



RE: EA7.4

CITY OF TORONTO

JOHN ZILLI AND JOHNNY ZILLI

**A CONTRIBUTOR WHO APPEARS TO HAVE CONTRAVENED
CONTRIBUTION LIMITS UNDER SECTION 88.9 OF THE
MUNICIPAL ELECTIONS ACT, 1996**

NOVEMBER 21, 2019

IBDO



OBJECTIVE & SCOPE

The City Clerk retained BDO Canada LLP to conduct an independent audit. The objective of this audit was to conduct a review of the initial financial statements submitted by candidates and registered third party advertisers in Toronto's 2018 municipal election, in order to:

1. Determine whether any contributions to candidates or registered third party advertisers appeared to have exceeded the contribution limits as defined in the Municipal Elections Act, 1996 ("the Act"); and
2. Prepare a report to the City Clerk in respect to each contributor who appeared to have contravened any of the contribution limits outlined in the Act.



BACKGROUND

Reporting Requirements – Candidates

Under section 88.25(1) of the Act, all candidates who filed a nomination paper must also file a financial statement reflecting their election campaign finances from the date they filed their nomination up to December 31 in the year of the election.

In accordance with section 88.34 of the Act:

- ▶ *“88.34 (1) The clerk shall review the contributions reported on the financial statements submitted by a candidate under section 88.25 to determine whether any contributor appears to have exceeded any of the contribution limits under section 88.9.”*



BACKGROUND

Reporting Requirements – Registered Third Party Advertisers

Section 88.32(1) of the Act similarly requires registered third party advertisers to file a financial statement reflecting their campaign finances, and section 88.36(1) requires the City Clerk to review these statements to determine if any contributor appears to have exceeded the contribution limits.

- ▶ There were 12 registered third party advertisers in Toronto's 2018 municipal election, and after reviewing all submitted third party advertiser financial statements, no contributors were found to have exceeded the contribution limits.

BACKGROUND

Reporting Requirements under the Municipal Elections Act



The Act defines campaign contributions as **money**, **goods**, or **services** that are given to a candidate for use in their campaign, including money and goods that a candidate (or spouse) contributes to their own campaign.



BACKGROUND

Reporting Requirements under the Municipal Elections Act

In reviewing the contributions listed on the financial statements, the City Clerk is to check whether the following contribution limits appear to have been exceeded:

- ▶ An individual cannot contribute more than \$1,200 to a single candidate for councillor or school board trustee.
 - ▶ An individual cannot contribute more than \$2,500 to a single candidate for mayor.
 - ▶ An individual cannot contribute more than \$5,000 in total to multiple candidates for the same office.
- * The above limits do not apply to contributions made by a candidate or their spouse to the candidate's own campaign. There is a separate formula to determine this contribution limit, based on the number of electors in the candidate's ward.



AUDIT APPROACH

The City Clerk's Office provided BDO with the following:

- ▶ PDF scans of all initial financial statements filed by candidates.
 - This did not include supplementary financial statements for candidates who extended their campaign periods. These will be considered at a later time.
- ▶ A data extract containing all contributions entered into the City's online Electronic Financial Filing System.
 - If a candidate did not use the Electronic Financial Filing System, Elections staff entered the information on the candidate's financial statement into the system on their behalf.



AUDIT APPROACH

To ensure the completeness of the financial statements, BDO did the following:

- ▶ Compared the candidates for whom BDO did not receive financial statements to the candidates identified as being in default of the Municipal Elections Act, to confirm that these financial statements had not been submitted.
- ▶ Compared candidates who listed \$0 in contributions on their financial statements to the list of candidates identified by Elections Services staff as having no expenses or contributions.

AUDIT APPROACH

To ensure the completeness and accuracy of the data extract from the Electronic Financial Filing System, BDO did the following:

- ▶ Compared the total value of contributions from each candidate's financial statement to the total value of contributions for the candidate in the Electronic Financial Filing System data extract to confirm completeness and ensure no duplicate entries.
- ▶ Compared, line-by-line, each contribution on the candidate's financial statement to the Electronic Financial Filing System data extract to confirm the accuracy of contributor names, addresses, and contribution values.
- ▶ Corrected any variances between the candidates' financial statements and the Electronic Financial Filing System data extract, using the candidate's financial statement as the definitive source data.

AUDIT APPROACH

The following procedures were performed to identify any contributors that had contributed to candidate(s) in excess of the contribution limits set out in the Act:

- ▶ Compared the contributions per contributor to the \$1,200 limit to a single candidate for councillor or school board trustee (and the \$2,500 limit to a candidate for mayor).
- ▶ Compared the contributions per contributor to the \$5,000 limit for two or more candidates for an office.
- ▶ Compared contributions made by the candidate or their spouse to their own campaign to the self-contribution limits, taking into account the differences between the 25 ward and 47 ward models.

AUDIT APPROACH

The following procedures were also performed to identify any potential additional over-contributors:

- ▶ Identified any individuals with similar first or last names listed at the same address (e.g., M. vs. Mike vs. Michael) or same names listed at different addresses to determine any potential over-contributions.
 - These preliminary findings were provided to the City Clerk's Office, who reviewed them and performed their own due diligence to determine whether or not the contributors with similar names and/or addresses were the same individuals.
- ▶ Combined the total value of the contributions for any contributors identified with similar or same names and conducted the previously identified procedures.

CONTRIBUTOR: JOHN ZILLI AND JOHNNY ZILLI

The above named contributors' total contribution appears to have exceeded the limit under section 88.9 based on the following contributions:

CONTRIBUTOR'S FULL NAME	John Zilli & Johnny Zilli
CONTRIBUTOR'S FULL ADDRESS	23 Modesto Gardens, Woodbridge, ON, L4L 8C9
CANDIDATE RECEIVING CONTRIBUTION'S FULL NAME	Angelo Carnevale
CANDIDATE'S OFFICE	Councillor
TOTAL CONTRIBUTION VALUE (\$) RECEIVED	\$1,400 <i>(monetary contributions of \$1,200 and \$200)</i>
CONTRIBUTION LIMIT (\$)	\$1,200
DATE(S) RECEIVED	23-Sep-2018

Name	Full Address	Date Received	Amount Received \$	Amount \$ Returned to Contributor or Paid to Clerk
ZILLI, JOHN	23 MODESTO Gdns, WOODBRIIDGE, L4L 8C9	2018/09/23	\$1,200.00	
ZILLI, JOHNNY	23 MODESTO Gdns, WOODBRIIDGE, L4L 8C9	2018/09/23	\$200.00	