



Staff Report for Council Meeting

Date of Meeting: April 28, 2021

Report Number: SRCM.21.05

Department: Office of the City Manager

Subject: SRCM.21.05 Member of Council Events Policy

Purpose:

To provide of a policy for Council-led events for consideration as requested by Council at its April 14, 2021 Council meeting.

Recommendation(s):

- a) That Staff Report SRCM.21.05 be received.
- b) That the Member of Council Events Policy, attached as Attachment "A" to Staff Report SRCM.21.05 be approved.

Contact Person:

Dan Di Ruscio, Acting Manager, Events and Marketing Services

David Dexter, Director of Financial Services/Treasurer

Stephen M.A. Huycke, Director, Legislative Services/City Clerk

Report Approval:

Submitted by: Lise Conde, Manager, Strategy and Government Relations

Approved by: Mary-Anne Dempster, City Manager

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and City Manager. Details of the reports approval are attached.

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Background:

On June 12, 2018, Council adopted the following resolution:

- a) That staff be directed, through the internal audit services of York Region, to have a compliance audit conducted on Council Member events;
- b) That a budget of \$35,000 be established from the tax rate stabilization reserve;
- c) That elected officials must sign an authorization for all expenditures related to their accounts, with the approval of the expenditures designated to the Deputy Clerk, Clerk, or Treasurer; and
- d) That a policy be developed for Council Member Events, for the beginning of the new term of Council, that is consistent with the Members of Council Expense Policy including:
 - (i) Eligible expenditures;
 - (ii) Appropriate signing and approval authorities; and
 - (iii) Regular on-line reporting on the City's website.

Brook Laker and Associates' (the "Auditor") report titled "Town of Richmond Hill Councillor Event Compliance Audit" (Attachment B) was presented at the Committee of the Whole meeting on September 17, 2018. Council adopted the following resolution on September 24, 2018:

- a) That the August 2018 report of auditor Brook Laker and Associates titled "Town of Richmond Hill Councillor Event Compliance Audit" be received;
- b) That a policy for Council Members' events, that addresses the recommendations in the compliance audit report, be presented at a future Committee of the Whole meeting.

At that time staff recommended that Council approve of a proposed Member of Council Community Event Policy to addresses the recommendations in Council's June 12, 2018 resolution, as well as those in the Auditor's report. Council did not approve the recommendation and instead received the report for information at its meeting of December 17, 2018.

As a result of discussion on a Member's Motion on Council events considered at the April 14, 2021 Council meeting, staff were directed to report back to Council with a policy on Council Events Policy for considerations.

Policy Overview

The proposed policy maintains many current practices for Members' Events as outlined in the guidelines for community events used for the last several years. The policy, however, addresses several gaps in the guidelines as discussed in the

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Auditor's report.

Policy Principles and Definitions

Consistent with current practice and other City policies, the principles of the proposed policy are:

1. Council-led Events are to be transparent and accountable.
2. Council-led Events are not to be directly funded from any City budget.
3. Council-led Events will be consistent with the principles and rules of the Council Code of Conduct.
4. Council-led Events planning and delivery will be governed by the Service Level Agreement between the Events and Marketing Services Section of the Community Services Department and the Mayor and Members of Council.

Meetings and events related to City business and services are covered in the Member of Council Expense Policy.

The responsibility for determining the appropriateness of sponsorship and expenses rests with the individual Member of Council. Each Member of Council is accountable to the public.

The policy defines three types of events: City-led Events, Council-led Events and Community-led Events.

It further defines **Council-led Events** as falling into three streams:

Private or Events by Invitation: where the main objective is to raise profile for a Member to a select audience where there is or is not a charitable fundraising component. Examples of this type of event would be golf tournaments, galas or dinners.

Cultural Events: where the main objective is to raise profile for a specific ethnic or sociocultural audience where there is or is not a charitable fundraising component. Examples of this type of event would be cultural or faith-based celebrations, such as prayer breakfasts, Lunar New Year, Nowruz or Holocaust Education Week.

Ward or Themed Events: where the main objective is to create interaction with residents within a local community where there is or is not a charitable fundraising component. Examples of this would be local ward barbecues, skating events, picnics, or the Maple Syrup Festival.

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Service Level Agreement – Event and Marketing Services Support

Support for Ward or Themed Council-led Events from the Events and Marketing Section of the Community Services Department can be requested by Members and will be governed by this policy and a Service Level Agreement between the Mayor and Members of Council and the Events and Marketing Services Section of the Community Services Department. The Manager of Events & Marketing Services will evaluate the size and scope of the proposed Council-led event when requested by a Member and determine if support is feasible with existing resources prior to committing to support the Council-led Event. Only Ward or Themed Council-led Events will be supported by the Events and Marketing Section of the Community Services Department.

