

Cape Breton Regional Municipality

Audit Committee

Agenda

Wednesday, March 5, 2025

9:00 a.m.

Council Chambers
2nd Floor, City Hall
320 Esplanade, Sydney, NS

Committee Members: **Deputy Mayor Eldon MacDonald – Chair**
Councillor Earlene MacMullin
Councillor Glenn Paruch
Councillor Stephen Parsons
Councillor Kim Sheppard-Campbell
Mark Galley, Citizen
Sue Forrester, Citizen

CBRM Audit Committee

Agenda

Wednesday, March 5, 2025
9:00 a.m.

Council Chambers

Roll Call

1. **Approval of Agenda:** (Motion Required)

2. **Approval of Minutes:** (previously distributed)
 - **October 28, 2024**
 - **January 20, 2025**

3. **Debt Management:** Jennifer Campbell, CPA, CA Chief Financial Officer (See page 3)

4. **Forecasted Debt Amortization – 10 Year:** Jennifer Campbell, CPA, CA Chief Financial Officer (See page 5)

5. **Debt Management Policy:** Jennifer Campbell, CPA, CA Chief Financial Officer (See page 6)

6. **Borrowing Policy:** Jennifer Campbell, CPA, CA Chief Financial Officer (See page 7)

7. **Performance Audit:** Christa Dicks, Municipal Clerk (See page 8)

Adjournment

Issue Paper

Date: February 21, 2025

To: CBRM Audit Committee

From: Jennifer Campbell, CPA, CA Chief Financial Officer

Re: Debt Management

CBRM's approach to debt management has historically been focused strictly on debt reduction given CBRM's high debt servicing costs and the impact debt servicing has had on annual operating budgets. CBRM's Financial Condition Indicators (FCI's) up to now has shown the debt service indicator as either moderate or high risk. A high debt servicing ratio indicates that the municipality has taken on too much debt and therefore, has less revenue available for providing services. It is also indicative of the municipality's flexibility (or lack thereof) to increase borrowing levels for future capital expenditures. In response, CBRM's *Borrowing Policy* adopted by Council limited CBRM's new borrowing in any year to the annual principal debt repayments in the same budget year. This was to ensure that overall debt would not increase, and debt service costs would decrease over time as debentures matured and were repaid and as the tax base grew.

The debt service ratio for 2024-25 is forecasted to drop to 8.2% - below the low risk FCI threshold for the first time in over a decade. A low debt service ratio can be an indication that a municipality is financially weaker, and that it has deferred capital projects by allowing important infrastructures to deteriorate. It is therefore important to take an analytical approach in assessing the debt we can afford and what infrastructure investments are necessary. If the current *Borrowing Policy* is maintained, based on our debenture amortization and draft operating budget, the ratio would further drop to 7.5% in 2025-26. Maintaining the current policy would result in the continued reduction in the ratio but consequently, limits CBRM's borrowing capacity to fund infrastructure projects.

Given current and future infrastructure pressures such as maintaining or replacing existing/aging infrastructure, those imposed by regulation, and investments required to support a growing population, CBRM needs to consider if continuing to apply the

current *Borrowing Policy* to restrict new debt is still a necessary or responsible approach for long-term financial stability and capital planning, or if a modernized approach to debt management is now appropriate given CBRM's debt forecast.

For demonstration purposes, Appendix A details our current and forecasted debt servicing ratio based on revised borrowing of \$15M/year. The forecast demonstrates that CBRM has the capacity to take on additional debt without compromising our low-risk debt service ratio. The assumptions in revenue growth applied are very conservative. Additionally, new debentures in this example are amortized over a 10 year period; debt service ratios would improve from what is shown if a 15 or 20 year amortization option is chosen.

If Council is agreeable to repealing the existing *Borrowing Policy*, it is recommended that Council establish a *Debt Management Policy* to guide Council in capital investment decisions by routinely analyzing debt capacity, and establishing appropriate limits on debt issuance to ensure long-term financial stability, limit excess reliance on borrowing, and ensure continued compliance with current and future legislative thresholds.

The existing *Borrowing Policy* is included for reference, along with a proposed *Debt Management Policy* for consideration. It has been developed using best practice literature as recommended by AMANS, NSFM, the Financial Management Best Practice Committee, GFOA, and policies of other municipal jurisdictions. Highlights of the policy include:

- The annual debt service burden shall not exceed 10% of own source revenues;
- The total debt outstanding at the end of any year shall not exceed 1.5% of total uniform assessment;
- The maximum amortization for debentures shall not exceed the lesser of the useful life of the financed assets; and twenty five years.
- Annual reports shall be provided to Council as part of the annual operating and capital budget process detailing outstanding debt, repayment schedules, and compliance with debt and debt service burden limits.
- Policy shall be reviewed annually and updated as needed to reflect best practices and changing financial conditions.

It is staff's request that audit committee pass a motion recommending that council repeal CBRM's *Borrowing Policy* and approve the proposed *Debt Management Policy* as presented.

