West Hants Regional Municipality

Water Utility Operational Review

Audit Committee Presentation

March 10th, 2026

Request For Proposal (RFP) Mapping

MNP

The section provides an overview of the scope of work requested in the West Hants' RFP and what MNP has completed in the final report to demonstrate alignment with deliverable's expectations.

RFP		Deliverable
Operational Audit	Operational audit of the West Hants and Windsor Water Utilities for the 2022-23 fiscal year.	• Conducted a control-focused assessment of the 2022–23 credit issue examining the underlying root causes and developing a timeline of key events.
Internal Processes and Controls, and Management Controls	Review of internal processes and controls including meter reading, customer billings, water customer account adjustments, and general ledger account adjustment .	• Analyzed of 4 major processes: ◦ Meter Reading ◦ Revenue & Receivables (including customer billings and water customer account adjustments) ◦ Compliance with Board Order ◦ Financial Reporting (including general ledger account adjustment) • Identified 8 major operational gaps derived from controls testing
Compliance with Nova Scotia Board Orders	Evaluation of WHRM's compliance with Nova Scotia Board orders for the years in scope.	• Reviewed compliance with Board orders as part of process and controls testing
Current Staff Resources	Evaluation of current staffing resources amid the municipality's growth.	• Examined the current staffing levels and outlined projected staffing requirements to maintain service levels based on municipality's growth data.

Credit Issue

This section summarizes the 2022–23 credit issue involving the bulk master meter that tracks water transfers between the Windsor Utility and TMP (Three Mile Plains). It outlines the main causes, presents a timeline of events, and highlights key observations. The main takeaway is that the overbilling occurred only between the two utilities and did not affect any customers.

Scope of Work

- As outlined in our mapping process, **our scope of work focused on processes not financial results**, therefore, analysing the impact on the financial results of processing errors was not part of the original scope
- MNP was asked to provide the following analysis as an **addendum** to our original scope
- The following slide outlines the scope of this addendum

Scope of Work Addendum

What MNP has done

- Using the errors indicated by the Utility, MNP **traced these errors and the correction of the errors through the financial records**
- MNP **analysed the effects of these errors and their corrections** on the trial balance amounts that compose the revenue line items for the Windsor utility for fiscal years 2021, 2022 and 2023

What MNP has not done

- MNP has **not attempted to provide any analysis or commentary of what other effects these error may have had** on any decisions made by the utilities or NSUARB
- MNP has not **reviewed these trial balance amounts for any other errors that may or may not exist**
- MNP **offers no opinion on the errors** or the amounts reflected in the trial balance, our scope is to analyse how these errors were corrected and the impact those corrections had on the annual revenue amounts

5 Back Road Meter Errors

- There were 5 instances noted as being errors in meter reading in the Three Miles Plain
- The total errors were

Fiscal 2021	$24,794.32
Fiscal 2022	$368,121.91
Total	$392,916.23

➡ The following slides will go into more details

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	Fiscal year		Beginning Read	Ending Read	Change	Consumption	Billing	
1	2021	To March 24, 2021	638.00	50,535.00	49,897.00	10,975,793.00	$ 27,549.24	
		Proper billing	63.80	5,053.50	4,989.70	1,097,579.30	$ 2,754.92	
		Error						-$ 24,794.32
2	2022	To June 23, 2021	50,535.00	236,158.00	185,623.00	40,834,312.78	$ 102,486.60	
		Proper billing	5,053.50	23,615.80	18,562.30	4,083,431.28	$ 10,248.66	
		Error						-$ 92,237.94
3	2022	To September 21,2021	236,158.00	409,525.00	173,367.00	38,138,174.17	$ 95,719.79	
		Proper billing	23,615.80	40,952.50	17,336.70	3,813,817.42	$ 9,571.98	
		Error						-$ 86,147.81
4	2022	To December 20, 2021	409,525.00	594,115.00	184,590.00	40,607,068.07	$ 101,916.25	
		Proper billing	40,952.50	59,411.50	18,459.00	4,060,706.81	$ 10,191.63	
		Error						-$ 91,724.63
5	2022	To March 18, 2022	594,115.00	791,357.00	197,242.00	43,390,320.82	$ 108,901.71	
		Correct	59,411.50	79,135.70	19,724.20	4,339,032.08	$ 10,890.17	
		Error						-$ 98,011.54
								-$ 392,916.23

Trial Balance Posting for 2021

- In 2021, the trial balance was originally posted with the billing error (error #1), resulting in an overstatement of revenue by $24,794.15, which was not corrected in fiscal 2021
- Correct 2021 revenue would be

