

THE MUNICIPALITY OF THE DISTRICT OF SHELburne
FINANCE DEPARTMENT
136 Hammond Street, PO Box 280 Shelburne, NS B0T 1W0
Phone: (902) 875-3544 – Fax: (902) 875-1278
www.municipalityofshelburne.ca

Municipality of the District of Shelburne
AUDIT AND INTERNAL CONTROL COMMITTEE MEETING
MINUTES

Tuesday, September 20, 2022

10:00 am

A meeting of the Audit and Internal Control Committee was held on Tuesday, September 20, 2022.

Present:

| | |
|---|---------------------------------------|
| Larry Pelletier, Chairperson (Public Member) | Councilor Dale Richardson |
| Sandy Hood, Vice Chair (Public Member) | Michelle Mitchell, Finance Clerk |
| Michelle Williams, Director of Finance | Darrell Locke, By-Law Officer |
| Erin Hartley, Deputy CAO | Daniel Vincent, Public Works Operator |
| Darryl Wilson, BBA, FCIP, CAIB, CCIB, CRM – Arthur J. Gallagher (via Teams) | |

Regrets:

Warren MacLeod, CAO
Councilor Ron Coole

1. Call to Order

The meeting was called to order at 10:02 am by Chairperson, Larry Pelletier.

2. Amendments/Approval of Agenda

Being duly moved and seconded, be it resolved that the Agenda of September 20, 2022, be approved with the following amendments:

1. Items 6 and 7 to be switched in order:
 - a. 6. Update on Insurance Policy – Erin Hartley, Deputy CAO
 - b. 7. Insurance Letter – Erin Hartley, Deputy CAO
2. Item 3. Approval of Minutes to be deferred until next meeting

3. Approval of Minutes

To be deferred until next meeting.

4. Business Arising

There is no business arising.



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5. Discussion of Insurance Application – Oil Tank – Darryl Wilson, Arthur J. Gallagher

Darryl Wilson, Arthur J. Gallagher, reviewed the current application for first party coverage of the oil tank located at 243 Sandy Point Road.

Larry Pelletier asked for clarification that we already have third party coverage that would cover the oil tank in the event of a third-party claim. Mr. Wilson stated that the oil tank is already covered under our current third-party insurance, and what the policy in question would provide is a duplication of our third-party coverage but provides the Municipality with first party coverage which is not included in the current insurance policy.

Sandy Hood asked Darrell Locke, By-Law Officer, how big the oil tank is, and Mr. Locke responded stating that it is a normal sized 900-liter, 200-gallon household oil tank.

Mr. Pelletier asked Mr. Locke that if the Municipality had to clean up an oil spill on the Municipality's property without insurance coverage, what kind of cost would that be. Mr. Locke stated that there are multiple factors that could affect the cost, such as how long it has been before the spill was caught, as if it were to sit there longer and penetrate the soil more, this would result in a higher remediation cost. Mr. Locke provided a rough estimate of \$10,000 to clean up an oil tank spill on the Municipality's property.

Mr. Pelletier asked Mr. Wilson that how come first party coverage is not included in our current insurance policy. Mr. Wilson responded that our current insurance policy is Environmental insurance which is to cover the Municipality in the instance that the Municipality gets sued.

Erin Hartley, Deputy CAO, asked for clarification that we would not be receiving any additional third-party coverage under the new policy in question, but that it would just provide solely first party coverage. Mr. Pelletier added to Ms. Hartley's point by asking if both insurance policies could be used in the instance that a spill occurred and it required clean up and remediation on the Municipality's property, but also spilled onto a neighboring property. Mr. Wilson stated that there is a provision in the insurance policies that spell out how the two policies would share payment of the claim.

Councilor Sherry Thorburn-Irvine entered the meeting at 10:20am

Dan Vincent, Public Works Operator, asked Mr. Wilson that if the oil tank were to be in full containment, would the deductible change. Mr. Wilson stated that with a single tank, you are at a minimum premium, and so the premium will not change as this is the least a policy will be issued for with a single tank.



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Being duly moved and seconded, The Audit and Internal Control Committee recommends the following motion:

1. Recommends that the Council of the Municipality of the District of Shelburne not pursue the insurance coverage for the oil tank located at 243 Sandy Point Road, but to put a daily logbook in place, as well as to add proper signage and/or security procedures, effectively immediately.

6. Update on Insurance Policy – Erin Hartley, Deputy CAO

Erin Hartley, Deputy CAO provided an update stating that the Municipality received notice from the insurance company about the new forms on abuse coverage, and worked together with the CAO and Director of Recreation to complete the forms and submitted it along with the policies, and that they feel the Municipality meets the criteria for the abuse coverage. Ms. Hartley stated one concern that when speaking with the insurance office, the Municipality was being held up from getting the full insurance policy, which is believed to be because of the abuse application not being filled out, however, the Municipality was only made aware of it last minute with a short amount of time to get it complete in order for the policy to stay in effect; the insurance company acknowledged this.

Dan Vincent, Public Works Operator, noted that at an Asset Management Conference he attended, there was a presentation done by the Insurance Bureau of Canada stating that there is limited number of insurance providers that will provide insurance to Municipalities. With this, they mentioned doing a combination through different Municipalities to try and keep the rates lower for Municipalities for liability insurance that includes trails and parks.

Mr. Vincent stated that the presentation from the Insurance Bureau of Canada went around the trails and parks and talked about the claims from the public to the Towns and Municipalities that happened on the trails and parks.

Darryl Wilson left the meeting at 11:16am

With further discussion regarding potential risk on the trail's that the Municipality is responsible for maintaining, Larry Pelletier made a comment that we should have whoever oversees maintaining the trails to discuss what the procedures are, how often are they checked, and if there is proper signage up. Darrell Locke made the comment that there are currently



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forms out, with a system in place for all these checks from the Recreation department, however, the checks have not been getting done on a regular basis.

