



**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](http://www.municipalityofshelburne.ca)

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

Tuesday, January 19, 2021

10:00 am

A meeting of the Audit and Internal Control Committee was held on Tuesday, January 19, 2021, via Microsoft Teams.

**Present:**

Larry Pelletier, Chairperson (Public Member)  
Sandy Hood, Vice Chair (Public Member)  
Trudy Payne, CAO  
Adam Dedrick, Director of Recreation  
Erin Hartley, Director of Corporate Services  
Ryan Jamieson, Waste Diversion Officer  
Darryl Wilson, BBA, FCIP, CAIB, CCIB, CRM,  
Arthur J. Gallagher Insurance  
Michelle Williams, DOF  
Alicia Murray, Executive Assistant

Daniel Vincent, Public Works Facilities Operator  
Councillor Terry McIntyre  
Councillor Ron Coole  
Councillor Sherry Thorburn Irvine  
Gloria Banks, CPA, CA, Grant Thornton  
Kelsey Murphy, CPA, CA, Grant Thornton  
David Muise, IT Director, Municipal Joint Board  
Darrell Locke, By-Law Enforcement Officer  
Michelle Mitchell, Finance Clerk

**Regrets:**

Warden Penny Smith

**1. Call to Order**

The meeting was called to order at 10:08 am by CAO, Trudy Payne.

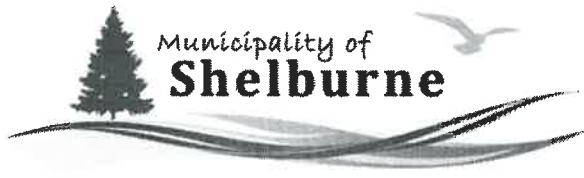
**2. Revised Terms of Reference for the Audit and Internal Control Committee**

Trudy Payne, CAO advised of one change made to the Terms of Reference.

This change states that the Audit and Internal Control Committee will have two Council members (Councillor Terry McIntyre and Councillor Ron Coole) as well as an alternate Councilor member (Councillor Sherry Thorburn Irvine), this change was approved by Council on November 23, 2020.

**3. Election of Officers**

CAO, Trudy Payne commenced the election of officers. The call for nominations of Chairperson was made. Councillor Coole nominated Larry Pelletier. Mr. Pelletier who, after three other calls for nominations were made, accepted the nomination. The call was made for any other nominations. No other nominations were made, Mr. Pelletier elected Chairperson by acclamation.



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Mrs. Payne called for election of Vice-Chairperson. Councillor McIntyre nominated Sandy Hood who, after three other calls for nominations were made, accepted the nomination. The call was made for any other nominations. No other nominations were made, Mr. Hood elected Vice Chairperson by acclamation.

**4. Amendments/Approval of Agenda**

Being duly moved and seconded, be it resolved that the Agenda of January 19, 2021 be approved as circulated.

**5. Approval of Minutes**

Being duly moved and seconded, be it resolved that the Minutes of July 7, 2020 be approved as circulated.

**6. Business Arising**

There was no business arising.

**7. Presentation on Cyber Insurance – David Muisse, Arthur J. Gallagher**

David Muisse, IT Director, spoke briefly about the ongoing decision to purchase Cyber Insurance, explaining different threats that have been known to affect organizations. CAO, Trudy Payne mentioned that the previous Council had approved funding to be placed in a reserve in 2020/2021 rather than going through with the Cyber security insurance last year. Erin Hartley, Director of Corporate Services explained that all members of staff are required to complete Cyber security training which has helped keep phishers at bay as staff are better able to report malicious emails.

Chairperson, Larry Pelletier, asked the committee how they would like to proceed. With a unanimous vote, the committee agreed to explore Cyber insurance and bring information including a quote back for further review at the February meeting.

Mr. Muisse brought up some concerns that were flagged such as to consider risk tolerance, always have people involved and better internal processes.

The Municipal Joint Board investigated getting Cyber Insurance for two years but ended up voting against it. Instead, they established an internal reserve instead of insurance where they contribute to this annually. If the Municipality of Shelburne agrees to get Cyber Insurance, it is the Municipalities responsibility – the risk is the Municipalities, if there is a claim the Municipality undertakes it not the Municipal Joint Boards.



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Mr. Muise made the comment that he cannot give us an opinion as to if we should undertake Cyber Insurance, it is completely up to us.

