



Compliance Report on the Election Campaign Expenses of Candidate Doug Thompson



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An instinct for growth™

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1. Executive Summary

On July 31, 2023, the Election Compliance Audit Committee (ECAC) established by City Council on March 23, 2022, considered an application for a compliance audit (the “Application”) of the 2022 regular municipal elections campaign finances of Osgoode ward’s candidate Doug Thompson (the “Candidate”). On the same date, the City of Ottawa’s ECAC granted the application for a compliance report on the 2022 regular municipal elections campaign finances of Osgoode Ward Candidate Doug Thompson. Subsection 88.33(10) of the MEA requires that, if the Election Compliance Audit Committee decides to grant an application, it shall appoint an auditor to produce a compliance report of the candidate’s election campaign finances. The auditor must be licensed under the Public Accounting Act, 2004.

On December 8, 2023, the ECAC approved the appointment of Pierre-Charles La Haye, CPA, of Raymond Chabot Grant Thornton (“RCGT”), to produce a compliance report of the election campaign finances for the 2022 regular election campaign of Candidate Doug Thompson.

Appendix A of this report outlines the procedures performed. The objective of this report is to provide the results of our procedures and identify any apparent non-compliance with the MEA.

An overview of our procedures, observations and conclusion for the complaint identified in the Application have been provided in the table below. For full details regarding the complaint, guidance, observations and conclusions please see Section 3 – Observations of the report.

Complaint	Overview of Procedures, Observations, and Conclusion
<p><i>“In Schedule 1 “Contributions”, under Part II “Contributions from candidate or spouse”, in Table 2 for inventory from previous campaign, Mr. Thompson reported the value of these signs at the suspiciously round number of \$100.00. The financial statement makes no remarks about the style, size, or materiality of the signage, although there were two version of previous elections signs used. Mr. Thompson failed to report the quantity of signs he used from his previous election, which the Form 4 requires, leaving the public in the dark as to how he came up with this valuation. Mr. Thompson also failed to report any value or quantity of metal pickets or</i></p>	<p>Procedures:</p> <ul style="list-style-type: none"> ▪ Interviews; ▪ Research; and ▪ Document review. <p>Please see Appendix A for detailed procedures performed.</p> <p>Observations:</p> <p>Evidence reviewed supported the complaint indicating that there were inaccuracies found within Doug Thompson’s reporting of previously utilized campaign signs.</p> <p>Please see Section 3 for detailed observations.</p> <p>Conclusion:</p> <p>There is an apparent non-compliance of section 88.19(3) of the MEA.</p> <p>Please see Section 3 for detailed conclusion.</p>

Complaint	Overview of Procedures, Observations, and Conclusion
<i>wooden stakes he reused along with these signs.”</i>	

Our procedures also identified an additional observation, which is summarized in the table below:

Other Observations	Overview of Procedures, Observations and Conclusion
Inaccuracy of financial statement	<p>Procedures:</p> <ul style="list-style-type: none"> ■ Reconcile contributions and expenses to supporting documentation; ■ Document review; and ■ Interviews. <p>Please see Appendix A for detailed procedures performed.</p> <p>Observations:</p> <p>There were inaccuracies found within the Candidate’s financial statements:</p> <ul style="list-style-type: none"> ■ A total of \$182.94 of Bank Charges were noted in the financial statement. A total of \$148.89 of Bank Charges were reconciled to the bank statements of the campaign bank account. A total of \$34.05 were not accurately recorded within the financial statement. ■ The Candidate provided seven (7) receipts from Home Hardware totaling \$569.27. The bank statements of the campaign bank account, supporting ledger, and financial statement Home Hardware expenditures, which were grouped together, totaling \$575.18. A total of \$5.91 was not accurately recorded within the financial statement. ■ A donation of \$1,000 was made by the Candidate’s wife. This donation was recorded within the total value of contributions exceeding \$100.00 however should have been recorded under contributions from candidate and spouse. <p>Please see Section 3 for detailed observations.</p> <p>Conclusion:</p> <p>There is an apparent non-compliance of section 88.22 (1) (d) and 88.25 (3) of the MEA.</p> <p>Please see Section 3 for detailed conclusion.</p>
Support not provided or not legible	<p>Procedures:</p> <ul style="list-style-type: none"> ■ Reconcile contributions and expenses to supporting documentation; ■ Document review; and