Respectfully submitted,

Jennifer Campbell, CPA, CA
Chief Financial Officer

Cape Breton Regional Municipality Forecasted Debt amortization - 10 year

Fiscal Year	Principal Repayment	Interest Repayment	Total Repayment	New Debt	Princ Balance Outstanding	Short Term
Opening Balance				52,544,632.00	17,281,669.00	69,826,301.00
2024-2025	9,208,971.00	1,589,051.82	10,798,022.82	8,073,100.00	51,408,761.00	18,408,569.00
2025-2026	8,485,561.00	1,794,276.47	10,279,837.47	18,408,569.00	61,331,769.00	15,000,000.00
2026-2027	9,519,751.23	1,812,170.67	11,331,921.91	15,000,000.00	66,812,017.77	15,000,000.00
2027-2028	10,395,351.23	1,944,944.14	12,340,295.38	15,000,000.00	71,416,666.53	15,000,000.00
2028-2029	11,067,951.23	2,143,001.78	13,210,953.02	15,000,000.00	75,348,715.30	15,000,000.00
2029-2030	11,270,451.23	2,324,559.68	13,585,010.92	15,000,000.00	79,078,264.07	12,045,451.23
2030-2031	12,045,451.23	2,502,033.63	14,547,484.86	12,045,451.23	79,078,264.07	12,889,996.36
2031-2032	12,889,996.36	2,591,837.55	15,481,833.91	12,889,996.36	79,078,264.07	12,184,816.99
2032-2033	12,184,816.99	2,435,617.35	14,620,434.34	12,184,816.99	79,078,264.07	0.00
Totals	97,068,301.52	19,137,493.11	116,205,794.62			

2025-26 new debt includes a one time catch up of o/s TBR conversion - debenture issue in both the spring and fall of 2025.

Subsequent years demonstrate the implications of borrowing \$15M per year, gradually increasing debt and associated debt servicing costs at a manageable rate.

Debt Service Cost Ratio	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	(Audited)	(Forecast)	(Draft Budget)	(assumption)	(assumption)	(assumption)	(assumption)	(assumption)
18.2%	8.2%	7.5%	8.1%	8.7%	9.1%	9.2%	9.7%	
Principal paid on long term debt for General Fund	22,970,364	9,208,971	8,485,561	9,519,751	10,395,351	11,067,951	11,270,451	12,045,451
Interest paid on long term debt for General Fund	1,317,515	1,589,052	1,794,276	1,812,171	1,944,944	2,143,002	2,324,559	2,502,033
Recovery of debt payments from related agencies								
Total principal and interest paid on long term debt	24,287,879	10,798,023	10,279,837	11,331,922	12,340,295	13,210,953	13,595,311	14,547,495
Net property taxes and payments in lieu of taxes	109,617,900	109,108,198	113,415,763	115,684,078	117,997,760	120,357,715	122,764,869	125,220,167
Grants in lieu of taxes	7,046,386	6,633,551	6,935,122	7,073,824	7,215,301	7,359,507	7,506,759	7,656,935
Services provided to other governments	91,499	886,947	887,275	887,275	887,275	887,275	887,275	887,275
Sales of services	8,009,985	11,267,485	11,947,277	11,947,277	11,947,277	11,947,277	11,947,277	11,947,277
Other revenue from own sources	3,986,141	-	-	-	-	-	-	-
NSPI - Grant in lieu of taxes	3,659,131	3,895,166	3,900,000	3,978,000	4,057,560	4,138,711	4,221,485	4,305,915
NSPI - HST offset	441,863	606,300	500,000	500,000	500,000	500,000	500,000	500,000
Total own source revenue	133,681,105	132,397,647	137,585,437	140,070,455	142,605,173	145,190,585	147,827,706	150,517,569

Assumptions

- Annual growth in tax revenue 102%
- Annual growth in grant in lieu of taxes 102%
- Annual growth in services provided to local gov'ts 100%
- Annual growth in sales of services 100%
- Annual growth in revenue from own sources 100%
- Annual growth in NSPI Gilt T 102%
- Annual growth in HST offset 100%

Debt Management Policy

1. Purpose

This policy establishes guidelines for responsible debt management to ensure long term financial stability, support essential municipal services and infrastructure , and maintain compliance with legislative thresholds related to debt and debt servicing metrics.

2. Objectives

- 2.1 To promote long term financial stability of the Municipality;
- 2.2 To provide guidelines for the issuance of debt;
- 2.3 To define procedures for the repayment of long-term debt;
- 2.4 To establish measurable guidelines for the management of debt.

3. Definitions

- 3.1 **Debt Service Burden** equals the amount of principal and interest that the municipality pays in each fiscal year on all long-term or short term debt;
- 3.2 **Own Source Revenue**-means revenues from property taxes, grants in lieu of taxes, sales of services, and any other own source revenues as defined in the Municipal Financial Reporting and Accounting Manual.

4. Policy

- 4.1 The annual debt service burden shall not exceed 10% of own source revenues;
- 4.2 The total debt outstanding at the end of any year shall not exceed 1.5% of total uniform assessment;
- 4.3 The maximum amortization for debentures shall not exceed the lesser of the useful life of the financed assets; and twenty-five years.

5. Debt Monitoring & Reporting

- 5.1 The Chief Financial Officer shall maintain a schedule of all outstanding debt obligations;
- 5.2 Annual reports shall be provided to Council, or a committee designated by Council, as part of the annual operating and capital budget process detailing outstanding debt, repayment schedules, and compliance with debt and debt service burden limits.

6. Policy Review & Updates

- 6.1 This policy shall be reviewed annually and updated as needed to reflect best practices and changing financial conditions.

Borrowing Policy

PREAMBLE:

The CBRM requires a reasonable level of annual capital financing to address infrastructure needs while at the same time achieving a reduction in its overall capital debt and corresponding debt servicing costs.

OBJECTIVE:

Given CBRM's infrastructure needs, it is important to maximize capital investment to the greatest extent possible, while being fiscally responsible. It is the objective of this Policy to manage existing debt by limiting the required borrowing in a fiscal year to an amount less than or equal to the principal repayments in that year. As overall debt decreases, there will be corresponding savings in debt servicing costs. Those savings can then be redirected to fund capital expenditures out of the general operating fund.