Ms. Payne commented that in the past the Audit and Internal Control Committee recommended a reserve and that it was approved by Council to do so in 2020/2021. This issue is now being brought back to the Audit and Internal Control Committee due to COVID-19 which created a lot of processes that are more electronic based.

The committee asked how much of a reserve would be set aside, it was recommended previously by Audit and Internal Control that \$5,000 annually should be set aside and this would go forth unless any other recommendations were made. It was noted that \$5,000 annually might be too low. Further discussion will take place at the February meeting.

Mr. Pelletier asked if the Municipality has had an increase in spam emails. Ms. Hartley replied and said that there have been some odd emails, but they are more aware of these spam emails because of training they received.

Mr. Pelletier suggested getting a quote for Cyber Insurance and seeing what it would do more for us.

Councillor McIntyre suggested putting another \$5,000 away – The CAO indicated that this is a previously motioned item to put \$5,000 annually is ongoing unless otherwise changed by motion.

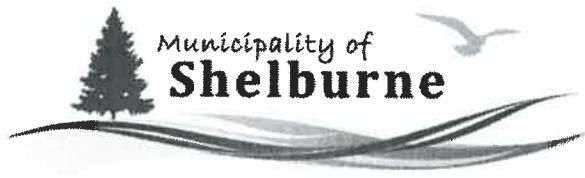
Mr. Wilson stated that in the past people/companies will still buy insurance even if their building is secure. He noted that Cyber losses are large and that they can leave a business without access to their system.

Mr. Wilson gave some insight on some different policies.

**Multi-Facet Policy** – Data breach, when there is a release of information, could be as simple as a paper file lost with identifying information on it. All those affected and regulators would have to be notified. The costs to notify every party impacted, the regulators and to monitor onward and pay identity theft losses can be significant. When breaches like these happen, you often do not know who to contact – with insurance there are breach coach experts that will walk you through every step.

**Ransom Ware** – System message “retrieve data to have access”- meaning the business would have to pay to get the system information back, some business opt to pay, some will rebuild the system on their own.

**Multi-Media Liability** - One businesses system gives another a virus.



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**Cyber Crime** – Someone pretends to be someone within the organization – This is covered under insurance.

Cyber insurance would cover if an employee breached information unknowingly.

Cyber Insurance typically ranges \$8,000 give or take, so \$5,000 annually would take a long time to be able to cover large claims.

Ms. Payne suggested finishing and sending the application to get a quote and bring it to the next meeting, the committee is in favor of this recommendation.

David Muise left the meeting at 10:55 am.

**8. Presentation on Environmental Insurance – Arthur J. Gallagher**

Darryl Wilson, BBA, FCIP, CAIB, CCIB, CRM, Commercial Insurance Agent, gave the committee an overview of Environmental Insurance and reviewed both insurance quotes given within the Audit Agenda package. He noted that three tanks and a generator would not be covered due to age and environmental risks. The committee suggested that more information be brought forward to the February meeting.

Mr. Wilson stated that Environmental Insurance does not cover auto, aviation and such insurances because you can purchase them specific and separate. A year ago, the Municipality started exploring Environmental Insurance, the company that was being explored was Chub Insurance – there was a lengthy application, and the decision was made that it was too costly. The companies that are now being explored are Frank Insurance and Victor Insurance. It was noted that Frank Insurance includes coverage on our tanks but is strictly 3<sup>rd</sup> party coverage, there is no first party coverage. Victor Insurance only covers tanks, they do not offer coverage on any other exposures.

Ms. Payne asked if our three tanks and the above ground tank would be covered under Frank Insurance. Mr. Wilson replied stating that they do not qualify under the insurance's requirements.

It was noted that there are always policy exclusions and there is no guarantee everything will be covered.

Mr. Pelletier voiced a concern that with the Aggregation it could be all used up in one claim.



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Mr. Pelletier suggested it was agreed to review Environmental Insurance again at the February meeting.

Darryl Wilson left the call at 11:13 am.

Ryan Jamieson and Daniel Vincent left the call at 11:15 am.

Darrell Locke joined the meeting at 11:07am, Mr. Locke left the meeting at 11:15am.

**9. Presentation on Auditors Plan – Grant Thornton**

Kelsey Murphy, CPA, CA, Grant Thornton LLP and Gloria Banks, CPA, CA, Grant Thornton LLP, presented the Audit and Internal Control Meeting Committee with their Auditor's Plan, noting that there were no findings within the audit that raised any concern.

