

PROPOSED COUNCIL POLICY ON FUNDRAISING AND WARD EVENTS

EXECUTIVE SUMMARY

Members of Council undertake fundraising activities in support of charitable and non-profit organizations, and wards. When Members of Council undertake fundraising activities, involving the solicitation and receipt of donations, Members of Council must exhibit transparency and accountability to Calgarians. To promote transparency and accountability, this report presents a proposed Council policy on *Fundraising and Ward Events*.

ADMINISTRATION RECOMMENDATION(S)

That the Legislative Governance Task Force recommend that Council:

1. Refer the proposed Council policy on *Fundraising and Ward Events* to the Integrity Commissioner, once appointed by Council, for review; and
2. Direct Administration to bring forward a Council policy on *Fundraising and Ward Events* to the Legislative Governance Task Force, following the Integrity Commissioner's review, no later than Q3 2016.

RECOMMENDATION OF THE LEGISLATIVE GOVERNANCE TASK FORCE, DATED 2015 DECEMBER 01:

That Council refer the proposed Council policy on *Fundraising and Ward Events* to Administration for review by the City Solicitor, to return to Council as soon as possible.

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2015 May 11 Combined Meeting of Council, Council directed Administration to bring forward a proposed Council policy on fundraising and ward events to the Legislative Governance Task Force no later than Q4 2015.

At the 2015 April 27 Regular Meeting of Council, Council approved the initial terms of reference for the Integrity Commissioner.

BACKGROUND

At the 2013 April 22 Regular Meeting of Council, Council adopted a *Gifts and Benefits Policy for Members of Council* (CC043). The *Gifts and Benefits Policy for Members of Council* provides that "Members of Council shall not solicit, demand or request any gift or benefit by virtue of their position". Further the Council policy provides that "[a] Member of Council must never accept a gift of money, including pre-paid credit cards. This does not include compensation authorized by legislation, City bylaw, resolution of Council or Council policy". While Council adopted a policy on gifts and benefits, currently there is a policy void with respect to solicitation and acceptance of donations in support of charitable and non-profit organizations and ward events.

At the 2015 March 03 Meeting, the Legislative Governance Task Force (LGTF) identified a need for further clarity with respect to Members of Council accepting money in circumstances of fundraising activities. Solicitation and acceptance of a donation for a charitable or non-profit organization, or for the benefit of a ward, is distinct from accepting gifts and benefits for personal use and requires a separate and transparent process. Further, personally accepting monetary donations raises additional issues such as administration of surplus funds and the

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need for separate procedures in election years. Accordingly, Administration recommended developing a separate Council policy rather than including an exemption clause for fundraising and ward events within the *Gifts and Benefits Policy for Members of Council*.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Since its establishment in 2011, LGTF has been committed to making Council more transparent and increasing accountability. A Council policy on fundraising and ward events would be another step in increasing openness, transparency and accountability in governance at The City. In preparing the proposed Council policy on *Fundraising and Ward Events (Attachment)*, the following key issues were taken into consideration:

1. Applicability of the Council policy: In order to be accountable, Members of Council must have knowledge of the identity of the donors, the amount of donations accepted and the amount of expenditures made from the accepted donations. Accordingly, the proposed Council policy can only apply to those fundraising activities that are organized and hosted by a Member of Council, or on their behalf. It would be an impossible threshold to meet if Members of Council were requested to account for donors, donations, and expenditures for those fundraising activities to which they lend only their name to (i.e. those fundraising activities Members of Council endorse but do not actively organize and host).
2. Accounting: The proposed Council policy provides that where a Member of Council, or someone on their behalf, organizes and hosts a fundraising activity, the Member of Council must open an account for the purpose of receiving donations. Research of publically available policies in other municipalities found that where policies for fundraising and events have been adopted, a Member of Council must open a City account or require that all donations be made out to the City. Given that a city versus a non-city account has implications with respect to public trust and management of surpluses, the approach within the proposed Council policy allows the Member of Council to use their discretion with respect to where an account is opened for the purpose of receiving and spending donations.
3. Election Years: In 2012, City Council adopted a Council policy on *Members of Council and Election Campaigns (CC041)*, setting out guidelines and rules necessary to ensure candidates in an election have an equal opportunity to access City resources and that no preferential treatment is afforded to incumbents by The City. Through engagement, the City Clerk's Office was advised that it is important to Members of Council to continue organizing and hosting ward events during an election year. Given that fundraising activities and ward events may raise the profile of a Member of Council, or create a perception of preferential treatment, election years require specific consideration and procedures. Research of publically available policies demonstrated that municipalities with fundraising and event policies in place prohibit Members of Council, in an election year, from seeking donations and sponsorships for any event that has not been staged in the previous two years or after nominations papers for election to any office have been filed. The proposed Council policy follows this practice, and provides that the fundraising or ward event would have had to be held in two preceding years prior to an election in order to proceed in an election year.