Other Observations	Overview of Procedures, Observations and Conclusion
	<ul style="list-style-type: none"> ▪ Interviews. <p>Please see Appendix A for detailed procedures performed.</p> <p>Observations:</p> <p>The Candidate did not provide an invoice or receipt for one (1) transaction totaling \$21.95.</p> <p>Please see Section 3 for detailed observations.</p> <p>Conclusion:</p> <p>There is an apparent non-compliance of sections 88.22 (1) (g) and (h) of the MEA.</p> <p>Please see Section 3 for detailed conclusion</p>

2. Background, Objective and Scope

2.1. BACKGROUND

Under the Municipal Elections Act, 1996 (the MEA), municipal election candidates are bound by specific election campaign finance rules and must file provincially prescribed financial statements with the City Clerk outlining their campaign finance activities.

Subsection 88.33 (1) and 88.35(1) of the MEA allows any eligible elector who believes on reasonable grounds that a candidate has contravened the election finance rules in the statute may apply for a compliance audit of that party's election campaign finances, even if the candidate has not filed a financial statement under section 88.25. In accordance with Subsection 88.33(3) of the MEA, the deadline for an eligible elector to submit a compliance audit application of the campaign finances of Candidate Doug Thompson for the 2022 Municipal Elections was June 29, 2023, at 4:30 pm. Pursuant to Section 88.33 of the MEA the compliance audit application was filed with the Elections Office on June 28, 2023.

Section 88.37 of the MEA requires that the municipality establish an Election Compliance Audit Committee (Hereinafter referred to "the ECAC") for the purposes of considering applications for compliance audits. Furthermore, subsection 88.33(7) states that within 30 days after receiving the application, the ECAC shall consider the application and decide whether it should be granted or rejected. A copy the election compliance audit application was submitted to the ECAC on July 7, 2023, within 10 days of its filing, as required by Subsection 88.33(4) of the MEA. Accordingly, the 30-day timeline under Subsection 88.33(7) of the MEA for the ECAC to consider and decide on this matter expired on August 6, 2023.

On July 31, 2023, the ECAC established by City Council on March 23, 2022, considered an application for a compliance audit of the 2022 regular municipal elections campaign finances of Osgoode ward's candidate Doug Thompson (the Candidate). On the same date, the City of Ottawa's ECAC granted the application for a compliance audit of the 2022 regular municipal elections campaign finances of Osgoode Ward Candidate Doug Thompson. Subsection 88.33(10) of the MEA requires that, if the Election Compliance Audit Committee decides to grant an application, it shall appoint an auditor to conduct a compliance audit of the candidate's election campaign finances. The auditor must be licensed under the Public Accounting Act, 2004.

On December 8, 2023, the ECAC approved the appointment of Pierre-Charles La Haye, CPA, of Raymond Chabot Grant Thornton (RCGT), to produce a compliance report on the election campaign finances for the 2022 regular election campaign of Candidate Doug Thompson.

2.2. RESTRICTIONS AND LIMITATIONS

The City Clerk, on behalf of the City of Ottawa's Election Compliance Audit Committee, engaged RCGT to produce a compliance report on the election campaign finances for the 2022 regular election campaign of Candidate Doug Thompson. Appendix A of this report outlines the procedures performed. Readers should note that these procedures will not necessarily reveal all instances of apparent non-compliance with sections of the MEA.

This report was prepared for the Election Compliance Audit Committee based on information and representations that were provided to RCGT by the City of Ottawa Elections Office and the Candidate. This report is not to be used for any other purpose, and RCGT specifically disclaims any responsibility for losses or damages incurred through the use of this report for a purpose other than as described in this paragraph. It should not be reproduced in whole or in part without RCGT's express written permission, other than as required by the City Clerk in relation to the above noted intent.