Trial balance amount	$220,772.68
Overstatement error	$(24,794.15)
Corrected revenue	$195,978.53

Trial Balance Posting for 2022

- In 2022, the trial balance was originally posted with these errors, resulting in an overstatement of revenue

	Total Billing	Amount related to TMP
To June 21, 2021	$118,553.34	$102,486.60
To September 21, 2021	$111,896.95	$ 95,719.79
To December 21, 2021	$127,645.13	$101,916.25
To March 31, 2022	$149,261.81	$108,901.71

Posting of Corrections Fiscal 2022

- Staff recognized the errors took place and began the process of correcting the errors
- First posting was to record the proper billing for the final 2022 error

2022 to March 18, 2022	549,115.00	791,357.00	197,242.00	43,390,320.82	108,901.71
Proper billing	59,411.50	79,135.70	19,724.20	4,339,032.08	10,890.17

- Staff did not reverse the error they posted the proper billing of $10,890.17
- Trial Balance now had the 4 original billings with the errors plus this new billing which represented the correct final billing

	Total Billing	Amount related to TMP
To June 21, 2021	$118,553.34	$102,486.60
To September 21, 2021	$111,896.95	$ 95,719.79
To December 21, 2021	$127,645.13	$101,916.25
To March 31, 2022	$149,261.81	$108,901.71
To March 31, 2021	$ 10,890.06	$ 10,890.06

Posting of Corrections Fiscal 2022

Once this additional billing was posted, this increased the errors to be corrected by 10,890.06 as t his 10,890.06 is posted twice, once as part of the 149261.81 billing (albeit too high) and once as a stand-alone billing.

Total error summary

From original analysis	$392,916.23
Additional posting	$10,890.06
Total	$403,806.29

Posting of Corrections Fiscal 2022

- Staff made an adjustment in trial balance to reverse 4 of the 5 errors

Error	Amount
1	$ 24,794.32
2	$ 92,237.94
3	$ 86,147.81
4	$ 91,724.63
	$294,904.69

- This adjustment included the 2021 fiscal period error , error #1, and three of the 2022 fiscal period errors, 2, 3 and 4.
- The trial balance displays the staff made this adjustment, reversed it, and then made it again, net result is a reduction of the trial balance revenue by $294,904.69

6/23/2021	19,411	UTLVY00000391	WINDSOR JUNE BILLS	3373		$118,553.34
9/21/2021	23,711	UTLVY00000505	5 BACK RD MANUAL METER	8014		$16,177.18
9/21/2021	23,716	UTLVY00000506	5 BACK ROAD SEPT BILLS ERT ME	8015		$95,719.77
12/20/2021	28,237	UTLVY00000630	WINDSOR JAN BILLS --SMB	11968		$127,645.13
3/18/2022	31,919	UTLVY00000725	WINDSOR APRIL 2022 BILLS	15934		$149,261.81
3/18/2022	32,530	UTLVY00000745	5 BACK RD MASTER METER APRIL	15943		$10,890.06
3/31/2022	37,515	GLTRX00006493	2021-22 ACC - WAT OVERBILL REV	16285	$294,904.47	
3/31/2022	40,107	GLTRX00007065	2021-22 ACC - WAT OVERBILL REV	16303		$294,904.47
3/31/2022	40,109	GLTRX00007065	TMP WATER OVERBILLING	16305	$294,904.47	

Posting of Corrections Fiscal 2022

- The final 2022 trial balance amount was $223,342.82, made up of

Original billings, per slide 3	$507,357.23
Additional correct billing for Q4	$10,890.06
Correction of errors 1 through 4	$(294,904.47)
Final trial balance	$223,342.82

- This amount is in error due to correction of the 2021 error being made in 2022 and error #5 not being corrected

2021 error corrected in 2022	($24,794.15)
2022 error #5 not corrected	$108,901.71
Net overstatement of 2022 revenue	$84,107.56

- Correct 2022 revenue would be **$139,235.26**

Posting of Corrections Fiscal 2023

- Staff made final correction of error #5 in fiscal 2023
- As in 2022, the postings in the trial balance show a number of offset corrections that net to zero, with the final posting being a reduction of the trial balance by $108,901.68 (noted as utility void)