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4. Surplus Funds: If donations are to be accepted, then a transparent procedure must be in place to account for those circumstances where more donations are received than required to organize and host an event. The proposed Council policy provides that Members of Council, or persons acting on their behalf, must advise potential donors in advance of the event of the intended use of any surplus funds. The proposed Council policy provides avenues for dealing with surplus funds, as well as a process for addressing surplus funds in the event that a Member of Council ceases to be a Member of Council.
5. Disclosure of Fundraising Activities: To promote transparency and accountability, the proposed Council policy requires Members of Council to file an annual fundraising activity statement containing information on charitable and non-profit organizations supported, donors, events held, total amount of donations received and total amount of expenditures. This type of disclosure is consistent with the disclosure requirements contained in the *Gifts and Benefits Policy for Members of Council*.
6. Role of the Integrity Commissioner: At the 2015 April 27 Regular Meeting of Council, Council approved the initial terms of reference for the Integrity Commissioner, which include the following:
 - “Regarding the Integrity Commissioner’s advisory and education roles:
 - Reviewing relevant legislation and Council policies relating to Council members’ conduct;
 - Conducting a best practice review to assist in formulating recommendations to Council intended to ensure that policies adequately establish and promote ethical conduct standards for Council members;
 - Educating Council members about, and providing advice to Council members in regard to, their ethical duty; and
 - Educating Calgarians about the expected conduct of Council members and responding to Calgarians’ questions in regard to Council members’ ethical duty.”

In addition to the above, the initial terms of reference for the Integrity Commissioner include developing a list of sanctions to recommend to Council in the event of a breach of ethical duty. With the imminent appointment of an Integrity Commissioner, City Clerk’s Office recommends a review of the proposed Council policy by the Integrity Commissioner prior to submitting to Council for consideration and approval. First, in accordance with Council’s approved initial terms of reference for the Integrity Commissioner, Council policies relating to Council members’ conduct are set to be reviewed by the Integrity Commissioner. In the case of the proposed Council policy, the Integrity Commissioner could provide assistance to ensure that the proposed Council policy adequately establishes ethical standards for Members of Council. Second, research into publically available policies showed that two municipalities with fundraising and event policies in place have defined roles for the Integrity Commissioner within the policies. Given the research conducted to date, City Clerk’s Office recommends that further consideration is warranted of what, if any, role the City of Calgary Integrity Commissioner is to hold within the proposed Council policy and whether the proposed Council policy adequately establishes ethical conduct standards.

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Stakeholder Engagement, Research and Communication

The City Clerk's Office conducted research into existing Council policies at the City of Calgary related to Council members' ethical conduct as well as publicly available policies in other municipalities. The City Clerk's Office engaged with the Office of the Mayor and Office of the Councillors. Withholding Council's adoption of the proposed Council policy at this time will allow the City Clerk's Office to conduct further engagement with the Integrity Commissioner, once appointed by Council. In the meantime, the proposed Council policy can serve as a guideline to Members of Council until the Integrity Commissioner completes a review to assist in formulating final Council policy recommendations. The City Clerk's Office will engage and work with the Integrity Commissioner to bring forward a final Council policy for Council's consideration no later than Q3 2016.

Strategic Alignment

This Council policy aligns with Council's priority of a well-run city: "Calgary's government is open, responsive, accountable and transparent, delivering excellent services at a fair price. We work with our government partners to ensure we have the tools we need" (Action Plan 2015-2018).

Social, Environmental, Economic (External)

Considering adopting a proposed Council policy on *Fundraising and Ward Events* is a step in promoting transparency and accountability at the City of Calgary.

Financial Capacity

Current and Future Operating Budget:

There are no current and future operating budget impacts.

Current and Future Capital Budget:

There are no current and future capital budget impacts.

Risk Assessment

There is no policy or procedure in place to provide guidance to Members of Council with respect to organizing and hosting fundraising activities, receiving donations and administering surpluses. In the absence of a policy, uncertainty exists around managing the donations and surpluses in a consistent and transparent manner. Inconsistent practices may lead to a reputational risk to Members of Council or The City.

REASON(S) FOR RECOMMENDATION(S):

The proposed Council policy addresses the lack of guidance with respect to receiving and administering donations related to fundraising activities.

ATTACHMENT(S)

Proposed Council policy on *Fundraising and Ward Events*