Our report outlines the procedures performed and the results of the procedures. Our report does not constitute an audit opinion as defined by the Canadian Generally Accepted Auditing Standards. None of the work performed by RCGT or the contents of this report constitute any legal opinion or advice.

RCGT reserves the right, but will be under no obligation, to review and/or revise the contents of this report in light of information which becomes known to us after the date of this report.

3. Objectives, Scope, and Risk Assessment

3.1. OBJECTIVES AND SCOPE

3.1.1. Objectives

The objectives included but were not limited to, the following:

1. Produce a comprehensive compliance report on the Candidate's election campaign finances;
2. Determine whether the Candidate has complied with the provisions of the MEA relating to election campaign finances; and
3. Prepare a report outlining any instances of non-compliance discovered during the work performed.

3.1.2. Scope

RCGT performed the compliance procedures on the election campaign finances for the 2022 regular election campaign of Candidate Doug Thompson, Osgoode Ward.

3.1.3. Risk Assessment

The risk assessment consisted of reviewing the MEA, reviewing the Application for Compliance Audit, and risks outlined by the City Clerk / Election Office.

Risks identified in the Application for Compliance Audit included the following:

- Utilizing campaign material from a previous election without accurately reporting the expense in the financial report.

Other risks identified included the following:

- Contributions received that were not recorded;
- Contributions recorded at an incorrect value;
- Contributions received not in proper period;
- Contributions received from an ineligible contributor;
- Contributions received that exceeded the contribution limits;
- Contributions received, and expenditures incurred prior to nomination;
- Expenses incurred that were not recorded;

- Expenses incurred that were not recorded at the proper value;
- Expenses incurred not in proper period; and
- Expenses incurred that were not eligible.

RCGT designed procedures, detailed in Appendix A, based on the risks identified above.

4. Observations

The following observations were made because of the procedures performed. As previous noted, the detailed procedures can be found in Appendix A. The observations have been structured as follows:

1. Complaint; and
2. Other Observations.

4.1. COMPLAINT

4.1.1. Excerpt from Application

“In Schedule 1 "Contributions", under Part II "Contributions from candidate or spouse", in Table 2 for inventory from previous campaign, Mr. Thompson reported the value of these signs at the suspiciously round number of \$100.00. The financial statement makes no remarks about the style, size, or materiality of the signage, although there were two version of previous elections signs used. Mr. Thompson failed to report the quantity of signs he used from his previous election, which the Form 4 requires, leaving the public in the dark as to how he came up with this valuation. Mr. Thompson also failed to report any value or quantity of metal pickets or wooden stakes he reused along with theses signs.”

4.1.2. Guidance

MEA

“88.19(3) - Without restricting the generality of subsections (1) and (2), the following amounts are expenses: 1. The replacement value of goods retained by the person, individual, corporation or trade union from any previous election in the municipality and used in the current election. 2016, c. 15, s. 57 (3).”

Candidates Guide

“If you ran in the last municipal council or school board election and you want to reuse leftover goods such as signs or office supplies you must establish the current market value of the goods – what it would cost you to purchase them today. You must record the current market value as an expense.”

4.1.3. Observations

This complaint specifically noted a potential discrepancy between the valuation of the signs utilized in a prior election and the amount recorded in the financial statement.

- The 2022 campaign financial statement does not account for the number of signs utilized in the Candidates election efforts. The 2022 campaign financial statement indicated a valuation of \$100.

- A review of the complaint, social media and internet searches (specifically a YouTube video published to Doug Thompson for Osgoode Ward 2022) confirmed that elections signs with the banner “Re-Elect” were utilized in Doug Thompson’s 2022 campaign.
- The Candidate provided RCGT with an independent valuation of the sign inventory, obtained from Hawley Signs and Graphics which values a total of 21 signs at \$244.60. As part of the procedures performed, an independent call was held with Hawley signs.
- Interviews with Candidate noted the following:
 - The Candidate confirmed that the Bookkeeper¹ was not involved in the decisions surrounding the valuation of previously used signs.
 - The Candidate was aware that there was an error in the valuation. The original \$100.00 valuation was meant to be a placeholder. However, the Candidate confirmed it was an error and was never updated.
 - The Candidate addressed the comments made to CBC in the article titled “3rd-party advertiser Horizon Ottawa faced election Audit”. The Candidate noted that his comments “...bringing the value closer to \$500.” and “we made an error. It was regrettable, and we apologize.” were accurate and the \$500 valuation was meant to ensure that the value was not understated in a public address of the issue.
 - The Candidate confirmed that \$244.60 (based on the independent valuation) should have been included in the financial statement.

