



TOWN OF MINTO

DATE: May 10, 2018

REPORT TO: Mayor and Council

FROM: Annilene McRobb, Deputy Clerk

SUBJECT: Joint Compliance Audit Committee

STRATEGIC PLAN:

11.6 Maintain cost effective and appropriate partnerships with the Province, County and nearby municipalities to provide for efficient ongoing maintenance of infrastructure including but not limited to sharing staff resources, using similar technology, establishing joint standards and other areas of mutual benefit.

BACKGROUND:

The purpose of this report is to establish a Joint Compliance Audit Committee for the 2018-2022 Term of Council. Section 88.37 of the Municipal Elections Act (the Act) requires Municipalities to establish a Compliance Audit Committee (the Committee) prior to October 1st of an election year. An elector who is entitled to vote in an election and believes on reasonable grounds that a candidate has contravened a provision of the Act relating to election campaign finances may apply to the compliance audit committee for a review of the candidate's election campaign finances.

For the 2014- 2018 Term of Council, the Town followed a similar process and established a Joint Committee with three other Wellington County Municipalities. No applications for a compliance audit were received by the Committee last term.

The terms of reference for the Committee conclude their term November 30, 2018. All of the Wellington County Municipalities have agreed to follow a similar approach for the new Term of Council. A Joint Committee offers the greatest potential to reach the broadest spectrum of interested applicants across the County, in a cost efficient manner.

Committee Process

The Act lays out the requirements for the establishment of the Committee, along with the process for conducting a compliance audit. The following is an overview of the application process for an audit:

- An application for an audit must be made to the Clerk of the Municipality within 90 days after the financial filing date (March 29, 2019).
- The Clerk of the Municipality shall forward the application to the Committee within 10 days of receipt.
- Within 30 days after the Committee has received the application, the committee shall consider the application and decide whether there are reasonable grounds to request an audit.

- If the committee decides to grant the application, an auditor shall be appointed to conduct a compliance audit of the candidate's election campaign finances.
- The auditor shall promptly conduct an audit of the candidate's election campaign finances to determine whether he or she has complied with the provisions of the Act relating to election campaign finances and shall prepare a report outlining any apparent contravention by the candidate. That report is submitted to the candidate, Council, and the Clerk of the municipality who has 10 days to forward it to the Committee.
- The committee shall consider the report within 30 days after receiving it and, if the report concludes that the candidate appears to have contravened a provision of the Act relating to election campaign finances, the committee shall decide whether to commence a legal proceeding against the candidate for the apparent contravention. If the report concludes that the candidate did not contravene the MEA, the committee must make a finding as to whether there was reasonable grounds for the request for the audit. If the committee determines that there were no reasonable grounds, then the Council is entitled to recover the auditor's costs from the applicant.

Each Municipality is responsible for paying the compensation for the Committee Members, as well as the auditor's cost of performing the audit.

New financial reporting requirements for the Clerk

Legislative changes to the Act since the 2014 Municipal Election have established new statutory requirements for the Clerk to report on any contributor to a candidate or registered third party which has exceeded any of the contribution limits set out in the Act.

The Clerk reviews financial statements submitted by candidates and registered third parties within 30 days of the applicable filing date, and prepares a report identifying contributors who may have exceeded any contribution limit under the Act. The Clerk prepares a separate report for each contributor whose contributions to a candidate(s), or a registered third party (or registered third parties) may have contravened any contribution limit. Once completed the Clerk's report is forwarded to the Committee who upon have 30 days to consider the report and decide whether to commence legal proceedings against any contributor.

Overview of Terms of Reference

To facilitate the creation of the joint Election Compliance Audit Committee, staff is proposing that Council approves the Terms of Reference attached as Schedule A to this report, which was prepared and agreed upon by all the Wellington County Municipal Clerks. These Terms of Reference will be brought to each Municipal Council for approval. Upon approval, recruitment for the Committee will commence.

The Act specifies that the Committee be composed of between three and seven members. Staff is recommending that the Committee be composed of between three and five

members. Committee membership ideally includes auditors, accountants, lawyers, academics, and other individuals with knowledge of the Act's campaign financing rules.

COMMENTS

Committee recruitment will be coordinated amongst the Wellington Municipalities. Current Committee Members will be contacted and an ad placed in the Wellington Advertiser. Pertinent information and an application form will be made available on municipal websites. Costs associated with advertising are split equally by participating municipalities.

A selection Committee composed of the Clerks or Deputy Clerk of the designated participating municipalities will meet to review applications, and appoint Joint Compliance Audit Committee members. The Terms of Reference set out criteria to be considered when appointing Joint Compliance Audit Committee members.

If a participating municipality receives a compliance audit application, the Clerk of that municipality will call a Committee meeting, and prepare the necessary notices, agendas, minutes, etc. Costs associated of holding meetings, or the decisions of the Committee, are the responsibility of the municipality requiring Committee services. The Terms of Reference includes compensation of \$125 per Committee member per meeting.

FINANCIAL CONSIDERATIONS:

Town share of advertising costs are estimated at \$300 based on two advertisements placed in the Wellington Advertiser and shared equally amongst the seven lower tier municipalities.

Committee meeting costs, should a complaint arise are estimated at \$1,250 based on 5 committee members at \$125 per person per meeting. Two meetings have been assumed should a complaint arise.

Council can recover the auditor's costs from the applicant if an auditor's report indicates there was no apparent contravention of the Act, and the Committee finds there were no reasonable grounds for the application. Cost recovery is considered on a case-by-case basis.

RECOMMENDATION:

THAT Council approves the Terms of Reference for a Joint Audit Committee with the Wellington County municipalities, attached as Schedule A, for the 2018-2022 Term of Council, and passes a by-law establishing a Joint Compliance Audit Committee for the 2018-2022 Term of Council.

Annilene McRobb, Dipl M.M., CMO
Deputy Clerk