



STAFF REPORT

Meeting Date: September 26, 2022

Title: Election 2022 Joint Compliance Audit Committee

Prepared By: Allyson Euler

Department: Administration

Report Number: Administration-2022-033

Recommendation:

THAT Council gives three readings to a Joint Compliance Audit Committee Terms of Reference for the 2022-2026 Term of Council by-law; and further

THAT this regional joint committee includes partnerships with the Cities of Dryden and Kenora; the Municipalities of Machin, Red Lake and Sioux Lookout; and the Townships of Ear Falls, Ignace and Pickle Lake; and further

THAT the regional participating clerks are hereby delegated the joint authority to make the appointments to the committee through mutual consensus.

Background:

The Municipal Elections Act, 1996 (MEA) requires that all municipalities appoint a Compliance Audit Committee. A qualified elector who believes on reasonable grounds that a candidate has contravened a provision of the MEA relating to election campaign finances, may apply to the Compliance Audit Committee for a compliance audit of the candidate's finances.

Discussion:

Section 88.37(1) of the MEA makes the establishment of compliance audit committees mandatory for municipalities and local boards. The MEA states that a qualified elector who believes on reasonable grounds that a candidate or a registered third party has contravened a provision of the MEA relating to election campaign finances may apply for

a compliance audit of the candidate's or the registered third party's election campaign finances. Applications for a compliance audit are submitted to the City Clerk, who in turn forwards the application to the Joint Compliance Audit Committee. The Joint Compliance Audit Committee reviews each application to determine whether or not there are reasonable grounds to request an audit. If the request is granted, the committee appoints an auditor to audit the candidate's finances. Upon completion of the audit, the Committee reviews the auditor's report to determine whether there are contraventions of the MEA and whether legal proceedings against the candidate should proceed. Further, if the report concludes that a candidate or registered third party does not appear to have contravened a provision of the MEA relating to election campaign finances, the Committee may make a finding as to whether there were reasonable grounds for the application for a compliance audit. If the auditor's report indicates that there was no apparent contravention of the MEA and the Committee finds that there were no reasonable grounds for the application, Council is entitled to recover the auditor's costs from the applicant.

Recruitment of members for this committee can be challenging. The Regional Clerks Network discussed the committee at their spring meeting and agreed that it was in our best interest to work collaboratively to form one regional committee rather than each of us trying to recruit members for our own independent committee. The Clerks Network group has worked together over the past several months to finalize this draft terms of reference. According to the MEA the Committee must be established by October 1 of an election year for the purposes of the Act.

The MEA specifies that compliance audit committees be composed of between 3 and 7 members; ideally to include auditors, accountants, lawyers, academics and other individuals with knowledge of the MEA's campaign financing rules. Prior experience on a committee or task force would be an asset. They must not include employees or officers of the municipality, members of the Council, any persons who are candidates in the election, or any persons who are registered third parties.

For the 2022-2026 term of Council the Joint Committee shall be comprised of five members, of which we are publicly recruiting for. The Regional Clerks network has worked diligently to reach out to knowledgeable and impartial members who may be interested in serving each community fairly. Any combination of at least three members shall be selected by the Participating Community and shall constitute the Committee for the purposes of reviewing compliance audit requests in accordance with the Terms of Reference and the Administrative Practices and Procedures. The Participating Community has the discretion to use all five members should they so choose, but a minimum of three. Members will be required to participate in an orientation session as a condition of appointment. The Regional Clerks Network will secure training for the new members which will cover the following material:

- roles and responsibilities of the Committee
- statutory duties and obligations
- legal framework for decision making
- written reasons – what, how & best practices

Remuneration for Committee Members will include an annual \$500 retainer for each year of the four (4) year term. Attendance at meetings will be remunerated at a rate of \$50.00 per hour, per Committee Member per meeting. All Participating Communities shall jointly share in the cost of the annual retainer fees. For each required meeting of the Committee, the Participating Community which requires the services of the Committee shall be responsible for reimbursing the Committee Members participating in that Community's application(s) for a Compliance Audit. As a point of interest, in the past when the municipality has appointed their own independent committee, the total cost is borne solely by the municipality and this joint effort results in a savings to the municipality. The Clerks from the participating regional partners will have the delegated authority to make the appointments to this committee.

Financial Implications:

Each member appointed to the Regional Compliance Audit Committee will receive an annual retainer of \$500 (total cost of \$2500 divided among the eight participating communities, which totals \$312.50 per community per year). This is an annual budgeted expense.

Due to financial filing dates, there will be no compliance audit requests in 2022. In 2023, 2024, 2025 and 2026, in an application for a compliance audit is received, the municipality to which the candidate was elected to Council would be responsible for the costs of the Committee's review (\$50/hour per diem plus out-of-pocket expenses – mileage, lodging, meals, as required) for each member of the Committee.

Additionally, if an Audit is required, the municipality requiring the services will be responsible for those costs.

To date, the City of Dryden has never had an application for Compliance Audit.

Attachments (Reference Material):

Joint Compliance Audit Committee Terms of Reference