POLICY STATEMENT:

It is the policy of the CBRM that the maximum amount of planned borrowing in the Capital Budget in a given year will not exceed the total principal debt repayments in that same budget year.



**Cape Breton Regional Municipality
320 Esplanade
Sydney, NS B1P 7B9**

To: Audit Committee
Submitted by: Christa Dicks, Municipal Clerk
Date: March 5, 2025
Subject: Performance Audit

This memo is to advise the Audit Committee additional updates will be provided regarding the Provincial Performance Audit following their procurement process.

In the interim, for your awareness, the Statement of Work and previous correspondence has been attached.



City Hall
320 Esplanade
Sydney, NS B1P 7B9

Councillor Agenda Request Form		
Included on Agenda (Submitted to Municipal Clerk's Office by 4:30 pm seven days before the meeting)	Late Item (Submitted to Municipal Clerk's Office by Noon the day before the meeting)	Request from the Floor: (New Business) - Announcement - Referral - Submit Petition - Notice of Motion
Date of Council Meeting: November 1 st , 2024		
Subject: Municipal Affairs Performance Audit		
Motion for Council to Consider: That Council request the Department of Municipal Affairs and Housing to conduct a performance audit of the financial management and budgetary practices of the Cape Breton Regional Municipality (CBRM).		
Rationale: CBRM has historically faced challenges in achieving fiscal balance. Recent debates surrounding the new service agreement and its implications for ongoing operating funding have highlighted concerns regarding CBRM's financial sustainability. Moreover, CBRM currently falls into the high-risk category within the Department of Municipal Affairs and Housing's annual Financial Condition Indicators, underscoring the need for a comprehensive review.		
Outcome Sought: To confirm that CBRM has an effective financial structure and robust budgetary controls to support accountability and long-term financial sustainability.		
Mayor Cecil P. Clarke October 30, 2024	<i>Received by Clerk's Department (date):</i> October 30, 2024	

M·E·M·O

320 Esplanade

Sydney, Nova Scotia, B1P 7B9

902-563-5010

To: Christa Dicks, Municipal Clerk
From: Kelly McDonald, Administrative Assistant
Date: November 12, 2024
Subject: Municipal Affairs Performance Audit

At the Council meeting held on November 1, 2024, the following motion was passed:

Motion

Moved by Councillor Eldon MacDonald, seconded by Councillor Paruch, to request the Department of Municipal Affairs and Housing to conduct a performance audit of the financial management and budgetary practices of the Cape Breton Regional Municipality (CBRM).

Motion Carried

I would ask that you please take the action noted in the above motion.

Thank you.

Kelly McDonald
Administrative Assistant
/km

C: Mayor Cecil P. Clarke
Mayor's Office



Cape Breton Regional Municipality

**Office of Christa Dicks
Municipal Clerk**

320 Esplanade
Sydney, Nova Scotia
B1P 7B9
Tel: 902-563-5010
Fax: 902-564-0481
email: clerksoffice@cbrm.ns.ca
www.cbrm.ns.ca

November 15, 2024

Mr. Bryon Rafuse
Deputy Minister
Department of Municipal Affairs and Housing
PO Box 216
Halifax, NS B3J 2M4

Re: Request for a Performance Audit of Financial Management and Budgetary Practices in the Cape Breton Regional Municipality

Dear Deputy Minister Rafuse:

I am writing on behalf of the Cape Breton Regional Municipal (CBRM) Council to formally request that the Department of Municipal Affairs and Housing (DMAH) initiate a comprehensive performance audit of the financial management and budgetary practices within the CBRM. This request is driven by a growing need for transparency and accountability in the financial operations of the CBRM, which are essential to maintaining the public's trust and ensuring that funds are allocated and managed in a manner that best serves our community.

In recent years, several concerns have been raised regarding budgetary shortfalls and achieving fiscal balance. A performance audit by the DMAH would provide an objective assessment of these financial practices and highlight opportunities for improvement. Such an audit could also support CBRM leadership in making informed, data-driven adjustments to budgetary practices and ensure the municipality is compliant with provincial guidelines and best practices.

As outlined in the draft statement of work (enclosed), we respectfully request the audit include, but not be limited to:

1. **Review of Financial Policies and Procedures:** Assessing the adequacy, consistency, and adherence to current financial policies.
2. **Budget Development and Management:** Examining the processes used to formulate and manage the CBRM's annual budget, including forecasting accuracy, budgetary controls, and adherence to financial planning principles.
3. **Spending and Revenue Allocation:** Evaluating whether spending aligns with priorities and whether revenue sources are optimized.
4. **Internal Controls and Oversight:** Identifying any potential risks or gaps in internal control mechanisms related to financial oversight.

Christa Dicks
Re: Municipal Affairs Performance Audit
November 15, 2024
Page 2 of 2

We believe that this audit would not only reinforce the integrity of the CBRM's financial operations but also serve as an opportunity for the municipality to realign resources with strategic objectives and strengthen community confidence.

Thank you for considering this request. Please do not hesitate to contact me at 902-563-5010 should you need additional information. We appreciate your attention to this matter and look forward to your response.

Yours truly,



Christa Dicks
Municipal Clerk

cc:
Mayor Cecil P. Clarke
Jennifer Campell, CFO

Encl.



Municipal Affairs
Office of the Deputy Minister

PO Box 216
Halifax, Nova Scotia
Canada B3J 2M4

902 424-4100 T
902 424-0581 F
www.gov.ns.ca

January 14, 2025

Demetri Kachafanas
A/Chief Administrative Officer
Cape Breton Regional Municipality
Via Email: [REDACTED]

Dear Demetri Kachafanas:

Following the communication from Deputy Rafuse regarding our support for a comprehensive performance review of the Cape Breton Regional Municipality (CBRM), I am writing to provide an update on the progress of this initiative.