4/1/2022	37,515	GLREV00006493	2021-22 ACC - WAT OVERBILL REV	5373		$294,904.47
4/1/2022	40,107	GLREV00007065	2021-22 ACC - WAT OVERBILL REV	8022	$294,904.47	
4/1/2022	40,109	GLREV00007065	TMP WATER OVERBILLING	8024		$294,904.47
4/14/2022	32,298	UTVD000000143	Utility Void	823	$108,901.68	
4/20/2022	32,527	CRADJ00000475	5 BACK ROAD MASTER METER AD	3	$24,794.15	
4/20/2022	32,528	CRADJ00000476	5 BACK ROAD MASTER METER 2N	4	$270,110.32	

- Once this posting was made, the errors were all corrected

Posting of Corrections Fiscal 2023

- The final 2023 trial balance amount was $28,360.85, made up of

Fiscal 2023 Billings	137,262.53
Correction of errors 5	$(108,901.68)
Final trial balance	$28,360.85

- This amount is in error due to correction of the 2022 error being made in 2023
- Correct 2023 revenue would be

Trial balance amount	$28,360.85
Net understatement of 2023 revenue	$108,901.71
Correct revenue	$137,262.53

Summary Effect on Revenue

- Below represents a summary of the revenue in the trial balance with the errors and what adjustments would be needed to arrive at correct amounts
- Of note, the total trial balance revenue over the three-year period of $472,476.35 is correct, as noted in the last column, but cutoff errors result in each year being incorrect.
- In addition, while the surplus (deficit) position of each utility would also be misstated each year, it did correct itself by the end of fiscal year 2023

	Revenue per Trial Balance	Error in postings	Cutoff error in corrections	Corrected Revenue
31-Mar-21	$ 220,772.68	-$ 24,794.15		$ 195,978.53
31-Mar-22	$ 223,342.82	-$ 108,901.68	$ 24,794.15	$ 139,235.29
31-Mar-23	$ 28,360.85	$ -	$ 108,901.68	$ 137,262.53
	$ 472,476.35	-$ 133,695.83	$ 133,695.83	$ 472,476.35

Summary (1/2)

- MNP also reconciled the trial balance revenue amounts with the final revenue amounts contained in the audited financial statements to be confident that the both were the same
- For example, for fiscal 2023, the attached is a snapshot of the trial balance for all revenue, and a snapshot of the Windsor Water Utility revenue schedule from the audited financial statements
- They agree in total, and the highlighted amount shows the trial balance for TMP, which agrees to the analysis performed

	Description	Balance
09-1-00-50-450-65810	INACTIVE - WATER- METERED	$ 641,019.43
X 09-1-00-50-451-65830	INACTIVE - FLAT RATE SALES	$ 465,139.85
09-1-00-50-452-65840	FIRE PROTECTION - TOWN OF WINDSOR	$ 319,208.00
09-1-00-50-452-65845	FIRE PROTECTION - WEST HANTS	$ 155,095.00
X 09-1-00-50-453-65860	INACTIVE - Sprinkler Service	$ 5,728.27
X 09-1-00-50-454-65870	INACTIVE - Three Mile Plains Water Utility	$ 28,360.85
X 09-1-00-50-454-65875	INACTIVE - Wentworth Water Utility	$ 2,538.10
X 09-1-00-50-454-65880	INACTIVE - Dill Road Utility	$ 25,143.64
X 09-1-00-50-454-65881	INACTIVE - Underwood Meter (Crossing Developn	$ 409.67
X 09-1-00-50-454-65885	INACTIVE - West Hants Service Charge	$ 100,902.20
X 09-1-00-50-456-65895	INACTIVE - INTEREST ON CUSTOMER ACCOUN	$ 3,501.34
X 09-1-00-50-456-65905	INACTIVE - Other Operating Revenue-WTR	$ 5,400.00
X 09-1-00-50-457-65920	INACTIVE - Interest-WTR	$ 2,240.15
	Total Revenue	$ 1,754,686.50

YEAR ENDED MARCH 31, 2023

	2023 Budget	2023 Actual
OPERATING REVENUE		
Revenue from water rates	$ 1,165,900	$ **798,374**
Flat rate sales	459,000	**465,140**
Water supply for fire protection	476,241	**474,303**
Sprinkler service	7,548	**5,728**
Interest	9,354	**5,741**
Other	6,189	**5,400**
	2,124,232	**1,754,686**

Summary (2/2)

- Of note, because the errors related to a billing from one water utility to the other, it directly did not impact the individual customer billings
- The offset errors in each year would be an overstatement or understatement of source of supply expense in the West Hants utility
- Because the utilities have been amalgamated by NSUARB since, this inter-utility charge would be eliminated on amalgamation, therefore, **the net effect each year on consolidation should be nil.**

Questions


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