



C2021-0609  
Attachment 2

## Background & Previous Council Direction

This report is in response to the direction from Notice of Motion C2020-0263 (Closing the Governance Gap in the Office of the Councillors Efforts at Public Disclosure), Report C2020-0877 (PwC Forensic Investigation Report), and Report C2020-0658 (The City Auditor's Council Expense Audit) to create an enhanced governance model for Councillor expenses.

### Context

Through the City Auditor's Audit and PwC Investigation, systemic issues were identified in the current Council expense governance that require resolution to maintain effective accountability and transparency. There are four main areas that require focus: policy clarity, governance processes (including independent authority to enforce and escalate policy compliance), timeliness of submissions, and training and orientation to ensure expectations are consistently understood.

### Previous Council Direction

On 2020 February 24, Council approved the following recommendations contained in Notice of Motion C2020-0263 Closing the Governance Gap in Office of the Councillors Efforts at Public Disclosure (Attachment 3):

NOW THEREFORE BE IT RESOLVED THAT:

- In order to address the issue of Ward 2 expense claim discrepancies, Council direct the City Auditor:
- To immediately conduct a forensic investigation into the Ward 2 City Councillor's expenses (including those incurred at FCM) to the beginning of the present Council's term in office,
- To be funded through the Fiscal Stability Reserve (FSR), and
- To be conducted by a specialist (internal or external) under the direct oversight of the City Auditor's Office in order to ensure independence, objectivity and an unbiased result, with recommendations to be presented to Council as soon as possible;
- In order to objectively and cost-effectively demonstrate adherence to expense policies by all members of Council (including the Mayor), Council direct the City Auditor to immediately determine and execute the best way to verify expenses for all ward council offices and Mayor's Office budgets for the present Council's term in office, to identify whether individual or systemic issues exist that require further attention;

- In order to make all event related expenses easily available to the public (similar to the publicly posted Ward Office expenses), Council direct the Chief Financial Officer to immediately determine and execute the best way to make all centrally disclosed expenses for **Members of Council** and Administration (e.g. FCM, AUMA, Grey Cup, etc.) publically accessible going back to the beginning of the present Council's term in office; and
- In order to address the governance gap that exists in some matters of Council oversight, Council direct the City Manager to work with the City Auditor and other appropriate parties to determine a better governance model for Council oversight that either enhances and/or replaces some processes or responsibilities presently residing with the CCCO to eliminate conflicts of interest for members of Council and ensure that staff within the Office of the Councillors are able to act independently of Council, with recommendations to be presented to Council as soon as possible.

On 2020 July 27, Council received the Council Expense Audit C2020-0658 for the corporate record.

On 2020 July 27 Council received the PwC Forensic Investigation Report C2020-0877 and with respect to expense policies directed:

- The Working Group, created by the City Manager to consider areas of improvement regarding updating Council expense policies and associated processes, take up the recommendations contained in the Investigation report and include this work in the intended December 2020 update to Council.

## Bylaws, Regulations, Council Policies

The following bylaws and policies inform Councillors' expenses.

**Bylaw 26M2018 – Code of Conduct for Elected Officials**

**PAC006 - Councillors' Expense/Allowance Policy**

**PAC007 - Councillors' Expenses – Out of Town Travel Policy**

**PAC008 - Office of the Councillors' Expenditure Authorization Policy**

**CC008 - Council to Cover Expenses of Prospective Federation of Canadian Municipalities (FCM) Directors**

**PAC014 – Budgeting and Accounting Policy**

**PAC003 – Councillor Attendance at Quebec Carnival and Grey Cup**