

AUDIT AND OPERATIONAL REVIEW COMMITTEE FEBRUARY 16, 2010

REPORT ON COMMUNITY EXPENSE – HOSTING EVENTS BY COUNCIL MEMBERS

(Deferred Item)

Council, at its meeting of February 5, 2010, adopted the following (Item 2, Report No. 1):

That this matter be deferred to a future Audit and Operational Review Committee meeting.

Council, at its meeting of January 26, 2010, adopted the following (Item 25, Report No. 1):

- 1) That this matter be referred to the Audit and Operational Review Committee; and
- 2) That the written submission submitted by Regional Councillor Rosati, dated January 12, 2010, be received.

Report of the Integrity Commissioner dated January 12, 2010

Recommendation

The Integrity Commissioner recommends to Council that there are no amendments required to be made to the Council Member Expense Policy, section titled "Community Expense (Hosting Events by Council Member) approved by Council on December 14, 2009.

Contribution to Sustainability

N/A

Economic Impact

N/A

Communications Plan

N/A

Purpose

At the December 14, 2009 Council meeting, the Council Member Expense Policy was approved with the exception of the part entitled "Community Expense: (Hosting events by Council Member)". A motion of City Council stated:

That Attachment 1, Council Member Expense Policy, contained in the memorandum from the City Auditor, dated December 14, 2009, be approved, subject to the section titled 'Community Expense (Hosting events by Council Member' being deferred to the Committee of the Whole meeting of January 12, 2010, for a report from the Integrity Commissioner in consultation with the City Auditor, addressing the concerns raised."

Background - Analysis and Options

Any donations cheques received by a Member of Council in relation to a Community Event should go directly to the event or organizing body or shall be made out to the City of Vaughan, if the Event relates to a Council approved City initiative.

If a Member of Council receives monies (i.e. nominal amounts to purchase coffee or other refreshments for a town hall meeting-type of event, the Member must follow Rule 2 (1) of the Code of Ethical Conduct which outlines exceptions to the gifts and benefits rule. Members are reminded that they are strongly encouraged to list all gifts and benefits they receive, however, in the case of categories (b), (e), (f), (g), (h) and (i) of Rule 2 (1), where the value of the gift or benefit exceeds \$500, or if the total value received from any one source during the course of a calendar year exceeds \$500, the Member shall within 30 days of receipt of the gift or reaching the annual limit, list the gift or benefit on a Councillor information statement.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved. However, the recommendations are adopted, training on management of confidential City documents may impact allocated resources.

Regional Implications

There are no Regional implications to the recommendations contained in this report.

Attachments

Appendix A – Integrity Commissioner's Memorandum

Appendix B – Community Expense: (Hosting Events by Council Member)

Appendix C – Written submission of Regional Councillor Rosati dated January 12, 2010.

Report prepared by:

Suzanne Craig
Integrity Commissioner

Appendix A

Date: December 15, 2009

To: Mayor and Members of Council

From: Suzanne Craig, Integrity Commissioner

Re: Councillor Expense Policy – approved December 14, 2009

At the December 10th Audit and Operational Review Committee, the Draft Council Member Expense Policy was considered. Committee sought clarification from the Integrity Commissioner on whether the section entitled, “Community Expense: (Hosting events by Council Member)”, referred to on page 13 of the policy, and included as an eligible expense out of the Council member budget, is in compliance with the Code of Ethical Conduct.

This Policy was approved at the December 14th Council meeting, with the exception of the part entitled “Community Expense: (Hosting events by Council Member)”. A motion of City Council stated the following:

“That Attachment 1, Council Member Expense Policy, contained in the memorandum from the City Auditor, dated December 14, 2009, be approved, subject to the section titled ‘ Community Expense (Hosting Events by Council Member)’ being deferred to the Committee of the Whole meeting on January 12, 2010, for a report from the Integrity Commissioner in consultation with the City Auditor, addressing the concerns raised.”

The City Auditor had previously forwarded a copy of the first draft of the Council Member Expense Policy to me for review. I had provided the City Auditor with my comments and suggested changes. I had no further recommendations and I advised that the draft Council Member Expense Policy was in compliance with the Code of Ethical Conduct.

