



**INTEGRITY  
COMMISSIONER REPORT  
ACTION REQUIRED**

**Donations to Councillor-Organized Community Events**

<b>Date:</b>	November 12, 2007
<b>To:</b>	Executive Committee
<b>From:</b>	David Mullan, Integrity Commissioner
<b>Wards:</b>	All
<b>Reference Number:</b>	

**SUMMARY**

---

City Council requested the Integrity Commissioner “to review the policy that prohibits Members of Council receiving donations to community events, consider an alternative policy, and submit a report to the Executive Committee, no later than November 2007 on this policy matter.”

My work on this is only partially complete and, in this Report, I ask the Committee to approve in principle a lifting of the current prohibition and direct the development of an appropriate protocol.

The 2002 Council Policy on “Use of Corporate Logo, Donations and Sponsorships and Personal Funds by Members of Council” prohibits Members of Council from receiving funds outside of their allocated operating budgets. Article IV of the *Code of Conduct for Members of Council and Local Boards (Restricted Definition)* (“Code of Conduct”) bans Members of Council from accepting gifts and benefits connected directly or indirectly with the performance of their duties unless the gift or benefit comes within a list of exceptions. Donations of funds, goods or services for community events are not among the listed exceptions.

Many Members of Council regard the organization of community events (such as barbecues and picnics) as an important part of their role. Events such as this enhance community life and build bridges. If Members of Council are allowed to accept hospitality at banquets, receptions and similar events, they should also be permitted to accept sponsorships and donations for community events that they organize or facilitate in their Wards.

For this to happen, Council will have to amend the Code of Conduct and possibly the relevant prohibition in the 2002 Council Policy. However, there is a great variety of community events for which Members of Council seek sponsorships and donations and there are particular difficulties associated with cash donations. There also need to be special rules for election years. This means that it is not simply a case of including an exemption for community events within the relevant Article of the Code of Conduct and the terms of the 2002 Council policy. A distinct policy is necessary.

## **RECOMMENDATIONS**

### **The Integrity Commissioner recommends that:**

1. City Council approve in principle amendment of the 2002 Council Policy on “Use of Corporate Logo, Donations and Sponsorships and Personal Funds by Members of Council” and Article IV of the *Code of Conduct for Members of Council and Local Boards (Restricted Definition)* to permit Members of Council to accept sponsorships and donations for community events that they organize or run; and
2. City Council request the Integrity Commissioner (in consultation with the City Clerk) by March 2008 to provide recommendations (through the Executive Committee) as to the appropriate mechanisms for implementing this change in the City’s policies.

## **FINANCIAL IMPACT**

---

There is no financial impact beyond what has already been approved in the current year’s budget.

## **DECISION HISTORY**

At its September 26 and 27, 2007 meeting, City Council, in the context of receiving the Integrity Commissioner’s Annual Report for 2006, adopted the following motion:

*“The Integrity Commissioner be requested to review the policy that prohibits Members of Council receiving donations to community events, consider an alternative policy and submit a report to the Executive Committee, no later than November 2007, on this policy matter.”*

## **ISSUE BACKGROUND**

At its meeting of October 1, 2 and 3, 2002, Council adopted a policy on “Use of Corporate Logo, Donations and Sponsorships and Personal Funds by Members of Council”. This included a prohibition on Members of Council receiving funds “outside of their allocated operating budgets”.

Article IV of the *Code of Conduct for Members of Council and Local Boards (Restricted Definition* (“Code of Conduct”) bans Members of Council from accepting gifts and benefits unless the gift or benefit comes within a specific exception. The exceptions do not include donations of funds, services and goods to community events that Members of Council organize or run.

The effect of the current policies is that Members of Council are technically not permitted to accept sponsorships and donations for events that they organize or run in their Wards. Moreover, this is the interpretation that the City Clerk’s office (through the Director, Council & Support Services) has been applying in her supervision of the office budgets of Members of Council. This is also the basis for an FAQ that appeared in a summary of the gifts and benefits rules that my office distributed to Members of Council:

Q8. A Councillor is organizing a community event and local businesses and developers offer assistance in the form of food, equipment, giveaways and financial support. May the Member accept?

A. No. These are in effect gifts and benefits to the Member and do not constitute contributions that are acceptable as an incident of protocol or social obligation, especially if they are solicited. To the extent that annual events of this kind have become part of the life of the Member’s Ward, the solution rests in running the event through a community organization or similar group.

This attracted concern on the part of some Members of Council and led to the motion at the September 26 and 27 meeting of Council asking me to review the current policies and report back to the Executive Committee.

## **COMMENTS**

### **The current policy is inappropriate**

For the purposes of this Report, I consulted a number of Members of Council. It was readily apparent that events such as the annual Ward barbecue or picnic are important days in the life of many Wards and that many Members of Council regard the staging of such events as a core part of their responsibilities as Ward Councillors. They promote community and provide important social and recreational outlets for constituents. In some instances, in fact, the impact of the event may extend well beyond the boundaries of the Ward and have a City-wide, national or even international profile. What is also clear is that the number of these events is growing and, in many cases, so is their size. Moreover, the reality is that many are becoming more and more dependent on donations (in both money and kind) and sponsorships. The costs cannot be realistically met out of the Member’s office budget.

