



17 September 2014

REPORT TO: Mayor & Council

FROM: Elizabeth (Lisa) Slomke, Clerk

SUBJECT: Compliance Audit Committee

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With the passage of Bill 212, the "Good Governance Act" a number of amendments have been made to the *Municipal Elections Act*, 1996.

One of the changes to the *Act*, is the requirement that all councils must establishment a Compliance Audit Committee before October 1.

In the past (2006 election and before), the appointment of a Compliance Audit Committee was optional.

#### **PURPOSE**

The purpose of the Compliance Audit Committee is to consider applications received by the Clerk for a compliance audit of a candidate's financial statements. Any elector who is entitled to vote in a municipal election and believes that a candidate has contravened a provision of the *Municipal Elections Act* pertaining to campaign expenses, may apply in writing to the Clerk, for a compliance audit of the candidate's election campaign finances.

The Committee is to be composed of not fewer than three and not more than seven members and shall **not** include,

- (a) employees or officers of the municipality;
- (b) members of council; or
- (c) any persons who are candidates in the election for which the committee is established.

The term of office of the Committee is the same as the term of office of the Council that takes office following the next regular election, and the term of office of the members of the Committee is the same as the term of the Committee to which they have been appointed.

#### **ROLE OF THE COMMITTEE**

The powers and functions of the Committee are set out in subsections 81 (4), (5), (7) and (14) of the *Municipal Elections Act*, 1996.

The Committee will be required to:

- (a) within 30 days after receiving an application from the Clerk, consider the application and decide whether it should be granted or rejected;
- (b) if the application is granted, appoint an auditor to conduct a compliance audit of the candidate's election campaign finances;

(c) receive and consider the auditor's report within 30 days after receiving it and decide whether legal proceedings should be commenced.

Only auditors licensed under the *Public Accounting Act, 2004* or prescribed persons are eligible to be appointed under subsection 81.

### **ROLE OF THE CLERK**

The Clerk of the municipality shall establish administrative practices and procedures for the Committee and shall carry out any other duties required under this *Act* to implement the Committee's decisions.

Applications for a compliance audit must be made in writing to the Clerk of the municipality for which the candidate was nominated for office, and shall include the reasons for the elector's belief that the candidate has contravened the *Act*.

The application must be made within 90 days after the filing date for the financial statements of candidates .

Within 10 days after receiving an application for a compliance audit, the Clerk shall forward the application to the Compliance Audit Committee and provide a copy of the application to Council.

### **ROLE OF COUNCIL**

Council shall pay all costs in relation to the Committee's operation and activities.

The Municipality shall pay the auditor's costs of performing the audit.

If the report indicates that there was no apparent contravention 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.

### **ROLE OF AUDITOR**

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 this *Act* relating to election campaign finances and shall prepare a report outlining any apparent contravention by the candidate.

The auditor shall submit the report to the candidate, Council, the Clerk, and the applicant.

### **OPTIONS**

There is no requirement in the *Act* for the Compliance Audit Committee to be comprised of members who are residents of the municipality.

### **RECOMMENDATION**

That Council pass appropriate By-law to establish a Compliance Audit Committee for the 2014 Municipal Elections as per the Terms of Reference attached to this report.