As per the direction of Council contained in the motion of December 14, 2009, I met with the City Auditor on December 15, 2009 and went over the most recent version of the Expense Policy. The outcome of my consultation with the City Auditor is that I find the Council Member Expense Policy to be in compliance with the Code of Ethical Conduct.

Relevant Sections of the Code of Ethical Conduct for Members of Council

Rule 2 (3) of the Code of Ethical Conduct states that :

This Code recognizes that as community leaders, Members of Council may lend their support to and encourage, community donations to registered charitable and not for profit groups. Monies raised through fundraising efforts shall go directly to the groups or volunteers and chapters acting as local organizers of the group...

In particular, Rule 2(3) contains the following requirements:

- (a) Members of Council should not directly or indirectly manage or control any monies received relating to charitable organization's fundraising.
- (c) With reference to Member-Organized Community Events, Members of Council must report to the Integrity Commissioner, the names of all donors and the value of their donation that supplements the event.
- (d) Where a Member of Council sponsors and/or lends support to a charitable organization's event, this Code recognizes that all donations are subject to the Code of Ethical Conduct.
- (e) No donation cheques should be made out to a Member of Council.

Further, the Rule 2(3) states that nothing included in the rule affects the entitlement of a Member of Council to:

- i. use her or his office expense budget to run or support community events subject to the terms of the Councillor Expense Policy section relating to Community Expense Events.

Any donations cheques received by a Member of Council in relation to Community Events should do directly to the event or organizing body or shall be made out to the City of Vaughan. If a Member of Council receives monies (i.e. nominal amounts to purchase coffee or other refreshments for a town hall meeting, the Member must follow Rule 2(1) which outlines exceptions to gifts and benefits rule. Members are reminded that they are strongly encouraged to list all gifts and benefits they receive, however, in the case of categories (b), (e), (f), (g), (h) and (i) of Rule 2(1), where the value of the gift or benefit exceeds \$500, or if the total value received from any one source during the course of a calendar year exceeds \$500, the member **shall** within 30 days of receipt of the gift or reaching the annual limit, list the gift or benefit on a Councillor information statement.

Based on the comments that I had previously provided to the City Auditor and my review of the Council Member Expense Policy approved by Council on December 14th, I find that the section titled "Community Expense (Hosting Events by Council Member) of the Council Member Expense Policy is in compliance with the Code of Ethical Conduct.

Respectfully submitted,

Suzanne Craig
Integrity Commissioner

Appendix B

<p>Community Expense: <u>(Hosting Events by Council Member)</u></p>	<p><u>Eligible Expense (Council Member Budget):</u></p> <ul style="list-style-type: none"> • Costs directly associated with hosting an event • Total costs limited to \$1500 maximum per event. Example: Space rental fees or permit fees, venue decorations and set-up, miscellaneous supplies, equipment rental, including stage, chairs, tables, sound systems, a/v equipment etc. • <u>To be eligible, proof is required of Council Member hosting the event e.g name on flyer, name as co-sponsor of event.</u> <p><u>Ineligible Expense:</u></p> <ul style="list-style-type: none"> • Payment to City staff of other departments to organize event. • Event costs (as above) for an event organized entirely by a third party <i>with no direct Council Member participation.</i> • Council Member Events after the cut-off date of June 30th during an election year. <p><u>Narrative:</u></p> <ul style="list-style-type: none"> • Council Member community event expenses can supplement events organized by program areas, e.g. park opening by Parks, Recreation and Culture, or Environment Days by Waste Management Services etc. • Council Member hosting events can be co-organized with community groups. • Council Members must provide an <i>original detailed invoice</i> from vendor, including <i>nature of service, date and venue</i> of event. • Council Members must comply with the policy on donations to Council Member hosting events. • Donations received for Council Member hosted events, must be reported to both the <i>Integrity Commissioner</i> and the City Clerk's Office. • Donation Cheques received must be made in the name of the City of Vaughan and forwarded to the Finance department. • Donations received by Council Members for a specific event must be maintained in a specific identified City account and must be dedicated to the event originally funded. Surplus donations received in excess of the cost of the specific event during a calendar year, can be carried forward between calendar years to be used for the same specific event only. • Where the specific event is not repeated or continued, any excess funds in the specific account will be forwarded to Council Corporate Budget. • Donations received for hosting community events and expenditures funded by donations, are subject to the same disclosure requirements as expense funded by the Council Member's Office Budget. <p><u>Form:</u></p> <ul style="list-style-type: none"> • Integrity Commissioner – Gifts and Benefits Information Statement
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APPENDIX C