As a consequence, it is my recommendation that the time has come to recognize these realities. If the organizing and running of such events is a legitimate part of the role that Members of Council play in their Wards, not only should they be able to use their office

budgets to support such events or to facilitate others running such events (as permitted at present) but also the policies that inhibit Members of Council from accepting donations (in cash or kind) and sponsorships should be revised. The current exceptions in Article IV permit Members of Council to accept hospitality at banquets, receptions and similar events. It seems perverse to allow that but not donations for events that benefit the Member's community.

## **How to proceed?**

One way of making a change would be to simply provide that donations to community events are an exception to the 2002 rule that Members of Council cannot accept funds outside of their allocated operating budgets and to add donations to community events to the list of exceptions to the ban on gifts and benefits in Article IV of the Code of Conduct.

The effect of this would be that Members would be entitled to accept donations of goods, services and cash for community events subject to the reporting requirements in Article IV and the overall limits set out in that provision. At present, a Member must report any gift or benefit from a single source over \$300 in value and must not accept any gift or benefit worth more than \$500 from a single source. (Both apply to individual gifts and benefits or a calendar year accumulation of gifts and benefits from a single source.)

However, both Members of Council and the Director, Council & Support Services have raised questions about the appropriateness of proceeding by that simple route. While there was general acceptance by those with whom I met that there needed to be limits and also transparency (both features of the current Article IV), there were concerns that it was not quite so straightforward in the case of donations to or sponsorships of community events.

On one side, there is the problem of how cash donations should be handled. This is not something that comes within the current accounting regime governing a Member's Office Expense budget, so running all donations through that account would require significant adjustments. If, on the other hand, these moneys were to go into a separate account, there are questions as to how the account should operate, how transparent it should be, how surpluses are to be dealt with, and whether consideration would have to be given to whether any donations qualified for a charitable receipt. Ought there to be rules as to the permissible uses of cash donations? As for the provision of services or goods, once again, there is the problem of how the worth of those services and goods is to be valued, if at all.

On the other side, there is the question whether the current monetary limit on acceptable gifts and benefits is appropriate for donations to community events. Should a Member of Council be precluded from seeking a single or one or two sponsors for a community event if the value of the assistance would come to more than \$500 per sponsor? What should happen if the community event in question grows over the years? Does there come a point at which the Member should surrender the running of the event to an outside organization? If so, when is that point reached, and what should be the connection

thereafter between the Member and the event? And, should there be limitations on the kinds of external organization that can run such events?

Election years also pose a special problem for the staging and funding of such events. Even in non-election years, there has to be recognition that allowing Members to accept significant donations to and sponsorships of such community events will in most instances further enhance their profile in the Ward and also likely bring them into a relationship with those seeking to do business with or gain some advantage from the City (*e.g.* suppliers and developers). That has its obvious dangers and makes it imperative that there be limits on the extent of such donations and sponsorships and perhaps even restrictions on the number of such events. However, the danger is exacerbated in an election year and there will almost certainly need to be rules possibly curtailing donations and sponsorships during those years or at the very least establishing a cut-off point beyond which a sponsored community event can no longer be held.

Even beyond this, there are a whole range of other issues. Should sale of space to businesses at such events be permissible? To what extent should those sponsoring be permitted to do business at the event and advertise as opposed to simply being identified as sponsors? And, at the end of the day, what are the regulatory costs of creating a detailed protocol to deal with all these issues and contingencies?

### **Further consideration is needed**

This is a difficult problem. What should be the permissible limits of donations to and sponsorship of community events run or organized by Members of Council? What processes should be put in place to reinforce those limits? It may be that, at the end of the day, the simplest approach will turn out to be the best: Recognize external assistance to community events as an exception to both the outside funds policy and the ban on gifts and benefits and bring such donations and sponsorships within the reporting and transparency provisions of as well as the financial limits imposed by Article IV of the Code of Conduct. However, that should not happen without further consultation and consideration, and there is no point in conducting that further consultation and consideration without Council endorsement of the elimination of the current prohibition on Members receiving donations to and sponsorships of community events.

I recommend the elimination of the current prohibition but also recommend that the matter be referred to my office for further consideration in collaboration with the City Clerk. The purpose of that further consideration would be to bring forward detailed proposals to the Executive Committee and ultimately Council some time in early to mid-2008.

### **CONTACT**

David Mullan, Integrity Commissioner  
Tel: 416-397-7770, Fax: 416-392-3754  
Email: [dmullan@toronto.ca](mailto:dmullan@toronto.ca)

**SIGNATURE**

---

David Mullan, Integrity Commissioner