



## Municipality of the District of Argyle

Item: October 7, 2022

Date: Cyber security insurance  
and audit

### VISION

We see Argyle as home to a healthy and thriving rural population. Our municipality promotes and supports economic and social opportunities for the region and engages in the active expression of our unique Acadian heritage. We are a place of choice for rural living and are widely recognized for our warm hospitality and joie de vivre. Surrounded by fresh air and cool ocean breezes, we work and play in the great outdoors. People choose to live in Argyle because of our commitment to each other, to our community and to our neighbors. Argyle is a place we are proud to call home.

### **Background:**

In our recent audit committee meeting, our auditors underlined a large risk of many municipalities. Specifically, much of the issues surround insurance and protection against computer attacks, such as ransomware and other threats. The auditors strongly recommended an audit of our current IT controls, and subsequently, an investment in ransomware insurance, which is commonly purchased by other municipalities. While our internal accounting controls are reasonably managed (with some weaknesses that remain), our IT sector does not have effective documented controls, nor do we have an independent review of our system.

Before I lay the fear of doom on you as governance leaders, I would note that many of our key service areas are protected through other servers, housed in the cloud, or offsite with effective controls. But we don't know what we don't know, an audit of our system would be in order. This process is not budgeted for in the current year, nor would any additional insurance costs.

The process of audit is layered, with multiple service offerings. We do not have the cost as it depends on the services we choose. We do know that the cost could approach \$10,000, depending on how many services we need.

The procurement policy in place allows us to engage Grant Thornton directly without competition or tender. This is important as they also audit our financials and our subsidiaries, so it would be appropriate to hire the same firm to have all the appropriate documentation.

The audit of IT systems is long overdue and should be accomplished to further protect the integrity of our business side of things.

### **MGA considerations:**

The engagement of auditors for IT protection would fall into authorized municipal expenditures, Section 65 of the Act. There are no issues here.

**CAO's Recommendation:**

---

Recommend that we proceed with hiring Grant Thornton, IT sector, to price and execute an audit of our IT controls before the end of fiscal 2023, and that the insurance portion be budgeted and paid for in Fiscal 2023-24. It should be noted that the audit is unbudgeted, therefore I would request an authorization of up to \$10,000 from Council to exceed the audit budget line for this purpose.

**Suggested motion:**

---

Move that the CAO be authorized to spend up to \$10,000, exceeding our current approved budget, to engage Grant Thornton to lead an IT audit of our municipality for the 2022-2023 fiscal year.