A Service Level Agreement is currently being drafted by staff and, pending approval of this policy, will be brought forward to a future meeting of Council for approval.

Note that Council-led Ward or Themed Events that are already in process and have incurred costs and/or been publicly advertised will continue following existing practices should Council approve this policy.

Sponsorship and Financial Rules

The proposed policy establishes rules for event sponsorship (fundraising), expenses and surpluses. The policy also requires that all sponsorship, expenses and surpluses flow through specific accounts established for the events.

In keeping with current practice, all Council-led Events are to be fully funded through sponsorship (fundraising). To ensure accountability, Members are required to ensure that sponsors selected will not create a conflict of interest for either the Member or the City and is otherwise within the Council Code of Conduct and any other legislation or City policy.

The policy sets out limits for sponsorship, and permits sponsorship from any one source up to \$5,000 in a calendar year. It also sets an annual fundraising limit of \$25,000. These limits are proposed based on a review of recent account balances and event expenditures.

Contribution limits to politicians are an important part of any government's accountability and transparency framework. These are codified in federal, provincial and municipal legislation. The *Canada Elections Act* limits contributions to a federal registered political party of \$1650 per year. That Act also limits total contributions to all the registered associations, nomination contestants and candidates of each registered party to \$1650 per year. Similarly the *Election Finances Act* in Ontario limits annual contributions to \$1,625 per year. The *Municipal Elections Act, 1996*, also has contribution limits for all candidates. These limits are \$1,200 to any one candidate and a total contribution limit of \$5,000 to all candidates running for office on the same council or local board. All three pieces of legislation also do not allow corporations or trade unions to contribute to political parties and candidates.

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As recommended by the Auditor, the proposed policy establishes rules for the types of expenditures that are permitted for Council-led Events. Only expenses that are directly related to the event are permitted. The proposed policy specifically prohibits expenses that are normally charged to Members' Constituency Budget, as well as expenditures related to alcohol. Expenditures for any election or expenditures related to any election-related matter, including any election campaign related matter, or any other partisan political matter are not permitted. The policy also addresses the Auditor's recommendation to establish rules for prizes that may be awarded at a Council-led Event. Prizes are a permitted expense so long as they are reasonable and recipients sign for any prize received.

Consistent with current practice, the policy requires that any surplus funds from a Council-led event be used for a future event and/or in support of one or more community benefits. Community benefits that can receive surplus funds under the policy include registered charities, not-for-profit organizations and community based projects that will benefit the residents of Richmond Hill. Surplus funds are only allocated after all event expenses have been properly accounted for, and can only be donated to a community benefit as defined in the policy.

As required by Council's June 12, 2018 resolution, the proposed policy requires the Treasurer to prepare and publish a report on Members Council-led Events. This report will be published quarterly to the City's website. Additionally, consistent with Council expenses, the revenue and expenses will be published on the City's website quarterly.

Roles and Responsibilities

In keeping with Council's June 12, 2018 direction and the Auditor's report, the proposed policy establishes clear roles and responsibilities related to Council-led Events. Members of Council are responsible for ensuring that all of their events comply with the policy and authorizing expenditures. The responsibility for determining the appropriateness of sponsorship and expenses rests with the individual Member of Council. Each Member of Council is accountable to the public. For this reason, it is imperative for transparency purposes for the revenue and expenses for the Council led events to be published as with Council expenses.

Staff are responsible for establishing procedures to administer the policy, and approving any permitted expenditures authorized by a Member.

Financial/Staffing/Other Implications:

There are no staffing or other implications associated with the adoption of the proposed Member of Council Events Policy. The policy principles specifically state that Council-led Events are not to be directly funded from any City budget.

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Relationship to Council’s Strategic Priorities 2020-2022:

The adoption of a Member of Council Community Event Policy aligns with the priority of “Fiscal Responsibility”. Council Members’ organized social events are not to be directly funded by any City budget and any City resource available for Member’s Events are to be shared equally.

Climate Change Considerations:

Climate change considerations are not applicable to this staff report.

Conclusion:

Staff recommend that Council approve a new Member of Council Events Policy to address Council’s resolution of June 12, 2018, the recommendations contained in Brook Laker and Associates’ report titled “Town of Richmond Hill Councillor Event Compliance Audit and best practices.

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Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. All attachments have been reviewed and made accessible. If you require an alternative format please call the contact person listed in this document.