The Department has finalized the Statement of Work (SOW) for the review, and it has now been shared with selected vendors. A copy of the finalized SOW is attached for your records.

We anticipate awarding the contract and beginning the planning phase by February 6, 2025, followed by the fieldwork phase shortly thereafter. The audit will focus on key areas of financial management, including policies and procedures, budget development and management, internal controls and organizational capacity, among others.

CBRM's cooperation remains a critical factor in ensuring the timely and successful completion of this audit. As we move closer to the start date, we will coordinate with you to arrange initial meetings.

We look forward to working collaboratively toward enhancing the fiscal stability and sustainability of CBRM.

Sincerely,



Paul LaFleche
Deputy Minister

c: Christa Dicks, Municipal Clerk, CBRM [REDACTED]
Valerie Pottie Bunge, Associate Deputy Minister, Department of Municipal Affairs

Encl.

Cape Breton Regional Municipality (CBRM) Financial Management, Budgetary Practices, Performance and Structure Review

Nova Scotia Department of Municipal Affairs

Statement of Work (SOW)

Updated: July 2024

1.0 Overview

Project Name	Cape Breton Regional Municipality (CBRM) Financial Management, Budgetary Practices, Performance and Structure Review
Client Department	Municipal Affairs
Contact Name	Rebecca Doucett
Contact Phone	[REDACTED]
Contact Email	[REDACTED]
Begin date	February 6, 2025
End date	August 5, 2025

The contact information provided in the above table is to be used only in the event of an awarded SOW. Proponents are required to communicate directly with Flextrack during the bid period using the following email address: [REDACTED]

About the Department:

The Department of Municipal Affairs (DMA) partners with local governments and communities across Nova Scotia to build strong, sustainable, and safe communities. The department works with local governments to support municipal governance, development and accountability. DMA manages the province's relationship with 49 municipalities and 21 villages in Nova Scotia.

About the Cape Breton Regional Municipality (CBRM) and this Statement of Work:

The Cape Breton Regional Municipality (CBRM) was formed in 1995 through the amalgamation of 8 former Municipal Units. The CBRM has faced many challenges and has often struggled to remain fiscally balanced. Historically, the CBRM has received over half of the total in the annual Municipal Financial Capacity Grant (MFCG) and, up to and including 2023-24, the funding allocations for this operating grant had been frozen for nearly a decade to ensure the CBRM share did not decrease as required by the funding formula.

The current challenges around growth across Nova Scotia have impacted the CBRM, leading to ongoing requests for additional operating funding. The CBRM was vocal in its opposition to a new service exchange agreement, primarily because the new agreement did not include additional ongoing operating funding. The CBRM argued a doubling of their historic MFCG funding levels from \$15M to \$30M was required in order to remain financially viable.

The CBRM has been deemed a high-risk for fiscal instability with the municipality's Municipal Profile and Financial Condition Indicator (FCI) Report for the past two years. These results can be found here: <https://beta.novascotia.ca/programs-and-services/municipal-finance-and-statistics>. The municipality's Financial Condition Indicators (FCIs) highlight areas of focus for CBRM to explore including low reserves

which may lead to difficulty in addressing unexpected events or fund future capital projects, challenges collecting taxes, dependence on other levels of government to meet its service obligations, and debt service challenges.

With the support of the CBRM's Council, DMA is proceeding with conducting a performance review of the CBRM's financial management and budgeting reporting processes including CBRM's corporate structure supporting both financial management/budgeting and decision making. Given potential population growth rates across the province and the associated pressures that puts on spending and infrastructure requirements, it has become increasingly critical that financial accountability is properly supported throughout the organization. Municipalities are a key partner of the province, therefore CBRM must have the proper structure and processes in place to fulfill its stewardship and accountability responsibilities.

Additional details around CBRM's Operating budget or latest Consolidated Financial Statements can be found here: <https://cbrm.ns.ca/budget-documents.html>.

2.0 Requirements

The terms and conditions of the General Contingent Labour Master Services Agreement (**MSA**) apply in full to the services and products provided under this SOW.

2.1 Project Scope and Timeframes

The DMA has concerns about the CBRM's capacity to appropriately plan, forecast and manage its fiscal affairs. The DMA wants to support the CBRM in achieving organizational sustainability and believes that an independent party can provide a balanced approach to creating organizational sustainability for the CBRM into the future.

2.1.1 Overview of Deliverables

The objective of this engagement is to ensure that the CBRM has the right financial structure, budget controls and decision-making processes in place to be accountable and financially sustainable for the future. Specifically, the deliverables are to:

- a) **Assess Financial Policies and Procedures:** Review the adequacy, consistency, and adherence to current financial policies, best practices and legislative requirements.
- b) **Assess Budget Development and Management:** Examine the processes used to formulate and manage the CBRM's annual budget, including forecasting accuracy, budgetary controls, adherence to financial planning principles and reporting to Council and Council oversight.
- c) **Assess Spending and Revenue Allocation:** Evaluating whether spending aligns with priorities, revenue sources are optimized, and allocations support strategic goals and community needs.
- d) **Assess Collections and Revenue Recovery:** Evaluate the effectiveness of collections practices and revenue recovery processes, including policies and systems used to track and recover outstanding amounts.
- e) **Assess Internal Controls and Oversight:** Identify potential risks and gaps in internal control mechanisms related to financial oversight.

