

# AUDITOR GENERAL

Halifax Regional Municipality



## Office of the Mayor Expenses Audit

June 2026

**June 10, 2026**

The following audit of **Office of the Mayor Expenses**, completed under section 50(2) of the Halifax Regional Municipality Charter, is hereby submitted to the Audit and Finance Standing Committee of Regional Council.

Respectfully,

*Original signed by*

Andrew Atherton, CPA, CA  
Auditor General  
Halifax Regional Municipality

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## Audit Results

### Expenses and Procurements Examined

In early 2026, HRM management brought concerns to our attention regarding specific transactions originating from the Office of the Mayor. Based on the information received, we conducted an audit on four transactions to determine whether they were compliant with HRM policy. We found all four transactions were noncompliant with HRM's procurement policy.

#### **External Legal Fees**

In 2025, the Office of the Mayor submitted two legal fee invoices to HRM accounts payable for payment. According to the HRM procurement policy, the procurement of external legal services must be authorized by HRM's municipal solicitor. We found that this did not occur in either situation, making the procurement and payment of these invoices inappropriate.

*Invoice 1 – June 2025 - \$1,425* – Prior to this invoice being processed senior management became involved. Ultimately it was approved for payment as a one-time exception by the municipal solicitor, who also reminded the mayor's chief of staff of the authorization requirement in writing.

*Invoice 2 – November 2025 - \$6,272* – This invoice was approved for payment by the mayor's chief of staff, and was charged to 'Other Goods and Services', not 'Legal Services'. The Office of the Mayor does not have a budget for legal services. The requisition was processed by municipal staff, and the invoice was paid in December 2025, even though external legal expenses, as noted previously, should have been authorized by the municipal solicitor. Management indicated to us that they have provided additional training to staff on the need for pre-approval of external legal services by the municipal solicitor.

Senior HRM management learned of this transaction in February 2026. At that time the acting CAO required the mayor to reimburse HRM for the charges. The mayor subsequently reimbursed HRM for both invoices.

#### **Consultant Procurements**

We looked at the procurement approach used to bring on two consultants by the Office of the Mayor and found both were noncompliant with HRM's procurement policy. Payment in both instances was based on valid invoices.

*Procurement 1 – initial value \$50,000, approximate amended value \$90,000* – In 2025, the Office of the Mayor used an alternative (sole-source) procurement for organization design and recruitment services that should have used a competitive process.

In late 2024, the mayor's office began discussions around hiring a consultant to assist in the administrative review and reorganization of the mayor's office. Senior staff in HRM's procurement department indicated that they did not agree that this should be an alternative procurement, and that it more properly should go through a competitive process. Further, they stated that the Office of the Mayor communicated a preference for the vendor to them early in the process. The alternative procurement was ultimately approved by the CFO and the now former CAO in April 2025, with confidentiality cited as the reason.

Per the alternative procurement form, confidentiality means: *"If Goods or consulting services regarding matters of a confidential or privileged nature are to be purchased and the disclosure of those matters through Competitive Procurement could reasonably be expected to compromise government confidentiality, result in the waiver of privilege, cause economic disruption, or otherwise be contrary to the public interest."*

We believe the reason given for this noncompetitive procurement is not reasonable, given the nature of the HR services sought. It is important that procurement processes are appropriately open and fair and there is due regard for value for money. This procurement should have followed an open process to ensure all qualified candidates had the opportunity to bid and to ensure HRM received the best value for the money spent.

When the scope of the engagement rose to over \$90,000, the contract with the vendor was not amended accordingly. Changes to scope should be formalized in an amendment to the contract to help ensure appropriate oversight, and to protect HRM's interests.

In this case, the acting CAO approved payment after the additional work was performed. The increase was disclosed in an information report to Audit and Finance Standing Committee at its January 2026 meeting.

*Procurement 2 – approximate value \$14,000* – This procurement was for services related to the mayor's 2025 state of the municipality address before the Chamber of Commerce.

This procurement did not follow a competitive process. Office of the Mayor staff said the supplier had been used by the previous mayor for similar work, so they approached the vendor directly, without considering the procurement methods available for expenditures over \$10,000, such as an invitational tender, a call from vendor roster or use of the standing offer.

There was no contract or statement of work in place for this work. Payment for the services was arranged through a cheque request approved by the mayor's chief of staff.

There are a variety of appropriate procurement methods available to facilitate regular HRM business and it is important the mayor's office be compliant with those. Management have indicated to us that they have provided additional training to staff in the mayor's office to help ensure future compliance.

We have made no recommendations as a result of this audit work. Our 2026-27 work plan includes an audit which will more broadly examine procurement activities HRM wide.

## About the Audit

We completed an audit of specific transactions originating from the Office of the Mayor.

The objective of the audit was to assess compliance of four items with all relevant HRM policies:

- Procurement of a consultant related to restructuring of the mayor's office
- Procurement of a speech writer for the mayor's April 2025 State of the Municipality to the Chamber of Commerce
- Two legal services invoices

Our role is to express an independent audit opinion of this area.

We developed the criteria for this audit to conclude on our audit objective:

- HRM's procurement policy should have been followed.
- Payments should only have been made for valid HRM expenses.

Our audit period covered initiation to conclusion for each item examined (2025-2026).

Our audit approach included interviews and review of documentation.

This audit was conducted in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 Direct Engagements published by the Chartered Professional Accountants of Canada.

We apply CPA Canada's Canadian Standard on Quality Management 1. Our staff comply with the independence and ethical requirements of the Chartered Professional Accountants of Nova Scotia Code of Conduct.

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