- Attachment A – Proposed Member of Council Events Policy
- Attachment B – Report of Brook Laker and Associates titled “Town of Richmond Hill Councillor Event Compliance Audit – August 2018”
- Attachment C – SRCFS.18.044 Council Members’ Event Compliance Audit

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Report Approval Details

Document Title:	SRCM.21.05 Members of Council Community Events Policy.docx
Attachments:	- SRCM21.05 - Attachment A - Member of Council Community Event Policy.docx - SRCM.21.05 - Attachment B - Council Members' Events Compliance Audit Staff Report_BRIacc.pdf - SRCM21.05 - Attachment C - Richmond Hill Event Compliance Audit Final Report Aug 29_BRIacc.pdf
Final Approval Date:	Apr 21, 2021

This report and all of its attachments were approved and signed as outlined below:

Lise Conde - Apr 21, 2021 - 4:22 PM

MaryAnne Dempster - Apr 21, 2021 - 4:36 PM



Policy

Policy Name:	Member of Council Events Policy
Policy Owner:	Director, Financial Services/Treasurer
Approved by:	Council
Effective Date:	upon approval by Council
Date of Last Revision:	new
Review Date:	as required

Purpose:

The purpose of this policy is to establish rules for all Council-led Events that ensure fairness, accountability and transparency.

Policy Principles:

1. Council-led Events are to be transparent and accountable.
2. Council-led Events are not to be directly funded from any City budget.
3. Council-led Events will be consistent with the principles and rules of the Council Code of Conduct.
4. Council-led Events planning and delivery will be governed by the Service Level Agreement between the Events and Marketing Services Section of the Community Services Department and the Mayor and Members of Council.

Definitions:

In this Policy, the following words have the associated meaning:

“City-led events” are planned and delivered by Staff, other than Council-led Events, and generally have a broad community or celebratory focus. Funding for the events comes from the municipal operating budget.

“Council-led events” are planned and delivered by a Member (or by a Member and Staff acting on behalf of a Member) and do not have a broad community focus or relate to the business, services or decisions of Council or Richmond Hill. Funding for the events comes from community sponsorship. Council-led events are categorized into three streams as follows:

Private or Events by Invitation – main objective being to raise profile for a Member to a select audience where there is or is not a

charitable fundraising component.

Cultural Events – main objective being to raise profile for a specific ethnic or sociocultural audience where there is or is not a charitable fundraising component.

Ward or Themed Events – main objective being to create interaction with residents within a local community where there is or is not a charitable fundraising component.

“Community-led events”	are planned and delivered by a local community group, not-for profit organization, corporation or any other for-profit organization to support their larger purpose or for meeting a community need. These events are fully funded by the organizer with applicable City fees charged according to the Council-approved Tariff of Fees By-law.
“Council”	means the Council of the Corporation of the City of Richmond Hill.
“Election Period”	means, in the year of a regular municipal election, the date that begins on Nomination Day and ends on Voting Day as defined in the <i>Municipal Elections Act, 1996</i> .
“Event Account”	means one or more accounts established by the Treasurer for the purpose of tracking all revenue and expenditures related to a Member’s Council-led Events.
“Member”	means a person who has been elected or appointed to an Office on Council, including the Mayor, a Regional & Local Councillor, or a Local Ward Councillor.
“RHhub system”	the City’s Enterprise Resource Planning system
“Richmond Hill”	means the Corporation of the City of Richmond Hill.
“Richmond Hill Facilities”	means all lands, buildings and other structures owned, leased, operated or otherwise controlled by Richmond Hill, and things growing upon or affixed thereto, including, but not limited to, all Richmond Hill administrative offices, operation centres, community centers, parks and sports fields, libraries and highways.
“Richmond Hill resources”	includes any and all Richmond Hill Facilities, Staff and tangible and intangible goods and/or services owned, controlled, leased, acquired, or operated by Richmond Hill including but not limited to furnishings, materials, equipment, monetary funds (including any budget allocated to a Member by Council), technology, information technology systems and resources, databases, intellectual property, supplies and all services provided to Richmond Hill by third parties.

“Staff”	means all full-time and part-time persons hired by Richmond Hill including the City Manager, Commissioners, Directors, Managers, Supervisors, Salaried Employees’ Association Staff, Members of C.U.P.E. Local 905, members of Richmond Hill Professional Fire Fighters Association, Local 1957, Administrative Staff, contract and temporary employees, students, co-op placement Staff, volunteer, and hired contractor;
“Service Level Agreement”	a commitment whereby roles and responsibilities related to Council-led Events are agreed upon between Staff and Members of Council.

Scope

This Policy applies to all Council-led Events. This policy does not apply to City-led or Community-led Events.

Policy

1. General

- 1.1. Members’ are committed to complying with this policy, including the principles of this policy, in respect to all Council-led Events.
- 1.2. Council-led Events provide opportunities to create a social interaction with residents, be community focused and attract a wide range of patrons. These events may also provide community benefits as outlined in Section 6.
- 1.3. Members are committed to sharing available Richmond Hill resources equally between all Council-led Events. It is recognized that events routinely scheduled by the Office of the Mayor will have priority in the use of Richmond Hill resources.
- 1.4. Council-led Events specifically for local charities or organizations shall be managed by the local charity and not within the City’s Event Accounts.
- 1.5. The responsibility for determining the appropriateness of sponsorship and expenses rests with the individual Member of Council. Each Member of Council is accountable to the public.