- f) **Assess Cash Flow and Debt Management:** Examine the effectiveness of cash flow and debt practices, including the use of short-term and long-term financing tools to ensure financial stability and liquidity.
- g) **Assess Staff and Organizational Capacity:** Examine the organizational structure and staff capacity to determine if roles and reporting mechanisms effectively support financial planning, budgeting, and oversight requirements.
- h) **Assess Growth Management, Capital and Financial Planning:** Evaluate the effectiveness of growth management strategies and their integration with capital planning and long-term financial planning. Assess whether infrastructure needs and service demands are appropriately addressed within financial constraints.
- i) **Assess IT Systems and Tools:** Evaluate the adequacy of IT systems and tools in supporting financial planning, forecasting, monitoring, accountability and reporting.
- j) **Provide Recommendations and Implementation Guidance:** Deliver actionable recommendations and implementation guidance to address identified gaps and optimize financial management practices.

This performance review will provide an objective assessment of these financial practices and highlight opportunities for improvement. Such an audit could also support CBRM leadership in making informed, data-driven adjustments to budgetary practices and ensure the municipality is compliant with provincial guidelines and best practices.

This engagement will not be designed to uncover fraudulent activity. However, if fraudulent activity is discovered during the normal course of the engagement, the DMA contact person will be informed immediately.

2.1.2 Required Timeframes

Deliverable	Expected Date
Evaluation and selection of vendor	January 27-31, 2025
Estimated planning start date	February 6, 2025
Estimated fieldwork start date	March 10, 2025
Estimated draft deliverable date	July 7, 2025
Estimated final Deliverable date	August 5, 2025

2.2 Project Tasks and Deliverables

2.2.1 Project Tasks

The department is seeking the professional services of an experienced professional to conduct a performance review of the CBRM's financial and budgeting practices, as well as staff capacity. The engagement will also consider if the CBRM has an appropriate approval process in place that aligns with its budget to support the CBRM's ongoing financial stability. Much of the work for this engagement will need to be completed on-site in Sydney, Nova Scotia, with the rest of the work being completed offsite.

This engagement is required to be conducted in accordance with recognized

professional auditing standards appropriate for the scope and nature of the engagement, such as the Canadian Standard on Assurance Engagements (CSAE), or International Standards of Supreme Audit Institutions (ISSAI), or other equivalent performance audit standards.

Project tasks include:

a) Assess Financial Policies and Procedures

- i. Assess the adequacy, consistency and relevance of financial policies and procedures.
- ii. Determine alignment with best practices, and legislative requirements (i.e., *Municipal Government Act* and the *Financial Reporting and Accounting Manual* regulations).
- iii. Evaluate the integration of financial policies with IT systems and tools to support efficient implementation.
- iv. Identify any deficiencies and provide actionable recommendations.

b) Assess Budget Development and Management

- i. Examine the processes for developing and managing the annual budget, forecasting methodologies, and the efficacy thereof.
- ii. Evaluate budgetary controls, including processes for monitoring, approving and adjusting expenditures during the fiscal year.
- iii. Review alignment with financial planning principles, including multi-year planning and adaptability to emerging needs.
- iv. Assess alignment of budgets with capital planning and related ongoing operational requirements.
- v. Assess the adequacy of IT systems and tools used to support budgeting, forecasting and monitoring.
- vi. Evaluate the mechanisms staff use to deliver ongoing financial updates to Council. This includes the clarity, accuracy, and frequency of reporting, as well as whether these reports enable Council to monitor progress, make informed decisions, and address emerging financial challenges.
- vii. Review the role of Council in the oversight of the financial management of the CBRM, including but not limited to, what financial review occurs monthly, what level of approval is provided, and audit committee engagement.
- viii. Identify any deficiencies and provide actionable recommendations.

c) Assess Spending and Revenue Allocation

- i. Assess whether spending aligns with strategic priorities and organizational goals.
- ii. Evaluate the effectiveness of current revenue generation strategies and identify additional opportunities.
- iii. Evaluate the role of IT systems and tools in tracking spending and revenue allocation for accountability and transparency.
- iv. Identify misalignments between spending and priorities and recommend

adjustments.

d) Assess Collections and Revenue Recovery

- i. Review policies, procedures, controls, and systems for managing property tax collections.
- ii. Assess the effectiveness and timeliness of the collection processes, including delinquent account management.
- iii. Identify and evaluate barriers to successful collections, including resource constraints, system inefficiencies, or inadequate training.
- iv. Examine the adequacy of communication strategies for engaging with taxpayers and other revenue payers.
- v. Review trends in uncollected revenues and assess their impact on cash flow and financial stability.
- vi. Assess the functionality and efficiency of IT systems and tools used to monitor collections, track delinquencies and manage revenue recovery processes.
- vii. Provide recommendations to strengthen collection practices, reduce outstanding receivables, and improve overall revenue recovery rates.

e) Assess Internal Controls and Oversight

- i. Assess the adequacy of internal control mechanisms for mitigating risks.
- ii. Evaluate financial oversight processes, including the roles and responsibilities of management, the Audit Committee and the Council.
- iii. Review reporting mechanisms and accountability structures to ensure transparency and compliance with legislation.
- iv. Examine how staff roles and workflows contribute to maintaining robust internal controls and providing Council with clear and actionable financial insight.
- v. Evaluate the role of IT systems and tools in supporting internal controls, including automation and data analytics.
- vi. Identify gaps in oversight and provide recommendations to enhance monitoring and decision-making capabilities.