Being duly moved and seconded, The Audit and Internal Control Committee recommends the following motion:

1. Recommends that the Council of the Municipality of the District of Shelburne invite the Director of Recreation, Parks and Public Works Staff to a future Audit and Internal Control Committee meeting to discuss the parks and trails insurance and risk.

7. Insurance Letter – Erin Hartley, Deputy CAO

There were no further questions, comments, or concerns on this topic.

Sandy Hood left the meeting at 11:57am

Erin Hartley left the meeting at 12:05am

8. Sewer Service Analysis – Items A&C Committee Request in the Staff Report – Dan Vincent, Public Works Operator

Dan Vincent, Public Works Operator provided the committee with an update on the sewer services analysis project since 2018, and the committee has asked Mr. Vincent to provide a staff report with the following items for a future meeting:

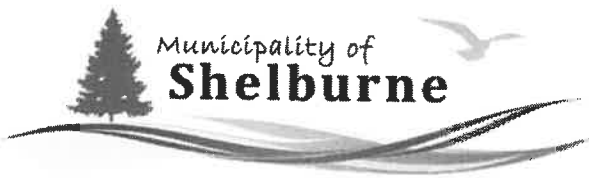
1. Documentation on the bio solids remediation
2. Full break down of where we've been, where we are and how we got here
3. Net zero cost for services including are we charging enough fees

Darrell Locke and Dan Vincent left the meeting at 12:43pm

9. Update on Council Approved Minutes for April 27, 2022 – July 6, 2022 – Dale Richardson, Deputy Warden

Deputy Warden Dale Richardson provided the committee with an update on the Council approved minutes for April 27, 2022 – July 6, 2022, and provided the following updates:

1. The C&D site has deemed that they will be separating any treated materials brought into the facility.
2. On top of the approval of the new Director of Protective Services position, the new CAO has been working on an overall staff restructuring.



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Mr. Pelletier asked for clarification if the Waste Diversion Report is in reference to garbage and Deputy Warden Dale Richardson confirmed yes, it was in reference to garbage.

Mr. Pelletier asked about the Training Report – has this training been complete and Deputy Warden confirmed that yes, this training has been complete.

Mr. Pelletier made a comment about the push back during COVID regarding the fire departments doing an inventory. The Deputy Warden responded that he felt the inventory for the fire departments was a waste of time and felt no need to do an inventory.

10. Implementation Report – Michelle Williams, Director of Finance

Michelle Williams, DOF, reviewed the topics of the Implementation Report and provided the following updates as per the report:

1. **Sewer Services Analysis** - Status as of September 2022: A to do list has been put in place for mechanical and safety items – some items to be worked into the 2023/24 budget.
2. **Safety Policy** - Status as of September 2022: As part of anticipated staff reorganization, a Director of Protective Services position will be hired, and this person will be in charge of updating our safety policy.
3. **Asset Management** - Status as of September 2022: The new Director of Protective Services will put in place a new RFP in the 2023/24 budget for a consultant to evaluate all our assets and provide a recommended asset maintenance schedule and budget as well as a retirement schedule and budget.
4. **Manulife** – Status as of September 2022: DOF contacted the company in July and they sent an accrual report which was discussed with the auditors, a meeting will be booked with the auditors in October 2022 to address accrual concerns around the pension plan.
5. **ARO** – Status as of September: AIMS has been hired to complete the project, they have begun to work with Directors, CAO, and public works staff.
6. **Management Letter 2021/22 (Internal Audit/Segregation)** – Status as of September 2022: DOF has booked the auditor to discuss the options in the management letter in depth for the October 18, 2022, meeting.
7. **Insurance Policy** – Status as of September 2022: Letter sent to insurance company September 2022.

The following items have been deemed complete and to be removed from the implementation report:

1. **Insurance Policy**



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The following update to be added to the implementation report:

1. **Sewer Services Analysis:** Dan Vincent, Public Works Operator to provide a staff report at a future meeting covering the following topics:

1. Documentation on the bio solids remediation
2. Full break down of where we've been, where we are, and how we got here
3. Net zero cost for services including, are we charging enough fees

The following items have been noted for changes of responsibility to the new Director Protective Services Position:

1. Fire Project
2. Safety Policy
3. Asset Management
4. Tipping Collections Policy

11. Year to Date Audit and Internal Control Report to Council – Michelle Williams, Director of Finance

Michelle Williams, DOF, reviewed the Year-to-Date Audit and Internal Control Report, this will be presented at council by a Councilor on the committee.

12. Reporting Motions to Council – Larry Pelletier

Being duly moved and seconded, The Audit and Internal Control Committee recommends the following motions:

1. Recommends that the Council of the Municipality of the District of Shelburne not pursue the insurance coverage for the oil tank located at 243 Sandy Point Road, but to put a daily logbook in place, as well as to add proper signage and/or security procedures, effectively immediately.
2. Recommends that the Council of the Municipality of the District of Shelburne invite the Director of Recreation, Parks and Public Works Staff to a future Audit and Internal Control Committee meeting to discuss the parks and trails insurance and risk.



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13. Next Meeting


The next meeting of the Audit and Internal Control Committee is scheduled to be held on October 18, 2022, and to cover the following topics:

1. Presentation from the Auditors:
 - I. Management Letter
 - II. Municipal Pension Plan

14. Adjournment

There being no further business, the meeting adjourned at 1:18 pm.

Michelle Mitchell, Finance Clerk
Recording Secretary



Michelle Williams, Director of Finance



Larry Pelletier, Chairperson