ITEM #. 25
ADDITIONAL
INFORMATION
CW - Jan. 12, 2010
Submitted by
Reg. Coun. Rosati

Committee of the Whole
January 12, 2010
Item 25
Report on Committee Expense
- Hosting events by Council Members

I have reviewed the Code of Ethical Conduct, Rule No. 2
I have reviewed the Council Member Expense Policy Section: Committee Expenses
(Hosting of events by Council Members)

Rule No 2, section 1(j) states:

Sponsorships and donations for community events or initiatives organized or run by a member or third party on behalf of a Member where Council has authorized or endorsed the event or initiative.

(for greater certainty of item j, for Member-organized community events or initiatives, Members should be transparent in their dealings with the public and should not handle any funds on behalf of any organizations and should remain at arms length from the financial aspects of these events and initiatives.)

Rule #2 Part 1(j) does not affect the entitlement of a Member of Council to:

- i. Use her or his office expense budget to run or support community events subject to the terms of the Councillors' Expense Policy;
- ii. Urge constituents, business and other groups to support community events put on by others in the Member's Ward or elsewhere in the City;
- iii. Play an advisory or membership role in any organization that holds community events in the Member's Ward; and
- iv. Collaborate with the City of Vaughan and its agencies to hold community events.

To be noted that Council approval is required.

Rule No 2, section 3(c) states:

This code recognizes that as community leaders, Members of Council may lend their support to and encourage, community donations to registered charitable and Not for profit groups. Monies raised through fundraising efforts shall go directly to the groups or volunteers and chapters acting as local organizers of the group. This Code recognizes the important work of Members of Council in supporting charitable causes and the need for transparency in Members' involvement.

- (c) With reference to Member- Organized Community Events, Members of Council must report to the Integrity Commissioner, name of all donors and the value of their donation that supplement the event.

This relates to a reporting mechanism.

The Council Expenses Policy referred above does not require Council approval for hosting an event.

No where in the Ethical Code of Conduct does it allow a Member of Council to host a community event without Council approval.

This can be rectified by simply stating in the expense policy that Council approval is required for a Council Member to host a community event, or state that it needs to be in compliance with the Ethical Code of Conduct.

Attachments: Ethical Code of Conduct Rule No 2.

Rule No. 2

Gifts and Benefits:

1. No member shall accept a fee, advance, gift, loan, or personal benefit that is connected directly or indirectly with the performance of his or her duties of Office, except as specifically contemplated.

For these purposes, a fee or advance paid to or a gift or benefit provided with the member's knowledge to a member's spouse, child, or parent, or to a member's staff that is connected directly or indirectly to the performance of the member's duties is deemed to be a gift to that member. The following are recognized as exceptions:

- (a) compensation authorized by law;
- (b) such gifts or benefits that normally accompany the responsibilities of office and are received as an incident of protocol or social obligation;
- (c) a political contribution otherwise reported by law;
- (d) services provided without compensation by persons volunteering their time to a Member;
- (e) a suitable memento of a function honoring the Member (i.e. a trinket or favour of relatively little monetary value such as pen, notepad, t-shirts);
- (f) food, lodging, transportation and entertainment provided by provincial, regional and local governments or political subdivisions of them, by the Federal government or by a foreign government within a foreign country or by a conference, seminar or event organizer where the Member is either speaking or attending in an official capacity at an official event;
(for greater certainty of item f, where Council has authorized or endorsed an initiative or event, this would be considered an official event.)
- (g) food and beverages consumed at banquets, receptions or similar events, for charitable, not for profit and community purposes, if:
 1. attendance serves a legitimate public duty purpose; and
 2. the value is reasonable and the invitations infrequent; and
- (h) business meals;
- (i) communication to the offices of a Member, including subscriptions to newspapers and periodicals related to the duties of Office.
- X (j) Sponsorships and donations for community events or initiatives organized or run by a member or a third party on behalf of a Member where Council has authorized or endorsed the event or initiative.
(for greater certainty of item j, for Member-organized community events or initiatives, Members should be transparent in their dealings with the public and should not handle any funds on behalf of any organizations and should remain at arms length from the financial aspects of these events and initiatives.)