2. Planning and Scheduling

- 2.1. In a calendar year, Members’ may hold two Council-led Events. Council-led Events organized by the Office of Mayor are exempt from this section. Events should not conflict or indirectly reflect any existing City-led events.
- 2.2. Members are entitled to host one Council-led Event in the year of a regular municipal election, but not during the Election Period.

- 2.3. Events & Marketing Services, in accordance with the Service Level Agreement, will support Ward or Themed Council-led Events as defined in this Policy where requested. Members must verify with Events & Marketing Services before planning begins, the timeframe of their event does not interfere with another City-led, Council-led, or Community-led events already scheduled. In the event a conflict arises, the Member may, without support from Staff, hold their event.
- 2.4. Members, with any Staff in their office or any community or charity volunteers, are responsible for all aspects of the planning and delivery of a Council-led Event as outlined in the Service Level Agreement.
- 2.5. If a Member requests support from Events & Marketing Services, the Manager of Events & Marketing Services will evaluate the size and scope of the proposed Council-led event and determine if support is feasible with existing resources prior to committing to support the Council-led Event.
- 2.6. The Manager of Events & Marketing Services will identify for each Council-led event what services and support will be provided in accordance with the Service Level Agreement.

3. **Financial - General**

- 3.1. No Richmond Hill financial resources (including any Council approved budget) shall be used to fund a Council-led Event. All of the expenses related to Council-led Events, including any associated lieu or overtime for Staff, shall be fully funded through community sponsorship.
- 3.2. Members will develop and maintain a budget for each Council-led Event to include any costs incurred according to the City's Council-approved Tariff of Fees By-law.
- 3.3. The Member will track and report on separately each Council-led Event.
- 3.4. If the community sponsorship for a Council-led Event exceeds the costs incurred for the event, the surplus funds may be allocated by the Member to:
 - (a) another Council-led Event held within 12 months of the event with a surplus; or
 - (b) a community benefit as set out in section 6 of this policy.
- 3.5. The provisions of goods and services by external parties in support of a Council-led Event should not create undue risk for the City. Any external supplier of goods and services will be required to provide insurance to the satisfaction of Staff who are responsible for administering Richmond Hill's risk management program.
- 3.6. All revenues and expenditures related to a Council-led Event will flow through one or more Event Accounts as determined by the Treasurer. All Event Accounts will have a zero balance at the end of each Term of Council.
- 3.7. The year-end unencumbered balance in a members' account shall not exceed \$25,000.

4. Financial - Sponsorship

- 4.1. Members are responsible for selecting the sponsors for Council-led Events. Members are committed to ensuring that each sponsor selected:
 - (a) will not create a real or perceived conflict of interest for the Member or Richmond Hill;
 - (b) does not offer any financial benefit for the Members' immediate family (spouse, child, step-child, brother, sister or grand-parent);
 - (c) is otherwise compliant with the Council Code of Conduct and any other legislation; and,
 - (d) is not operating contrary to any Richmond Hill Policy.
- 4.2. A Member, or Staff acting on behalf of a Member, shall not solicit sponsorship for Council-led Events during the Election Period.
- 4.3. In a calendar year sponsorship from any one source shall not exceed \$5,000.
- 4.4. Each member shall have an annual fundraising limit of \$25,000.
- 4.5. Members are responsible for identifying sponsorship benefits for Council-led events and to communicate to Staff the details of these benefits where it does/may impact the areas of responsibility within the Service Level Agreement.

5. Financial - Expenditures

- 5.1. Members are committed to ensuring incurred expenditures are reasonable. Only expenditures directly related to a Council-led Event may be charged to an Event Account.
- 5.2. The following types of expenditures are not permitted for a Council-led Event:
 - (a) Expenses that are normally charged to a Member's Constituency Budget;
 - (b) Expenses related to the provision of Alcohol;
 - (c) Expenditures for any election or expenditures related to any election-related matter, including any election campaign related matter, or any other partisan political matter and
 - (d) Salaries or honorariums paid to Staff that support a Council-led Community Event.
- 5.3. Expenditures for prizes distributed at a Council-led Event are permitted, provided that:
 - (a) individual and total prize values are reasonable; and
 - (b) recipients shall be required to sign an acknowledgement for the prize

6. Financial - Community Support

- 6.1. Sponsorship funds that exceed the expenditures incurred for Council-led Events may be donated to support one or more community benefits. During the planning stage of a Council-led Event a Member will identify one or more community benefits that may be supported from the proceeds of the event.