Conclusion

Based on the results of the procedures listed in the above section, the amount recorded in the financial statement for the previous election campaign signs was inaccurate and is an apparent non-compliance of Section 88.19(3) of the MEA.

4.2. OTHER OBSERVATIONS

4.2.1. Inaccuracy of Financial Statements

Guidance

MEA

Duties of candidates

88.22 (1) *A candidate shall ensure that,*

- (d) *all payments for expenses are made from the campaign accounts;*
- (e) *contributions of goods or services are valued;*
- (g) *records are kept of,*
 - (i) *the receipts issued for every contribution,*
 - (ii) *the value of every contribution,*
 - (iii) *whether a contribution is in the form of money, goods or services, and*
 - (iv) *the contributor’s name and address;*

¹ Bonnie O’Brien provided bookkeeping activities including recording and maintaining transactions into the appropriate general ledgers.

(h) records are kept of every expense including the receipts obtained for each expense;

“Error in financial statement

88.25 (3) If an error is identified in a filed financial statement, the candidate may withdraw the statement and, at the same time, file a corrected financial statement and auditor’s report on or before the applicable filing date under section 88.30. 2016, c. 15, s. 60.”

Observations

During the performance of our procedures, we identified inaccuracies within the Candidate’s campaign financial statement:

- A total of \$182.94 of Bank Charges were noted in the financial statement. A total of \$148.89 of Bank Charges were reconciled to the bank statements of the campaign bank account. A total of \$34.05 of Bank Charges were not accurately recorded within the financial statement.
- The Candidate provided receipts from Home Hardware totaling \$569.27. The bank statements of the campaign bank account, supporting ledger, and financial statement note Home Hardware expenditures, which were grouped together, totaling \$575.18. A total of \$5.91 was not accurately recorded within the financial statement.
- A donation of \$1,000 was made by the Candidate’s wife. This donation was recorded within the total value of contributions exceeding \$100.00. However, this should have been recorded under contributions from candidate and spouse.

Conclusion

Based on the results of the procedures listed in the above section, there is an apparent non-compliance with Section 88.22 (1) and 88.25 (3) of the MEA.

4.2.2. Support not provided or not legible

Guidance

MEA

Duties of candidates

88.22 (1) A candidate shall ensure that,

(g) records are kept of,

- (i) the receipts issued for every contribution,*
- (ii) the value of every contribution,*
- (iii) whether a contribution is in the form of money, goods or services, and*
- (iv) the contributor’s name and address;*

(h) records are kept of every expense including the receipts obtained for each expense;

Observations

During the performance of our procedures, we identified the following items where the Candidate did not provide sufficient support (support not provided or not legible):

- The Candidate did not provide an invoice or receipt for one (1) transaction totaling \$21.95.

Conclusion

Based on the results of the procedures listed in the above section, there is an apparent non-compliance with Section 88.22 (1) (g) (h) of the MEA, as the Candidate should have kept records of all transactions.

Appendices



Appendix A – Procedures Performed

Appendix A – Procedures Performed

The primary relevant sections of the MEA related to election campaign finances are Sections 88.8 through 88.32. The procedures performed are not limited to an examination of the Application for Compliance Audit that led to the audit, but to all the relevant provisions of the MEA related to the Candidate’s election campaign finances.

For each provision within Sections 88.8 through 88.32, RCGT determined whether there was a compliance aspect related to campaign finances. For each provision that included a compliance aspect, RCGT developed procedures to test whether the Candidate complied with the provision in question. Our procedures were not limited to testing only campaign finances reported by the Candidate in their financial statement. We also performed procedures to identify campaign finances (contributions and expenses, as well as any other matter included in the campaign finance provisions of the MEA) that may not have been reported on the candidate’s financial statements.