Rule #2 Part 1 (j) does not affect the entitlement of a Member of Council to:

- i. Use her or his office expense budget to run or support community events subject to the terms of the Councillor Expense Policy;*
- ii. Urge constituents, businesses and other groups to support community events put on by others in the Member's Ward or elsewhere in the City;*
- iii. Play an advisory or membership role in any organization that holds community events in the Member's Ward; and*
- iv. Collaborate with the City of Vaughan and its agencies to hold community events.*

Members are strongly encouraged to list all gifts and benefits they receive.

However, in the case of categories (b), (e), (f), (g) (h), and (i) where the value of the gift or benefit exceeds \$500, or if the total value received from any one source during the course of a calendar year exceeds \$500, the member shall within 30 days of receipt of the gift or reaching the annual limit, list the gift or benefit on a Councillor information statement, the form of which will be prescribed by the Integrity Commissioner.

The Integrity Commissioner shall, without notice, examine from time to time the Councillor information statement to ascertain whether the receipt of a gift or benefit might, in her or his opinion, create a conflict between a private interest and the public duty of the Member.

In the event that the Integrity Commissioner makes the preliminary determination, he or she shall call upon the Member to justify receipt of the gift or benefit. Should the Integrity Commissioner determine that receipt was inappropriate, he or she may direct the member to return the gift, reimburse the donor for the value of any gift or benefit already consumed, or forfeit the gift or remit the value of any gift or benefit already consumed to the City or City agency, board or commission.

Each Member shall file a copy of their Councillor information statement with the office of the City Clerk on a quarterly basis (the first quarter being April 30th of the calendar year) and the statements shall be a matter of public record.

Commentary:

Gifts and benefits are often received by Members in the course of their duties, and attendance at public functions is expected and considered part of their role. The object of this rule is to provide transparency around the receipt of incidental gifts and benefits, where the total value may be perceived as potentially influencing decision making.

Personal integrity and sound business practices require that relationships with vendors, contractors, or others doing business with the City, be such that no Member of Council is perceived as showing favoritism or bias toward the vendor, contractor or other. Each Member of Council is accountable to the public and should keep a list of all gifts received from individuals, firms or associations (with estimated values) in their constituency offices for review by Integrity Commissioner, as he/she deems appropriate. However, those gifts or benefits that exceed \$500 or the annual limit of \$500 for one source, shall be kept on a form prescribed by the Integrity Commissioner and filed with the office of the City Clerk on a quarterly basis.

Gifts that are subject to listing on the Member of Council information statement can be many types of things, and may include:

- property (i.e. a book, flowers, a gift basket, a painting or sculpture, furniture, wine);
- use of property or facilities (i.e. a vehicle, an office, a cottage) at a reduced rate or at no cost;
- membership in a club or other organization (i.e. a golf club) at a reduced rate or at no cost;
- an invitation to and/or tickets to attend an event (i.e. an athletic commercial event, concert, a play) at a reduced rate or at no cost;
- an invitation to attend a gala or fund-raising event at a reduced rate or at no cost.

An invitation to attend a function where the invitation is connected directly or indirectly with the performance of the Member's duties of Office (i.e. for which the public office holder has a ceremonial, presentational or representational official role) is not considered to be a gift. Attendance is considered to be the fulfillment of an official function or duty.

There are a range of expenses that support a Councillors' role in community development and engagement activities in their ward.

For MPPs, these expenses are generally paid for by caucus funds. This is not the case for municipal Members of Council. The section of the Councillor Expense Policy that deals with Community Expense-Events will indicate allowable expenses for reimbursement and provide for Members of Council to include certain community expenses related to a Member's role in community development as allowable expenditures from their office expense budget. However, gaming tickets during charitable functions, such as raffle tickets, table prize tickets, etc. should not be eligible for reimbursement

2. **Expenses incurred by Members of Council working during normal meal periods serve a legitimate public duty purpose, provided that the expenses incurred are reasonable and appropriate in the circumstances. Reasonable and appropriate expenses are those that:**
 - a. **Are incurred for an official duty or function;**
 - b. **Are modest, representing a prudent use of public funds;**
 - c. **Do not involve alcoholic beverages**

In general, working meals are to be provided in-house.