- 6.2. The following types of community benefits may be supported from the proceeds of a Council-led Event:
- (a) A registered charity or not-for-profit organization located in Richmond Hill; or
 - (b) A local community project sponsored by a community group or not-for-profit organization that will benefit the residents of Richmond Hill.
- 6.3. The following may not receive support from the proceeds of a Council-led Event:
- (a) A corporation or any other for-profit organization;
 - (b) A community project that has limited or no benefit for the residents of Richmond Hill;
 - (c) A community project or benefit that will create a real or perceived conflict of interest for the Member or Richmond Hill; and
 - (d) any election campaign or expenditures related to any election-related matter, including any other partisan political matter.
- 6.4. No funds may be allocated to a community benefit until all event expenses have been accounted for as determined by the Treasurer.
- 6.5. In the year of a regular municipal election:
- (a) Community support beneficiaries must be identified by a Member prior to May 1; and
 - (b) No actual allocation, payment or announcement of a payment may be made during the Election Period.

7. Financial – Approvals and Reporting

- 7.1. All expenses, revenues and community support allocations must be approved by the Treasurer or designate. The Treasurer may establish procedures and forms for the administration of community sponsorship, expenditures and community support. All expense reimbursement and purchasing card details need to be entered into RHhub in order to receive reimbursement. This must be supported by original itemized and detailed receipts and signed credit card receipts providing all necessary details to meet conditions of expense.
- 7.2. The Treasurer will prepare a quarterly report on all Council-led Events. This report will:
- (a) Be published on the City Website;
 - (b) Include identification of each event, the sponsorship received and the types of expenditures incurred; and
 - (c) Identify the remaining balance in the account.

8. Marketing – General

- 8.1 Members are committed to ensuring their use of corporate brand assets follow the City's

Brand Guidelines, including acceptable use of the Richmond Hill logo and Council crest

8.2 Members agree to comply with the Sign By-law No. 52-09, as amended.

Roles and Responsibilities

1. Members of Council

- Members are individually responsible for ensuring that his/her Council-led Event complies with this Policy, City By-laws and the Council Code of Conduct.
- A Member is responsible for ensuring that Staff who support the Member in the performance of his/her duties, or any Staff whose work is directed by the Member, are complying with this Policy.
- A Member is responsible for authorizing all expenditures related to Council-led Events.
- A Member is responsible for any expenses related to his or her Council-led Event that exceeds the sponsorship for that event.
- A Member should be aware that non-compliance with this Policy may be considered a breach of the Council Code of Conduct and subject to review by the Integrity Commissioner.

2. Treasurer

- The Treasurer is responsible for interpreting and administering this Policy.
- The Treasurer is responsible for establishing procedures and forms deemed necessary to administer this policy.
- The Treasurer is responsible for approving all expenditures that comply with this Policy.

Related Documents

- Council Code of Conduct
- Employee Code of Conduct
- Member of Council Expense Policy
- Municipal Elections Act, 1996
- Service Level Agreement
- City of Richmond Hill Brand Guidelines



Staff Report for Committee of the Whole Meeting

Date of Meeting: September 17, 2018

Report Number: SRCFS.18.044

Department: Corporate and Financial Services

Division: Office of the Clerk

Subject: Council Members' Events Compliance Audit

Purpose:

To provide the results of the Council Members' events compliance audit, and to recommend the development of a policy for Council Members' events based on the recommendations in the auditor's report.

Recommendation(s):

- a) That the August 2018 report of auditor Brook Laker and Associates titled "Town of Richmond Hill Councillor Event Compliance Audit" be received.
- b) That a policy for Council Members' events, that addresses the recommendations in the compliance audit report, be presented at a future Committee of the Whole meeting.

Contact Person:

David Dexter, Director, Financial Services/Treasurer, extension 3656.

Stephen M.A. Huycke, Director, Legislative Services/Town Clerk, extension 2529.

Report Approval:

Submitted by: Mary-Anne Dempster, Commissioner of Corporate and Financial Services

Approved by: Neil Garbe, Chief Administrative Officer

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), Town Solicitor (as required), Commissioner, and Chief Administrative Officer. Details of the reports approval are attached.

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Background:

On June 12, 2018, Council adopted the following recommendation:

- “a) That staff be directed, through the internal audit services of York Region, to have a compliance audit conducted on Council Member events;
- b) That a budget of \$35,000 be established from the tax rate stabilization reserve;
- c) That elected officials must sign an authorization for all expenditures related to their accounts, with the approval of the expenditures designated to the Deputy Clerk, Clerk, or Treasurer; and
- d) That a policy be developed for Council Member Events, for the beginning of the new term of Council, that is consistent with the Members of Council Expense Policy including:
 - (i) Eligible expenditures;
 - (ii) Appropriate signing and approval authorities; and
 - (iii) Regular on-line reporting on the Town’s website.”

