



# Town of Erin

## Corporate Report

<b>Department:</b> Corporate Services	<b>Report Number:</b> C2022-08
<b>Business Unit:</b> Legislative Services	<b>Meeting Date:</b> 6/30/2022
<b>Presented/ Prepared By:</b> Lisa Campion, Director of Legislative Services & Clerk	

### Subject

#### Joint Compliance Audit Committee

### Recommendation

**Be it resolved that** Council hereby adopt a By-law establishing a Joint Compliance Audit Committee for the 2022-2026 Term of Council as presented in Appendix A of this report; **And that** Council hereby adopt a By-law to appoint Members to the Joint Compliance Audit Committee for the 2022-2026 Term of Council as presented in Appendix B of this report.

### Background

The purpose of this report is to establish a Joint Compliance Audit Committee for the 2022-2026 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 for a compliance audit of the candidate's election campaign finances.

For the 2018-2022 Term of Council, the Town followed a similar process and established a Joint Committee with the local municipalities within Wellington County. The Committee was comprised of four members. No applications for a compliance audit were received by the Committee during the previous term of 2018-2022.

In accordance with the current terms of reference, the established term of the Committee is until November 14, 2026. The Clerks within the local municipalities in Wellington County have expressed support for a similar approach for the upcoming term as it is the opinion of the Clerks that the Joint Committee offers the greatest potential to reach the broadest spectrum of interested applicant across the County in a cost efficient manner.

### Discussion

The Municipal Elections Act provides the requirements for the establishment of the Committee, as well as 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 31, 2023).
- 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 Act, 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.

## **Municipal Responsibilities**

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

### Financial reporting requirements for the Clerk

The Clerk is required 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 shall review all financial statements submitted by candidates and registered third parties within 30 days of the filing date or supplementary filing date, and prepare a report identifying such contributors who appear to have exceeded any contribution limits under the Act.

The Clerk shall prepare a separate report for each contributor whose contributions to a candidate (or candidates), or a registered third party (or registered third parties) appear to have contravened any of the contribution limits. Once completed, any report prepared by the Clerk shall be forwarded to the Committee who upon receiving the report(s), will

have 30 days to consider it and decide whether to commence legal proceedings against any contributor for an apparent contravention.

## **Overview of Terms of Reference**

To facilitate the creation of the joint Election Compliance Audit Committee, staff recommend that Council approves the Terms of Reference attached as Schedule A to this report, which was prepared and support by all the Wellington County Municipal Clerks. These Terms of Reference will be brought to each local Council for approval. The Act provides that the Committee be composed of between three and seven members.

Committee membership would ideally be comprised of members with expertise relating to those of auditors, accountants, lawyers, academics, and other individuals with knowledge of the Act's campaign financing rules. The Committee recruitment is to be coordinated amongst the Clerks of the local municipalities in Wellington County. However, participating municipalities are permitted to appoint the previous committee members without the requirement to go through a recruitment process. When a participating municipality receives an application for a compliance audit, the Clerk of that municipality will call a meeting of the Committee; will prepare the necessary notices, agendas, minutes, etc. Any costs associated with the holding of meetings, or the decisions of the Committee, will be the responsibility of the municipality requesting the services of the Committee. The Terms of Reference suggest the compensation of \$125 for attendance at each meeting, per Committee Member.

The Township of Puslinch has approached the current Compliance Audit Committee Members regarding their interest in sitting on the Compliance Audit Committee for the upcoming term. Each member has committed to serving on the Committee for the 2022-2026 Term of Council, therefore, there will be no formal recruitment process in 2022.

Appendix B is a proposed By-law to (re)appoint the following four members:

- Jim McQueen
- Wesley (Wes) Snarr
- Douglas Auld
- Joseph Servos

## **Strategic Pillar**

Service Excellence & Good Governance

## **Financial Impact**

The Committee meeting costs, should a complaint arise, are estimated at \$1,000 based on 4 committee members at \$125 per person per meeting. Two meetings have been assumed should a complaint arise. Council is entitled to recover the auditor's costs from the applicant if an auditor's report indicates that there was no apparent contravention of the Act, and the Committee finds that there were no reasonable grounds for the

application. Recovery of costs would be considered on a case-by-case basis. There will be no impact to the 2022 budget as a result of this report. Any related costs in 2023 would be funded through the Election Reserve Fund.

## **Conclusion**

That the proposed recommendation be approved by Council.

## **Attachments**

Appendix A – Proposed By-law to establish a Joint Compliance Audit Committee

Appendix B – Proposed By-law to appoint members to the Joint Compliance Audit Committee

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