Commentary

Rule #2 must be considered with and balanced against the principle contained expense policies in all Ontario municipalities, which is that Members are entitled to be reimbursed for expenses that are legitimately and appropriately incurred for an official duty or function and which are reasonable and prudent expenses and use of public funds in the circumstances. In making a determination of what constitutes a modest and prudent use of public funds, Members should consider the dollar amounts set in the City of Vaughan Policy Manual I Section: Administration Policy No.: 03.031, as amended.

Given the heavy demands on Members' schedules in the performance of their duties and functions, there are legitimate circumstances that require business meetings over a meal period and result in the Member working through his or her normal meal periods.

"Official duties" or "functions" has the following meaning:

For Members of Council, it includes those activities that are reasonably related to a Member's office, taking into consideration the different interests, the diverse profiles of their wards and their different roles on Committees, agencies, boards and commissions.

For persons employed in the office of Members, it includes those activities and responsibilities that flow from acting on direction from or taking action on behalf of a member.

As representatives of the municipal government, Members will be expected or required to extend hospitality to external parties as part of their official duties and functions. This Code recognizes that through adherence to the current and proposed rules of the City's Councillor Expense Policy, it is legitimate for Members to incur hospitality expenses for meetings, examples of which include:

- a. Engaging representatives of other levels of government, international delegations or visitors, the broader public sector, business contacts and other third parties in discussions on official matters;
- b. Providing persons from national, international and charitable organizations with an understanding and appreciation of the City of Vaughan or the workings of its municipal government;
- c. Honouring persons from Vaughan in recognition of exceptional public service.

This Code recognizes that the current and proposed City of Vaughan Councillor Expense Policy, holds legitimate that Members of Council will be reimbursed or have their office budgets charged for expenses that are incurred while extending hospitality to an external party, including hospitality that takes place in the course of travelling on a duty or function or a Member of Council provided the expenses are reasonable and appropriate in the circumstances.

Reasonable and appropriate expenses are expenses that strike a balance between economy (the expenses represent a prudent use of public funds) and proportionality (the expenses represent what is customary for such functions).

Wherever possible, Members of Council should utilize City-owned facilities and resources that are appropriate to the function.

3. This Code recognizes that as community leaders, Members of Council may lend their support to and encourage, community donations to registered charitable and Not for profit groups. Monies raised through fundraising efforts shall go directly to the groups or volunteers and chapters acting as local organizers of the group. This Code recognizes the important work of Members of Council in supporting charitable causes and the need for transparency in Members' involvement.

This Code sets the following guiding principles for Members of Council:

- (a) Members of Council should not directly or indirectly manage or control any monies received relating to charitable organization's fundraising.**
- (b) A Member of Council or a third party acting on behalf of the Member shall neither solicit nor accept support in any form from an individual, group or corporation with any pending planning, conversion, or demolition variance application before Vaughan City Council.**
- X (c) With reference to Member- Organized Community Events, Members of Council must report to the Integrity Commissioner, the names of all donors and the value of their donation that supplement the event.**
- (d) Where a Member of Council sponsors and/or lends support to a charitable organization's event, this Code recognizes that all donations are subject to the Code of Ethical Conduct.**
- (e) No donation cheques should be made out to a Member of Council.**

Nothing included herein affects the entitlement of a Member of Council to:

- i. Use her or his office expense budget to run or support community events subject to the terms of the Councillor Expense Policy section relating to Community Expense Events;**
 - ii. urge constituents, businesses and other groups to support community events and advance the needs of a charitable organization put on by others in the Member's Ward or elsewhere in the City;**
 - iii. play an advisory or membership role in any organization that holds community events in the Member's Ward; and**
 - iv. collaborate with the City of Vaughan and its agencies to hold community events.**
- (f) Members of Council should not handle any funds on behalf of any charitable organization or Community group and should remain at arms length from the financial aspects of these community and external events.**