Brook Laker and Associates (the “auditor”) were retained by the Town to complete a compliance audit of Council Members’ events. The compliance audit was conducted during July and August 2018. The audit included reviewing records associated with fourteen Council Members’ events held in 2017, as well as discussions with key stakeholders (for example, the Community Liaison Coordinator). A copy of the auditor’s compliance report is attached as Attachment A. The report makes several recommendations on improving the administration and oversight of Council Members’ events.

Council has previously directed staff to develop a Council Members’ events policy that is consistent with the Members of Council Expense Policy, including rules related to eligible expenditure, appropriate signing authority and on-line reporting. In addition, Council’s current direction, staff will prepare a draft policy that addresses the recommendations in the auditor’s report. It is expected that a draft policy will be presented to Council prior to the end of 2018.

Financial/Staffing/Other Implications:

There are no financial implications from receiving the auditor report in respect to Council Members’ events.

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Relationship to the Strategic Plan:

The compliance audit of Council Members' events is consistent with the Strategic Plan goal of Wise Management of Resources. The development of a policy for Council Member events is consistent with the Strategic Plan goals of Stronger Connections in Richmond Hill and a More Vibrant Richmond Hill. Council Members' events help build stronger connections between Members of Council and residents, as well as making the Town a more vibrant place to live.

Conclusion:

Council has requested a compliance audit of Council Members' events. Brook Laker and Associates completed a compliance audit of fourteen 2017 events held in 2017. The auditor's report includes many recommendations for the development of a policy for Council Members' events.

Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. If you require an alternative format please call contact person listed in this document.

- Attachment A – Report of Brook Laker and Associates titled “Town of Richmond Hill Councillor Event Compliance Audit – August 2018”

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Report Approval Details

Document Title:	SRCFS.18.044 - Council Members' Events Compliance Audit.docx
Attachments:	- SRCFS.18.044 - Attachment A - Richmond Hill Event Compliance Audit Final Report Aug 29.pdf
Final Approval Date:	Sep 4, 2018

This report and all of its attachments were approved and signed as outlined below:

David Dexter - Aug 31, 2018 - 3:34 PM

MaryAnne Dempster - Sep 4, 2018 - 9:16 AM

Neil Garbe - Sep 4, 2018 - 9:23 AM

Town of Richmond Hill
Councillor Event Compliance Audit
August 2018

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1.0 Management Summary

As requested by The Council of the Town of Richmond Hill we have completed an audit of the 2017 Councillors' Events in compliance with the Councillor Event Guidelines 2017.

The focus of our audit was to provide Council with a determination of whether Councillor events for 2017 were in compliance with the guidelines, as well as to identify opportunities for improvement.

The scope of the audit included the Councillors' and Mayor's events hosted in 2017. Our review included fourteen events: ten Councillor events, three Mayor's events and Taste of the Hill.

Based on the work performed, we conclude that overall the use of surplus funds is not in compliance with the guidelines. We did determine that the guidelines were set out by the Community Liaison Coordinator to establish a structure for working with the Councillors on their events and that the guidelines have no authority. We have recommended that a policy governing Councillor Events be implemented and we have made recommendations in section 4.1.1 to be considered in drafting a policy.

We have also noted other opportunities for improvements and have provided our observations and recommendations in section 4.1 of the report.

Audit Services would like to thank the staff and management of the Finance department and the Mayor & Council Office for their cooperation and assistance.

2.0 Introduction

Brook Laker and Associates was engaged to perform a third party compliance audit of the Councillors' events for 2017.

The focus of the review was to:

1. Provide Council with a determination of whether Councillor events for 2017 were in compliance with the guidelines;
2. Identify opportunities for improvement.

The scope of the review relied upon information provided by the Finance department and by the Mayor & Council Office.

3.0 Objectives and Scope

The objectives of this engagement were twofold:

Provide Council with a determination of whether Councillor Events for 2017 were in compliance with the Councillor Event Guidelines 2017;

Identify opportunities for improvement.

The scope of the review included the examination of financial records and event documentation as well as conducting interviews.

Specifically, we performed:

1. Interviews with appropriate personnel including: Town staff from Finance and the Mayor & Council Office; two Councillors; and two Councillor's assistants;
2. A review of the Council Event Guidelines for 2017 and 2018;
3. A review of the files maintained by the Community Liaison Coordinator for the fourteen events that were held in 2017. The review included ten Councillor events (with events from all six wards), three Mayor's Events (the Mayor's Charity Golf Tournament, the Prayer Breakfast and the Holocaust Event) and Taste of the Hill; and
4. For the fourteen events reviewed, a reconciliation was performed using the year-end accounting reports produced by Finance and the budget vs. actual reports produced by the Community Liaison Coordinator.