It was noted by Ms. Banks that they have been looking at assets to see if COVID-19 has had an impact, but she does not feel there will be anything significant.

The auditors spoke on the new PSAB requirements coming out in the next few fiscal years. Mr. Pelletier asked for clarification that we have until 2024 for asset management, Ms. Murphy clarified that this will come into effect at the end of our fiscal in 2023. Mr. Pelletier asked if the asset management included electronics, it was noted that our system TownSuite is likely not a future obligation. It was discussed about a possible group RFP for a consultant to do research on asset costs to meet future PSAB requirements.

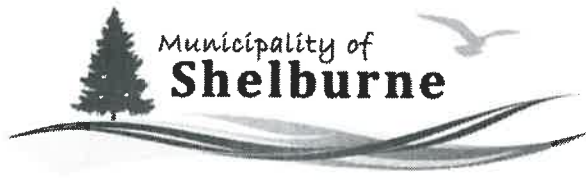
The auditors spoke about the journal entry procedure and Mr. Pelletier asked for verification that because the Municipality has no accountant role, when an audit is taking place that the G/L's are being looked at more in depth. It was confirmed that they do look at them more in depth and understand there may be more risk.

Kelsey Murphy and Gloria Banks left the meeting at 11:51 am.

**10. Update on Council Approved Minutes for July 13 – December 14, 2020 – CAO**

CAO, Trudy Payne reviewed the main topics of interest from the Council Minutes from July 13 – December 14, 2020 Meetings. Ms. Payne asked the Committee if they had any questions regarding the Council Minutes that were included in the Audit and Internal Control Committee meeting package.

Mr. Pelletier, Chairperson, asked regarding the Brush Pile issue if the C&D site has looked at making sure this issue does not arise again. Erin Hartley, Director of Corporate Services, replied that going forward, they will be building it into the budget to remediate the brush pile every



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year as well they are noticing a lot of the brush is coming from commercial haulers and so a revised tipping fee schedule has been implemented, resulting in a charge to help cover the cost of remediation.

**11. Financial Update January 2021 – DOF**

Michelle Williams, Director of Finance, presented the staff report for the January 2021 Financial Update.

Mr. Pelletier asked if COVID-19 has had an impact on our revenue and expenses, Mrs. Williams stated that we have not seen a change, and our receivables have continued to be in healthy standing.

Ms. Payne made a note that residents could have applied to Council under our new COVID Tax Policy to pay their taxes over a 12 month period; we had two residents apply.

**12. Implementation Report – CAO**

It was noted that the committee is going to look at the list in better detail at the February meeting.

**Items discussed included:**

**Four Day Work Week** – Trudy Payne, CAO, gave the committee a quick overview of the newly approved four day work that will begin February 1, 2021 and continue for a three month trial period.

**C&D Site, Potential Liability** – It was brought to the committee’s attention that there could be a potential liability at the C&D site as there is only one person working there at any given time. Trudy Payne, CAO, mentioned that Council is aware and it is being reviewed.

**C&D Site, Ticket Issues** - Michelle Williams, Director of Finance, made the auditors aware that there are issues with the Septage Receiving electronic ticket system and that the C&D Site tickets have been handwritten more than normal due to scale complications. Trudy Payne, CAO, said that Council is looking into the purchase of a new scale for the C&D site in the next fiscal year.



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**13. Year to Date Audit and Internal Control Report to Council – CAO**

Trudy Payne, CAO, reviewed the Year to Date Audit and Internal Control Report.

Trudy Payne stated that she would like to have a presentation from CBCL (who was granted the RFP for cleanup of the Septage) to the Audit and Internal Control Committee and Council. She is looking into a date/time to have both Council and Audit and Internal Control Members attend and will advise the committee when that will be.

**14. Reporting Motions to Council – Larry Pelletier**

There were no motions to bring to Council.

**15. Next Meeting**

Next meeting to be held February 16, 2021, items to include are Cyber Insurance Quote and Environmental Insurance review and quote. Future date for a presentation on biosolids will be provided by CAO.

**16. Adjournment**

There being no further business, the meeting adjourned at 12:28 pm.

Alicia Murray, Executive Assistant and Michelle Mitchell, Finance Clerk  
Recording Secretaries

Michelle Williams, Director of Finance/Deputy CAO

Larry Pelletier, Chairperson