f) Assess Financial Organizational structure, capacity, and financial management

- i. Assess the effectiveness of the current financial organizational structure, staffing levels and capacity in supporting effective financial and operational management. For instance, determine if the CBRM has the appropriate resources in place to provide timely, accurate financial reporting and analysis to Council.
- ii. Determine if this organizational and reporting structure effectively and efficiently supports current and future reporting and analysis requirements.
- iii. Review the adequacy of communication, data sharing and reporting lines to determine their effectiveness.
- iv. Review the adequacy of IT systems and tools to meet planning,

forecasting, monitoring and reporting requirements.

v. Identify options and make recommendations to improve efficiency and effectiveness of the structure, reporting mechanisms, capacity, and service delivery.

g) Assess Cash Flow and Debt Management

- i. Evaluate the effectiveness of the CBRM's cash flow management practices, including forecasting and monitoring of cash inflows and outflows to ensure financial stability and operational continuity.
- ii. Review the use of lines of credit to determine:
 - a. The purpose for which they are being utilized (e.g., operational expenses, capital projects, or other needs)
 - b. Whether their use aligns with financial best practices, approved policies and legislation.
 - c. If alternative funding mechanisms could better meet the CBRM's financial needs.
- iii. Assess the amount, frequency, and duration of line of credit use to identify potential overreliance, or misuse.
- iv. Review policies, controls and decision-making processes regarding the initiation and repayment of debt, including transitioning short-term debt into long-term financing.
- v. Examine the impact of cash flow and debt management practices on the CBRM's ability to fund operational and capital requirements while maintaining adequate reserves.
- vi. Evaluate how cash management integrates with overall financial planning, including the alignment of debt repayment schedules and revenue generation and expenditure timing.
- vii. Assess the adequacy of IT systems and tools to support cash flow monitoring and debt management practices.
- viii. Provide recommendations to optimize cash flow practices and reduce reliance on lines of credit, where applicable, while ensuring sufficient liquidity to meet financial obligations.

h) Assess Growth Management, Capital and Financial Planning

- i. Examine the capital planning processes and procedures and municipal infrastructure plan.
- ii. Assess long-term capital planning and budgeting practices and procedures, and their alignment with anticipated growth and service needs.
- iii. Evaluate the capability of IT systems and tools to support integrated growth and financial planning.
- iv. Evaluate whether capital planning integrates effectively with asset management practices and legislative requirements.
- v. Provide recommendations to improve capital planning and asset management practices and their integration with financial planning.

2.2.2 Project Deliverables

The successful proponent will provide the following deliverables:

- a) submit a Project Plan to be approved by the DMA management;
- b) provide progress reports on a bi-weekly and/or on a required basis to DMA;
- c) prepare a draft report that will include a risk ranked summary of observations and recommendations;
- d) conduct a meeting with DMA to discuss observations and recommendations within two weeks of issuing the draft report;
- e) incorporate feedback from DMA on the draft report; and
- f) prepare and distribute a Final Report (PDF and Word format) that will include an Executive Summary of observations and recommendations.
- g) Present the results and recommendations in the final report to senior management of the department.
- h) Presentation of the results and recommendations in the final report may be required to the CBRM administration and Council.

2.3 Successful Proponent and Department Responsibilities

2.3.1 Successful Proponent Responsibilities

- a) Successful proponents will:
 - i. Submit a project plan to the department for approval prior to beginning fieldwork.
 - ii. Meet regularly during the project with DMA to review progress (anticipate meetings to be bi-weekly or monthly depending on project progression).
 - iii. Provide regularly bi-weekly project and budget updates and respond promptly to DMA comments and requests for information. Meetings may be held more frequently, if required.
 - iv. Complete most of the engagement on-site in Sydney, Nova Scotia, with the rest of the work being completed offsite. This work must be performed to the satisfaction of DMA.
 - v. Present all project deliverables to the DMA contact or their designated representatives for review, approval and acceptance.
 - vi. Submit all deliverables in electronic format. Prior to submission, all deliverables are to be reviewed to ensure development standards and efficiencies are utilized. All work products are the property of DMA.
 - vii. Submit a draft report that will include a risk ranked summary of observations and recommendations, meet with DMA within two weeks of issuing the report and incorporate any feedback received into the final report.
 - viii. Present the results and recommendations in the final report to senior management of the department.
 - ix. Present the results and recommendations in the final report to the CBRM administration and Council.
 - x. Submit two electronic copies of the final report (PDF and Word format) of the final report to the Departmental contact

b) Key roles required from the successful proponent are listed below. Note, some roles could be combined if individuals have multidisciplinary expertise.

- i. Project manager – responsibilities include:
 - a. Act as the primary point of contact between the proponent and DMA.
 - b. Develop and manage the project plan, including timelines, milestones and deliverables.
 - c. Ensure effective coordination of team activities to meet the project tasks and deliverables.
 - d. Monitor project progress and address any risks or challenges that arise.
 - e. Prepare and deliver regular status updates, a draft report, present the findings to DMA and incorporate any feedback received into final report delivered to DMA.
 - f. Other duties as required.
- ii. Financial Auditor/Analyst – responsibilities include:
 - a. Lead the assessment of financial policies, procedures, internal controls and compliance with legislative requirements.
 - b. Conduct detailed analysis of budget development and management practices, spending and revenue allocation.
 - c. Evaluate collections and revenue recovery processes and identify improvement opportunities.
 - d. Review financial data to assess cash flow and debt management practices, including use of lines of credit.
 - e. Other duties as required.
- iii. Organizational Analyst – responsibilities include:
 - a. Assess the financial organizational structure, capacity and alignment with reporting and analysis needs.
 - b. Evaluate staff roles and their support to Council in achieving realistic budgets and effective financial oversight.
 - c. Identify any gaps or inefficiencies in organizational structure and make actionable recommendations.
 - d. Other duties as required.

c) Additional roles which may be a benefit to this engagement may include the following. Note, some roles could be combined if individuals have multidisciplinary expertise.