4.0 Background

Each year Councillors solicit sponsorship funding which enables them to host events designed to allow them to interact with their constituents.

Councillors for the Town of Richmond Hill (the Town) are allowed to hold two events each year which are supported and managed by the Community Liaison Coordinator (CLC) and her staff, who report to the Mayor & Council Office.

To help bring some structure to the process, the CLC created a document termed Council Event Guidelines. These guidelines were meant to give the Councillors an understanding of what is required to plan and execute their events. They have no official authority within the Town's policies. The Town has no formal policy that governs the Councillors' Events.

The CLC meets with the Councillors annually at the beginning of the year to discuss what events they would like to host, and reviews the guidelines with them at that time. The CLC prepares a budget for each event which is approved by the Councillor. The Councillor's Assistant acts as a liaison between the Councillor and the CLC throughout the planning and execution stages of the event. The guidelines define the responsibilities of the Assistant including overseeing deposits, attending meetings, taking minutes and other administrative duties. Assistants are also required to play a supportive role on event day.

After each event the CLC prepares a report which includes the actual revenues and costs, indicating if there was a surplus or a deficit. These reports are the only reports that the Councillor sees for their events account. There is also a report produced by Finance for each Councillor's event account but these reports are not shared with the Councillors. The CLC receives copies of Finance's reports but the timing of these reports is usually several months after the event has been completed.

The total revenues brought in from sponsorship for 2017 was \$361,200. The total cost for the events was \$197,351 and the total amount donated to charity was \$149,293. The total of the event account balances carried forward to 2018 was \$74,912. Included in this carried forward balance is \$59,695 for Taste of the Hill.

4.1 Observations and Recommendations:

4.1.1 Council Event Guidelines

Observation

Our audit reviewed fourteen Councillor Events for compliance with the Councillor Event Guidelines 2017. The guidelines were created by the CLC to give the Councillors a structure to follow for their participation in planning and hosting the events.

The main points within the guidelines are:

- The Councillors will have support from the Community Liaison Coordinator and her staff to host two events per year;
- Any surplus funds at the end of the event shall not be carried forward but may be referred back to the sponsors or donated to a charity of choice;
- The events are run on a zero based budget so there must be enough sponsorship funding to cover all of the costs for the event;
- Councillors may host an event out of their constituency accounts, but they must be documented and run according to the Council Expense Policy;
- The Councillor will organize and manage a volunteer committee to take charge of a portion of the event;
- The selection of a charity or beneficiary is recommended so that the sponsors know where any surplus funds will be directed; and
- The Councillor's Administrative Assistant will play a supportive role in the planning and execution of the event and will be on-site on the day of the event.

For 2018 the guidelines were modified to specify that a surplus balance in the event account could be carried forward if it was required for an event taking place in the first part of the following year.

These guidelines are a document that outlines how the Councillors should work with the CLC to plan and manage the events. They have no authority. There is no Town Policy governing the Councillors' events.

Recommendation

The Town should implement a policy to govern Councillor Events. The policy should consider the following points:

- A definition of the purpose of the Councillor Events;
- What types of events are permissible;
- Roles and responsibilities;
- Fund raising for events;
- Allowable expenses;
- The treatment of surplus funds;
- The use of Town event management staff and accounting services for events;
- Conducting a periodic compliance audit of a random sample of events; and
- A reference to a code of conduct.

4.1.2 COMPLIANCE

Observation

- a) Our review included ten events within the events accounts for the six Wards, three events for the Mayor and the Taste of the Hill event.

The three events that were reviewed for the Mayor were the Charity Golf Tournament, the Prayer Breakfast and the Holocaust Event. Two of the Mayor's events had a small balance carried forward from 2016 to 2017 and all three events had a small balance carried forward into 2018. In all other respects the events were in compliance with the guidelines.

Our review of the records for the ten Councillor events showed that all of the event accounts had a balance carried forward from 2016 to 2017 and also a balance carried forward into 2018.

The Councillor Event Guidelines were modified for 2018 to specify that surplus funds would be discussed at the end of each year and “may be referred back to the sponsors or to an identified Charity of choice or carried forward to events taking place in the first part of the next year”. Of the event accounts for the six Wards, only two Wards had events taking place at the beginning of the following year for which surplus funds would be required.

Recommendation

As recommended in point 4.1.1 above, a policy should be implemented governing the Councillor Events. The policy should consider how surplus funds are treated and whether or not they can be carried forward to be used in the following year.

