



TOWN OF
HALTON HILLS
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REPORT

TO: Mayor Bonnette and Members of Council

FROM: Valerie Petryniak, Town Clerk & Director of Legislative Services

DATE: May 6, 2022

REPORT NO.: ADMIN-2022-0024

SUBJECT: Joint Compliance Audit Committee – Terms of Reference

RECOMMENDATION:

THAT Report No. ADMIN-2022-0024 dated May 6, 2022 regarding the Joint Compliance Audit Committee – Terms of Reference, be received;

AND FURTHER THAT the attached Terms of Reference for the Joint Compliance Audit Committee, be approved.

KEY POINTS:

The following are key points for consideration with respect to this report:

- Section 88.37 in the *Municipal Elections Act, 1996* (MEA) outlines the mandatory requirement that all Ontario Municipalities shall establish a Compliance Audit Committee.
- The Region of Halton, Town of Oakville, Town of Milton and City of Burlington will select Committee members for a joint Compliance Audit Committee for all to utilize.
- If an eligible elector believes on reasonable grounds that a candidate has contravened a provision of the MEA relating to election finances, they may apply for a compliance audit of the candidate's election campaign finances.
- In the event on of the municipalities receives an application for a Compliance Audit, that municipality will be solely responsible for meeting administration and costs associated with the Committee, including audits, if required.
- The Terms of Reference were approved by Halton Region Council on April 20, 2022.

BACKGROUND AND DISCUSSION:

The *Municipal Election Act, 1996 (MEA)* outlines the mandatory requirement for all Ontario municipalities to establish a Compliance Audit Committee. The *MEA* states that if an eligible elector believes on reasonable grounds that a candidate has contravened a provision of the *MEA* relating to election campaign finances, the eligible elector may then apply for a compliance audit of the candidate's election campaign finances.

Applications for a compliance audit are submitted to the Clerk, who in turn shall forward the application to the Compliance Audit Committee. The 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. If the auditor's report indicates that there was no apparent contravention and the Compliance Audit Committee finds that there are no reasonable grounds for the application, Council is entitled to recover the auditor's costs from the applicant.

In 2018, Council approved the Terms of Reference to establish a Joint Compliance Audit Committee with the Region of Halton, City of Burlington and Towns of Milton and Oakville. This committee has been available for any applications for a compliance that may have arisen since the 2018 election.

Staff recommend that the Region of Halton, City of Burlington, and the Towns Halton Hills, Milton and Oakville (the "participating municipalities") again recruit and appoint a Joint Compliance Audit Committee for the upcoming Term of Council. A compliance audit committee is to be established by October 1, 2022.

A Joint Compliance Audit Committee offers the greatest potential to reach the broadest spectrum of interested and qualified applicants across Halton in a cost effective manner. There is a great demand for qualified applicants who have accounting/auditing and legal backgrounds. Requests for compliance audits are usually rare (Halton Hills did not have any requests during this term), so the potential workload on a shared committee should be manageable.

Joint Compliance Audit Committee – Terms of Reference

The proposed Terms of Reference for the Joint Compliance Audit Committee (as attached) have been updated to include the requirement of a Clerk to be present while the committee is in private deliberations to ensure legislative requirements stay on track. Committee members will be fully trained prior to engaging in any compliance audit work, to understand their roles and responsibilities.

The *MEA* specifies that compliance audit committees be composed of between three (3) and seven (7) members, ideally to include auditors, accountants, lawyers, academics and other individuals with knowledge of the *MEA*'s campaign financing rules.

To avoid potential conflicts of interest, any auditor or accountant appointed to the committee must agree in writing that they have not undertaken and shall not undertake the audits or preparation of financial statements of any candidates seeking election to Councils, or for any registered third parties in the participating municipalities. Additionally, any lawyer or other legal professional appointed to the committee must agree in writing that they have not provided and will not provide legal advice to any candidates seeking election to Councils, or to any registered third parties; or contributors to candidates and/or third parties within any of the participating municipalities during the term of the committee. Failure to adhere to this requirement will result in the individual being removed from the committee.

Recruitment, Selection of Members, Receipt of Applications

The recruitment of Joint Compliance Audit Committee members will be coordinated the by Clerk of the Region of Halton. Advertisement to recruit members will be placed in local newspapers and sent to organizations such as the Institute of Chartered Accountants of Ontario, the Law Society of Upper Canada, and area universities and colleges. Information and an application form will also be made available on each participating municipalities' website.

The selection committee, composed of the Clerks of the participating municipalities, will meet to review the applications and appoint committee members. The Terms of Reference sets out the criteria that will be considered when appointing Joint Compliance Audit Committee members.

When a participating municipality receives an application for a compliance audit, the Clerk of that municipality will call a meeting of the Joint Compliance Audit Committee, and 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 retainer fees for committee members will be shared amongst the participating municipalities

STRATEGIC PLAN ALIGNMENT:

This report is administrative in nature and does not have an impact on the Town's Strategic Plan.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

PUBLIC ENGAGEMENT:

Public Engagement was not needed as this report is administrative in nature.

INTERNAL CONSULTATION:

Clerks from the Region and all four Halton Region municipalities were consulted in the Terms of Reference.

FINANCIAL IMPLICATIONS:

This report is administrative in nature and does not have any financial implications.

Reviewed and approved by,

Chris Mills, Chief Administrative Officer