

Staff Report



To	Committee of the Whole
Service Area	Corporate Services
Date	Monday, May 2, 2022
Subject	2022-2026 Joint Municipal Election Compliance Audit Committee

Recommendation

1. That a joint Municipal Election Compliance Audit Committee be established for the 2022-2026 term of Council in accordance with the draft Terms of Reference as set out in Attachment-1 to report 2022-160, titled 2022-2026 Joint Municipal Election Compliance Audit Committee, dated Monday, May 2, 2022.
 2. That the City Clerk be delegated authority to select and appoint Committee Members and that Council be advised of the appointments by way of an Information Report once members have been selected.
 3. That the City Clerk be delegated authority to review and revise the Terms of Reference throughout the term of the Committee in accordance and in consultation with other participating municipalities.
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Executive Summary

Purpose of Report

To provide Council with information regarding the creation of a joint Municipal Election Compliance Audit Committee with the Region of Waterloo participating members and draft Terms of Reference with respect to the Committee.

Key Findings

Section 88.37 of the [Municipal Elections Act, 1996, S.O. 1996, c.32](#), as amended, (MEA) requires that a Council or local board shall establish a Municipal Election Compliance Audit Committee (MECAC) before October 1 of an election year.

During the 2018-2022 term, the City of Guelph partnered with the Region of Waterloo, Cities of Cambridge, Kitchener, Waterloo, Townships of North Dumfries, Wellesley, Wilmot and Woolwich (participating municipalities), to establish a 2018-2022 joint Municipal Election Compliance Audit Committee.

As each municipality and local board is required to appoint a MECAC, the potential to again create a shared committee amongst the City of Guelph and Region of Waterloo (incorporating all municipalities) was recognized as beneficial again for the 2022-2026 term of Council.

Taking into consideration the competition for qualified applicants, as well as the potential for conflicts for those applicants with accounting/auditing backgrounds

who may be supporting campaign finance reporting of candidates, a joint MECAC offers the greatest potential to reach the broadest spectrum of interested and qualified applicants across the participating municipalities, in a cost-effective manner. In short, a joint MECAC offers a high degree of operational flexibility.

City Clerk's Office staff have met with the Area Clerks within the Region of Waterloo and it was agreed that a joint MECAC could be formed for the 2022-2026 term and that the City of Guelph would be included as a participating municipality.

Staff recommends that the Region of Waterloo, Cities of Cambridge, Guelph, Kitchener, Waterloo, Townships of North Dumfries, Wellesley, Wilmot and Woolwich (participating municipalities), recruit and appoint a joint MECAC for the upcoming term of November 2022 to November 2026.

Financial Implications

Administrative costs associated with the joint Municipal Election Compliance Audit Committee and/or an auditor will be the responsibility of the municipality requiring the services of the Committee or auditor. The City's obligation will be funded from the Election Reserve Budget.

Report

Background

Section 88.37 of the [Municipal Elections Act, 1996](#), as amended, (the MEA) requires that every municipality appoint a compliance audit committee prior to October 1 of an election year.

There are no restrictions in the MEA which preclude municipalities from sharing a MECAC.

The Committee has the full authority provided by sections 88.33 to 88.37 of the MEA to address applications requesting an audit of a candidate's or third-party advertiser's election campaign finances and to consider reports from the City Clerk citing apparent instances of over-contribution to municipal campaign. As per the MEA, this authority includes but is not limited to the following:

- review applications for a compliance audit and grant or reject audit requests within 30 days of receipt;
- where an audit is granted, appoint an auditor and review the audit report;
- following the audit, decide whether legal proceedings shall be commenced; and
- within 30 days after receiving report(s) from the City Clerk under Sections 88.34 and 88.36 (dealing with apparent campaign contributions in excess of permitted limits), the compliance audit committee shall meet to consider the report(s) and decide whether to commence a legal proceeding against a contributor for an apparent contravention, if applicable.

Current Committee

The Act requires that MECAC must have between three and seven members, (the [2018-2022 members to the Joint Municipal Compliance Audit Committee](#) consisted of a pool of 10 members). Committee members shall not be employees, officers, members of Council, or applicable local boards or candidates.

In May 2019, the City received one application for a compliance audit. At that time, the City Clerk assembled a committee from the 2018-2022 Joint Municipal Compliance Audit committee pool, consisting of 5 members, to conduct a compliance audit hearing and provide a decision on the application.

Taking into consideration the competition for qualified applicants, as well as the potential for conflicts for those applicants with accounting/auditing backgrounds, a joint MECAC offers the greatest potential to reach the broadest spectrum of interested applicants across the participating municipalities, in a cost-effective manner. In short, a joint MECAC offers a high degree of operational flexibility.

The Region of Waterloo municipalities have been creating joint MECACs since the 2010 municipal election with the City of Guelph added as a participating municipality during the 2018 Municipal Election.

Requests for compliance audits are usually rare and as such, a shared committee should be able to handle the potential workload.

The total number of compliance audit requests from Region of Waterloo participating municipalities in the 2018 municipal election was one. This compliance audit was associated with the City of Guelph. The Region of Waterloo, Cities of Cambridge, Kitchener, Waterloo and Townships of North Dumfries, Wellesley and Wilmot received no requests for compliance audits during the 2018-2022 term of Council.

In a meeting with the Area Clerks within the Region, it was agreed that a joint MECAC could again be formed for the 2022-2026 term with the City of Guelph included as a participating municipality.

Staff recommends that the participating municipalities recruit and appoint a joint MECAC for the upcoming term of November 2022 to November 2026.

Terms of Reference

On May 28, 2018, Council approved [2018-2022 Terms of Reference](#) for the creation of a Joint Municipal Compliance Audit Committee.

In a meeting with the Area Clerks, the 2018-2022 Terms of Reference was reviewed, and staff are recommending modifications as a result of legislative changes including:

- Section 3 – Council's term of office commences on November 15
- Section 4 – Municipalities are no longer permitted to recover costs of auditor reports.

Staff are also recommending the following administrative modifications:

- Section 8 – Permitting meetings in person or electronically
- Section 8.3 – Requiring agenda to be posted a minimum of two (2) business days prior to the date of the meeting
- Section 8.5 – Increasing the remuneration rate from \$175 to \$200
- Section 10 – Revising the list of applicable legislation and adding further provisions for removal of members if unable to attend three (3) meetings in a row or unable to fulfill duties of the MECAC pool
- Section 12 – Permitting the Clerk to develop additional administrative practices and procedures at any time

- Conflict of Interest Policy – Adding definitions distinguishing between personal and pecuniary conflicts of interest and clarifying when conflicts are to be disclosed.

Financial Implications

Administrative costs for such items as printing, mail and mileage will be funded from the Election Reserve Budget. Advertising costs will be incurred to solicit applications for appointment to the joint MECAC and funded from the same reserve.

Consultations

Consultations and coordination with participating Area Clerks have taken place.

Strategic Plan Alignment

This report aligns with the Strategic Plan priority of Working Together for our Future and supports the corporate value of integrity. It seeks authority to create a Joint Municipal Election Compliance Audit Committee for the 2022-2026 term of Council by partnering with participating municipalities to improve service delivery in a cost-effective manner.

Attachments

Attachment-1 Draft Terms of Reference

Departmental Approval

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Report Author

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Committee of Adjustment

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