- i. Capital and Growth Planner – responsibilities include:
 - a. Review growth management strategies and their integration with capital and financial planning.
 - b. Assess alignment of infrastructure and service delivery plans with financial resources and long-term goals.
 - c. Provide recommendations to improve planning processes for growth and capital investments.

- d. Other duties as required.
- ii. Systems Analyst – responsibilities include:
 - a. Assess information technology system capabilities and tools in supporting financial planning, forecasting, accountability and reporting.
 - b. Identify system/tool related limitations or inefficiencies and recommend solutions.
 - c. Other duties as required.

2.3.2 Department Responsibilities

- a) The department is prepared to assist and support the successful proponent:
 - i. The department's project team will meet with the successful proponent to provide any necessary background or supporting information, clarify the project's tasks and deliverables, timeline, etc.
 - ii. DMA will respond promptly to requests for information, approvals and questions.
 - iii. Rebecca Doucett will be the departmental contact.

2.4 Experience and Qualifications

2.4.1 Proponent Experience and Qualifications

- a) The successful proponent will have a strong demonstratable understanding and knowledge of the following:
 - i. the unique challenges faced by municipal governments, for example managing diverse funding sources (e.g., taxation, grants, user fees), balancing short-term and long-term financial planning needs, addressing community growth and infrastructure needs;
 - ii. proven expertise in conducting performance audits and organizational reviews for municipal governments or similar public sector entities;
 - iii. auditing and evaluating the effectiveness of structural performance, both at an organizational and individual level;
 - iv. familiarity with public sector accounting standards, applicable municipal legislation (i.e., the *Municipal Government Act*) and regulations (i.e., the *Financial Reporting and Accounting Manual*) or other similar legislation;
 - v. experience in evaluating financial management practices, regulatory compliance and organizational structures; and
 - vi. providing a framework based on risk for the evaluation of current organizational operations and financial reporting practices as well as bringing forward value-added improvements for control practices.
- b) The successful proponent will have knowledge, skills and expertise in the following areas:
 - i. performance audits;
 - ii. risk assessment and evaluation of internal control practices;
 - iii. providing actionable management letter points to improve internal controls and financial reporting;

- iv. relationship building and professionalism;
- v. protection of sensitive information, including employee conduct requirements for handling confidential information;
- vi. measures/controls and/or policies in place to protect data (including methods for secure file transfer and storage);
- vii. independent data mining and analytics creation; and
- viii. providing actionable observations and recommendations required to improve financial reporting and budgeting controls to support financial sustainability and oversight.

2.4.2 Proponent Resources Experience and Qualifications

Minimum expectations of experience and qualifications for the resources proposed to each of the key roles include:

- a) Project Manager
 - i. Education
 - a. Master's degree in public administration, business administration finance, accounting or a related field.
 - b. Professional accounting designation and/or PMP or equivalent certification.
 - ii. Experience
 - a. Minimum of 8-10 years of experience managing similar performance audits, financial reviews or consulting engagements.
 - b. Demonstrated experience coordinating multidisciplinary teams and ensuring on-time delivery of complex projects.
 - c. Experience in reviewing audit findings, ensuring quality and providing strategic-level recommendations.
 - d. At least 5 years of experience in delivering projects for public sector organizations, preferably in local government or other public sector entities.
 - iii. Skills
 - a. Strong organizational and engagement skills.
 - b. Strong attention to detail and ability to identify gaps or inconsistencies in findings.
 - c. Excellent verbal and written communication and reporting skills.
 - d. Ability to develop and monitor project plans, budgets, and deliverables.
- b) Financial Auditor/Analyst
 - i. Education
 - a. CPA designation; Master's degree in accounting, finance or a related field is an asset.
 - ii. Experience
 - b. Minimum of 7 years of experience in auditing and/or financial analysis, including experience with public sector organizations.
 - c. In-depth knowledge of public sector accounting standards (e.g.,

PSAB) and experience with local government reporting requirements (e.g., *Financial Reporting and Accounting Manual*) would be considered an asset.

- d. Experience in conducting reviews of financial policies, internal controls and budget processes.

iii. Skills

- a. Strong analytical and problem-solving abilities.
- b. Excellent communication skills.
- c. Ability to interpret financial data, assess compliance with policies and regulations and recommend improvements.

c) Organizational Analyst

i. Education

- a. Bachelor's degree in organizational development, business administration, or a related field; advanced degree preferred.

ii. Experience

- a. Minimum of 5 years of experience in organizational analysis focusing on public sector or not-for-profit organizations.
- b. Demonstrated expertise in evaluating organizational structures, staff capacity, and reporting frameworks.
- c. Proven ability to provide actionable recommendations to improve organizational efficiency.

iii. Skills

- a. Strong understanding of public sector governance and reporting requirements.
- b. Excellent communication and change management skills.
- c. Ability to interpret financial data, assess compliance with policies and regulations and recommend improvements.

Additional roles – minimum expectations of experience and qualifications for proposed additional roles. These could be combined if individuals have multidisciplinary expertise

d) Capital and Growth Planner

i. Education

- a. Bachelor's degree in urban planning, engineering, economics, finance, accounting or a related field.

ii. Experience

- a. Minimum of 5 years of experience in capital planning and financial forecasting for public sector organizations.
- b. Familiarity with growth management strategies and their financial implications.
- c. Demonstrated ability to align infrastructure needs with financial resources.

iii. Skills

- a. Expertise in capital project evaluation, prioritization, and funding

strategies.