The following procedures were performed that resulted in our observations.

Type	Risk	Procedures
Complaint	Utilizing campaign material from a previous election without accurately reporting the expense in the financial report	<ul style="list-style-type: none"> ■ Review complaint and evidence provided in complaint; ■ Perform research and searches on-line regarding complaint; ■ Perform interviews with individuals involved in the campaign: The Candidate; and Bookkeeper. ■ Review documentation provided.
Contributions	Contributions received that were not recorded; and Contributions recorded at an incorrect value;	<ul style="list-style-type: none"> ■ Send a detailed request to the Candidate. ■ Request: <ul style="list-style-type: none"> ■ All records with respect to campaign bank account²(Date of opening, location of opening); ■ All documents pertaining to deposits of any campaign contribution money into the Candidate’s bank account;

² Includes any other accounts where campaign related transactions may have occurred.

Type	Risk	Procedures
		<ul style="list-style-type: none"> ■ All documents showing the use of funds deposited into the campaign bank account (bank statement, transaction records); ■ All documents relating to payments for expenses; ■ All documents relating to how contributions of goods and services were valued; ■ All contribution receipts; ■ All documents relating to claims of payment or disputes; ■ All documents relating to gross income and contributions received from fund-raising functions; ■ All documents relating to loans; ■ All records relating to proper direction provided to persons authorized to incur expenses or accept contributions; ■ All documents relating to returned contributions; ■ All documents relating to anonymous contributions; ■ All documents relating to informing contributors of the MEA contribution limits; and ■ All correspondence relating to the campaign (email, text message, direct messaging). <ul style="list-style-type: none"> ■ Reconcile amounts per bank statement to contributions recorded on statement. Reconcile all contributions to support provided. ■ Recalculate the contribution (fair market value) if required. ■ Perform interviews and inquiries with the Candidate. ■ Inquire as to whether any contributions were received and not recorded. ■ Assess individuals involved in the campaign. ■ Perform interviews with individuals involved in the campaign

Type	Risk	Procedures
		<ul style="list-style-type: none"> ■ Review documentation provided.
	Contribution received not in proper period	<ul style="list-style-type: none"> ■ Review the listing on contributions to determine whether the dates are within the period of the election campaign. ■ Review the payment date (cheque date) to determine whether it was within the period of the election campaign.
	Contribution received from an ineligible contributor	<ul style="list-style-type: none"> ■ Review the contribution listing and determine whether all contributors are eligible to contribute per the MEA.
	Contributions received that exceeded the contribution limits	<ul style="list-style-type: none"> ■ Review the contribution listing and determine whether all contributors are within limits per the MEA.
Expenditures	Expenses incurred that were not recorded; Expenses incurred that were not recorded at the proper value; Expenses incurred that were not eligible.	<ul style="list-style-type: none"> ■ Review expense listing to determine whether any expenses appear to be ineligible. Inquire as to whether any expenses were incurred and not recorded. ■ Request bank statements. ■ Reconcile amounts per bank statement to expenses recorded on the statement. Reconcile expenses to support provided. ■ Perform interviews and inquiries with the Candidate. ■ Determine which individuals were involved in the campaign. ■ Perform interviews with individuals involved in the campaign: Bookkeeper. ■ Review documentation provided.
	Expenses incurred not in proper period;	<ul style="list-style-type: none"> ■ Review listing of expenses to determine whether the dates are within the period of the election campaign. ■ Review the invoice date to determine whether it was within the period of the election campaign.



Appendix B – Terms and Definitions

Appendix B - Terms & Definitions

Campaign Period

Campaign start date (day nomination papers filed) = July 21, 2022

Campaign end date = January 3, 2023

Campaign Team

The Candidate = Doug Thompson

Bookkeeper = Bonnie O'Brien



Classification: Confidential



Raymond Chabot
Grant Thornton

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