

FEB 27 2026

COR/2026/00202

Dear Mayor and Council:

Re: Financial and Human Resource Oversight – Role of Council

Thank you for the work you do for your community. As Minister of Municipal and Community Affairs, I am writing to share some simple reminders about your responsibilities as a council when it comes to town finances and managing town staff.

Under the **Towns and Local Service Districts Act** (the “Act”), councils must make sure public money is managed properly. This means the mayor and other council members must regularly look at things like:

- financial statements
- bank reconciliations
- payroll
- budget variance reports
- annual financial statements

Councils do not need to approve every single transaction, but as council members, you should understand your town’s overall financial picture and ask questions and seek clarification when something is unclear.

Payroll Oversight

Payroll is one of the biggest expenses for any town. Councils should make sure that:

- Payroll is reviewed by the Chief Administrative Officer or other staff, and senior staff payroll is reviewed by a councillor with signing authority.
- Timesheets, overtime, and leave requests are approved properly and follow policy. If your town is missing any policies related to timesheets, overtime or leave, councils should ensure these policies are created as soon as possible and explained to all staff.
- Any changes to pay, benefits, or job status are written down and approved.

Finance Committee

If you do not already have a Finance Committee, I strongly encourage you to set one up.

A Finance Committee can:

- Review financial statements
- Help develop policies
- Strengthen internal controls (including cybersecurity and cash handling)
- Review accounts payable
- Support budget, audit, and long-term planning

Audit Process

Councils should think about whether the auditor should look at any extra areas during the audit. Try to hire your auditor early in the year or consider a multi-year contract to support timely completion. The Act requires councils to appoint an auditor by August 1. Councils should meet with their auditor in a non-public session to review the draft financial statements and management letter. This gives you a chance to ask questions and seek clarification before the audit is finalized and formally adopted in a public meeting. When you receive the final audit, make sure the Council and your staff understand all recommendations and follow up where needed.

Purchasing and Procurement

Council should regularly check that your town's purchasing and procurement practices follow legislation, regulations, and internal policies. This includes making sure proper authorization levels, documentation practices, and internal controls are in place. For more information about the Public Procurement Agency, visit: <https://www.gov.nl.ca/ppa/>.

Employment Statement – Labour Standards Requirements

Under the **Labour Standards Act**, all non-unionized employees must have a written Employment Statement. This should clearly explain:

- Job duties
- Pay
- Hours of work
- Overtime rules
- Leave
- Employment status
- Applicable policies.

Clear employment terms help ensure accuracy, fairness, and consistency. More information is available at: <https://www.gov.nl.ca/gs/labour/nonunion/>.

Employee Screening

For positions that involve financial responsibility, access to sensitive systems, or a high level of trust, councils may want to consider background checks. These are optional but can help reduce risk.

Seeking Legal Advice

Council is strongly encouraged to seek legal advice whenever needed to support informed decision-making.

Please table this letter at your next council meeting for review and discussion.

If you have questions, you can contact the Municipal Finance Division at municipalfinance@gov.nl.ca or the Municipal Support Division for assistance at MunicipalRO@gov.nl.ca or 709-729-0259 (Eastern), 709-256-1050 (Central), or 709-637-2332 (Western/Labrador).

Thank you again for the work you do to provide governance and public services to your community. I hope this information helps to support you in your council role.

Sincerely,



HON. CHRIS TIBBS, MHA
Grand Falls-Windsor - Buchans
Minister

cc: Candice Ennis-Williams, Deputy Minister
Rob Nolan, Municipalities NL
Tammy Davis, Professional Municipal Administrators