- b. Strong knowledge in municipal growth planning and development processes.

e) Systems Analyst

- i. Education
 - a. Bachelor's degree in information systems or related field.
- ii. Experience
 - a. Minimum of 5 years of experience in evaluating IT systems in a financial management context.
 - b. Proven ability to assess system capabilities and effectiveness of tools, and recommend improvements for reporting, forecasting, and accountability.
- iii. Skills
 - a. Expertise in capital project evaluation, prioritization, and funding strategies.
 - b. Strong knowledge in municipal growth planning and development processes.

2.5 Mandatory Criteria

A proposal that does not meet a mandatory criterion set out in this section 2.5 will be disqualified from this SOW solicitation.

- a) All proposals must be submitted in Canadian dollars (CDN) exclusive of all taxes.
- b) Demonstrated experience in conducting performance audits and organizational reviews for municipal governments or similar public sector entities.

3.0 Evaluation Criteria

3.1 Rated Criteria

3.1.1 Demonstrated Experience and Qualifications

Proponents should demonstrate their ability to perform the project tasks and deliverables by highlighting relevant experience and qualifications of their organization and proposed team members.

- a) Provide the following
 - i. A description of three (3) similar projects the proponent has previously delivered completed within the last five years, with an emphasis on experience relevant to this project tasks and deliverables.
 - ii. Identify key personnel assigned to this project and include resumes listing:
 - a. Their relevant credentials, including educational background, designations and/or certifications.
 - b. Experience conducting similar audits and reviews in the public sector.
 - c. Expertise in financial management, governance and/or organizational design.

- d. Their roles in prior engagements.
- e. Their roles and responsibilities on this project.

3.1.2 References

Proponents must provide references from clients for similar engagements. This includes:

- a) Three (3) references from clients who have obtained similar services as those requested in this SOW from the proponent in the last five (5) years. Provide:
 - i. The name of each project reference, along with their phone number and email address.
 - ii. A brief description of the referenced project.
 - iii. Details of the size of the projects conducted and demonstrate:
 - a. the extent of the proponent's previous experience,
 - b. the clients' overall satisfaction with the services provided and the results achieved, including adherence to interim and final deadlines.

3.1.3 Proposed Approach and Project Plan

Proponents must describe their proposed methodology for completing the audit, including timelines and resource allocations. This includes:

- a) Provide a detailed project plan, including a detailed project timeline with key milestones, deliverables, and resource assignments.
- b) The approach for engaging with organizational staff, leadership and Council, including methods for soliciting feedback, addressing concerns, and ensuring collaboration.
- c) A description of the proponent's quality assurance processes to ensure accuracy and reliability in findings and recommendations.

3.1.4 Management of Project Risk and Experience with Confidential Information

Proponents must demonstrate their ability to effectively identify, manage, and mitigate risks associated with the project, including the handling of sensitive or confidential information. This includes:

- a) Identification of potential project risks (e.g., access to data, scheduling conflicts, or resource availability), along with proposed strategies for mitigating risks and ensuring project continuity.
- b) The proponent's approach to identifying and mitigating project risks, including resource or timeline risks.
- c) Demonstrated experience in handling confidential and sensitive information securely and in compliance with applicable privacy standards or legislation.
- d) Evidence of prior success in managing risks in similar projects.

3.1.5 Added value

Proponents should describe any additional benefits or innovations they can bring to the engagement. Examples could include:

- a) Additional tools, methods or innovations that will enhance the project.
- b) A highlight of the areas the proponents exceed the minimum requirements.

3.2 Pricing Form

Bids will be considered inclusive of all fees and should not include HST.

3.2.1 Per Diem Rates

Please complete the following table, indicating the per diem rate (based on a seven (7) hour workday) and number of days required to provide the services for each role. The Total Bid Price will be evaluated using a relative pricing formula (lowest compliant bid received divided by this bid, multiplied by the weighting for Price set out in 3.3) to determine the pricing score.

Role	Per Diem Rate	Number of Days	Extended Cost
Project Manager*	\$		\$
Financial Auditor/Analyst*			
Organizational Analyst*			
Capital and Growth Planner*			
Systems Analyst*			
Other (if applicable)	\$		\$
Other (if applicable)	\$		\$
Other (if applicable)	\$		\$
Total Bid Price			\$

*Note – as mentioned within section 2, these roles may be combined if individuals have multidisciplinary expertise.

3.3 Evaluation Weightings

2.5 Mandatory Criteria	Pass/Fail
a) All proposals must be submitted in Canadian dollars (CDN) exclusive of all taxes.	
b) Demonstrated experience in conducting performance audits and organizational reviews for municipal governments or similar public sector entities	
3.1 Rated Criteria	Weight
Demonstrated Experience and Qualifications	20%
References	10%
Proposed Approach and Project Plan	30%
Management of Project Risk and Experience with Confidential Information	10%
Added Value	5%
3.2 Pricing Form	Weight
Price	25%
TOTAL:	100%

4.0 Conflict of Interest

The successful proponent shall not permit an actual or potential conflict of interest to arise between its obligations to the Province under this MSA and its obligations to any third party. The successful proponent shall immediately notify the Province in writing if any such potential or actual conflict of interest should arise at any time during the Term. Should the Province become aware of any conflict of interest following a proposal submission to a SOW or engagement, the Province reserves the right to disqualify the proposal, stop work until the matter is resolved or cancel the work, at its discretion.