- b) During our review of the accounting reports for the event accounts for the six Wards, we noted that for four of the Wards there were costs charged to the accounts and funds received through Access Richmond Hill that did not pertain to the two events managed by the Mayor & Council Office. These additional events were mostly small events such as volunteer appreciation, New Year Levee and information sessions. All costs that are charged to the event accounts are forwarded to the CLC for approval whether or not they relate to an event that the CLC has managed. For the costs that are outside of the two events, managed by the Mayor & Council Office, the CLC is not involved in the purchases, has no ability to pre-approve them and is being asked to authorize their payment. These costs are outside of the guidelines and also outside of any other policy. Also, we noted that, if there are sponsorship funds that are received for these small events the Councillor has no other means to deposit them. The only other way to finance these costs would be through their Constituency Accounts.

Recommendation

The Town account that is used for the two main events that are supported by the Mayor & Council Office should not be used for the smaller events. If the Councillors require a means for hosting small events that they manage themselves, then this should be considered by Finance and a proper process set up for it. These smaller events should also be included in the implementation of a new policy.

4.1.3 REPORTING

Observation

The CLC prepares a report after each event which includes the actual funds received and costs paid out for the event. The report is compiled from the invoices and charges that the CLC has approved for the event and totals to a surplus or deficit. The CLC presents the report to each Councillor once she is sure that all of the costs have been received. If there is a deficit the CLC informs the Councillor that the shortfall must be

made up and that further sponsorship funds will be required. The Councillor does not receive any other report detailing their event account and relies on the report produced by the CLC to know what the balance is in their account.

Each Councillor has an event account within the Town accounting system in which sponsorship funds and event costs are recorded. There is only one account used for each individual event that a Councillor hosts. The sponsorship funds and event costs are recorded in the accounting system according to the account code recorded on them. The Accounting Analyst periodically and at year end takes the data from the event accounts and prepares a spreadsheet showing revenues, expenses and a closing balance for each of the event accounts.

The CLC receives a copy of these reports and compares them to the reports for the actual costs that she has prepared. This is a difficult process since the methods that accounting uses for charging costs are different from those used by the CLC. The CLC has no visibility to the accounting records other than the reports that the Accounting Analyst prepares.

Our reconciliation of the CLC's event reports to the accounting reports produced by the Accounting Analyst for the six Ward event accounts showed that for all of the accounts there were discrepancies between the two reports. The discrepancies noted were:

- The CLC deducts the total 13% of HST from the costs for the reporting. Accounting only deducts 11.5% of HST;
- There were internal and other costs charged to the event accounts that the CLC was not aware of or had not been given a copy of the related invoice or charge;
- Some of the receipts for sponsorship funds had not been forwarded to the CLC and so were missing from the files; and
- There were sponsorship funds that were coded to the wrong event account.

The Councillors are relying on the CLC's reports to ascertain what the balance is in their event account. Since the reports generated by the CLC are not based on the actual accounting data they may show that there are surplus funds in the account when there is actually a deficit. This would not be known until the accounting report has been reviewed by the CLC.

Recommendation

For the reports that are given to the Councillors showing the revenues, expenses and surplus/deficit for their events, the data used for the reports should come from the accounting system.

The Town is currently implementing a new accounting system and consideration should be given to including the event reporting for the Councillors. The CLC should have visibility to the accounting information in the events accounts and use the accounting numbers to generate accurate reports for the Councillors.

4.1.4 CONTROLS

Observation

- a) There is no policy governing Councillor Events and there are no procedures in place to ensure that there are controls over the expenditures for the events. The CLC manages the event and the Councillor and the Councillor's Assistant participate in the event planning and execution. The CLC has responsibility for but does not have authority over the whole process. The CLC has set up the guidelines but has no authority over the Councillor's and their Assistant's activity during the planning and execution of an event.

It is the responsibility of the CLC and her staff to arrange for all of the suppliers and make all of the food and other purchases for the events, with the exception of some small items that may be purchased by the Councillor on their PCard. Any of these purchases must be approved by the CLC before payment can be made.

In our review of the 2017 event files, we noted that one Ward had, without the CLC's knowledge, made purchases for the event on the Councillor's personal credit card. These purchases should have been responsibility of the CLC's office. The CLC had no idea as to what had been purchased or that a personal credit card had been used until she was presented with the cheque requisition for reimbursement.

- b) There were purchases of gift cards in the amount of \$1,525 to be used as prizes for the event referenced in point a) above, as well as the purchase of gifts cards in the amount of \$1,790 for an event in one other Ward. There is no policy around the use of gift cards for prizes at the events and there is no formal control in place to ensure that they are used as intended.

Since there is no policy and no control framework in place over the expenses for events this does not come under our review of compliance to the guidelines that we noted in point 4.1.2 a) and b) above.

Recommendation

In conjunction with the recommendation made in point 4.1.1 to implement a policy governing the Councillor Events, points a) and b) above should be noted and considered when drafting the policy.

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