder of the principles highlighted for good decision making.*




Report Prepared by: Councillor Jim Ivey
Report Reviewed by: ___________________________________

Report Approved by: ___________________________________

**APPENDIX**

**Item 1 of 3**
**Correspondence from Mr. Rick Smith**
**From:** Rick Smith <[redacted]>
**Sent:** June 30, 2026 1:32 PM
**To:** PublicOnlyCouncilEmail <allcouncil@westhants.ca>
**Subject:** WHRM Procurement Practices - Audit Services

**Caution [External Email]**

This email comes from an outside sender. Verify the sender and use caution with any requests, links or attachments.

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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

**Item 2 of 3**
**Audit Committee Terms Appendix E (Meeting and Committee Procedural Policy)**

**APPENDIX E Audit Committee**

**1. PURPOSE**

1.1. The primary purpose of the Audit Committee (the "Committee") is to provide advice to Council on all matters relating to audit and finance. The objective of the Committee is to:

a) fulfil the requirements outlined in Section 44 of the Municipal Government Act; and

b) assist Council in meeting its oversight responsibilities by ensuring the adequacy and effectiveness of financial report, risk management and internal controls.

**2. SCOPE**

2.1. This Policy is applicable to all serving members Audit Committee.

**3. DEFINITIONS**

3.1. In Appendix E,

a) “Auditor” means the External Auditor conducting the audit of the Municipality;

b) “CAO” means the Chief Administrative Officer for the Municipality;

c) “Director of Finance” means the Director of Financial Services for the Municipality;

d) “Municipality” means the West Hants Regional Municipality.

**4. COMMITTEE COMPOSITION**

4.1. Council will annually appoint members to an Audit Committee.

4.2. The Audit Committee will consist of nine (9) members: the Mayor, five Council members, and three resident members who are not members of Council or Municipal Staff. a) Resident members should be sufficiently versed in financial matters to understand the Municipality’s account practices and policies and the major judgements involved in preparing the financial statements.

b) Where an audit committee does not include any resident members, the audit committee will continue to meet and perform its duties and may exercise its powers. The Municipality will advertise to recruit resident members at least once every six months until the requirement is met.

c) The Mayor will chair the Audit Committee meetings, and in their absence, another appointed Council member will chair.

d) The CAO and/or Director of Financial Services will provide staff support to the Committee. They are not voting members of the Committee.

e) The Council Renumeration Policy will be followed regarding any remuneration for the two resident members.

f) All members must abide by the Administrative Terms of Reference set out by the Committee and reviewed the by CAO.

**5. DUTIES AND RESPONSIBILITIES**

5.1. Audit: a) Review the qualifications, independence, quality of service, performance, and fees of the auditors and recommend the appointment of an auditor to Council.

b) Carry out the responsibilities of the Audit Committee contained in Section 44 of the *Municipal Government Act*, in consultation with Management.

5.2. Finance and Risk Management a) Review with Management the quarterly financial updates and recommend to Council to be received.

b) Management will give a presentation on all financial policies used in the preparation of the external financial statements; at the first annually meeting of the year.

c) Review with Management the adequacy of internal controls.

d) Review with Management annually risk management practices including insurance coverage.

**6. ADMINISTRATION**

6.1. Meetings of the Audit Committee will be held at least quarterly. Additional meetings may be necessary to review items relating to the audit and will be called by the Chair.

**Item 3 of 3**

**Municipal Government Act (MGA) Section 44**

Audit committee

44 (1) The council shall annually appoint an audit committee.

(2) The responsibilities of the audit committee include

(a) a detailed review of the financial statements of the municipality with the auditor;

(b) an evaluation of internal control systems and any management letter with the auditor;

(c) a review of the conduct and adequacy of the audit;

(d) such matters arising out of the audit as may appear to the audit committee to require investigation;

(e) such other matters as may be determined by the council to be the duties of an audit committee;

(f) any other matters as may be determined by the council.

(3) An audit committee shall meet at least twice in each fiscal year.

(4) Subject to subsection (5), an audit committee must include a minimum of one person who is not a member of council or an employee of the municipality.

(5) Where an audit committee does not include the person referred to in subsection (4),

(a) the audit committee shall continue to meet and perform its duties and may exercise its powers; and

(b) the municipality shall advertise to recruit a person who is not a member of council or an employee of the municipality at least once every six months until the requirement is met. 1998, c. 18, s. 44; 2017, c. 13, s. 5.