

City of Toronto

Chen Zhou

**A Contributor Who Appears to Have
Contravened Contribution Limits Under Section
88.9 of the Municipal Elections Act, 1996**

March 5, 2024

BDO CANADA LLP

OBJECTIVE & SCOPE

The City Clerk retained BDO Canada LLP (“BDO”) to conduct an independent evaluation. The objective of this evaluation was to conduct a review of the financial statements submitted by candidates and third party advertisers in Toronto’s 2022 municipal election, in order to:

1. Determine whether any contributions to candidates or 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 – THIRD PARTY ADVERTISERS

Under section 88.29(1) of the Act, all third party advertisers who filed a notice of registration must also file a financial statement reflecting their election campaign finances from the date their registration was certified up to December 31 in the year of the election.

In accordance with section 88.36 of the Act:

- ▶ *"88.36(1) The clerk shall review the contributions reported on the financial statements submitted by a registered third party under section 88.29 to determine whether any contributor appears to have exceeded any of the contribution limits under section 88.13."*

BACKGROUND

REPORTING REQUIREMENTS UNDER THE MUNICIPAL ELECTIONS ACT

Candidates

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.

Third Party Advertisers

The Act defines campaign contributions as **money, goods, or services** that are given to and accepted by an individual, corporation, or trade union in relation to third party advertisements, or given to and accepted by another person who is acting under the direction of the individual, corporation, or trade union.

BACKGROUND

REPORTING REQUIREMENTS UNDER THE MUNICIPAL ELECTIONS ACT

In reviewing the contributions listed on the financial statements, the City Clerk is to determine 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, or third party advertiser.
- ▶ 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, or multiple third party advertisers.

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 Toronto Elections unit of the City Clerk's Office provided BDO with the following:

- ▶ PDF scans of all financial statements filed by candidates and third party advertisers.
- ▶ A data extract containing all contributions entered into the City's online Electronic Financial Filing System.
 - If a candidate or third party advertiser did not use the Electronic Financial Filing System, Toronto Elections staff entered the information from their financial statement into the system.

AUDIT APPROACH

To ensure the completeness of the financial statements, BDO performed 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.

AUDIT APPROACH

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

- ▶ Reviewed the financial statements in which BDO did not receive data from the Electronic Financial Filing System to ensure \$0 in contributions was indicated on the financial statements.
- ▶ Compared the total value of contributions from each financial statement to the total value of contributions for the candidate or third party advertiser in the Electronic Financial Filing System data extract to confirm completeness and ensure there were no duplicate entries in the data extract.
- ▶ Compared, on a line-by-line basis, each contribution from the candidate or third party advertiser's financial statement with the Electronic Financial Filing System data extract in order to confirm the completeness and accuracy of the contributor names, addresses, and contribution values.
- ▶ Identified and corrected any variances between the candidate or third party advertiser's financial statements and the Electronic Financial Filing System data extract, utilizing the financial statement as the source data.

AUDIT APPROACH

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

- ▶ Compared the contributions per contributor to the single candidate limits (\$1,200 for Councillor/School Board Trustee or \$2,500 for Mayor).
- ▶ Compared the contributions per contributor to the two or more candidates for an office limit (\$5,000).
- ▶ Compared the contributions per contributor to the single third party advertiser limits (\$1,200).
- ▶ Compared the contributions per contributor to the two or more third party advertisers limit (\$5,000).

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.
- ▶ Combined the total value of the contributions for any contributors identified with similar or same names and conducted the procedures noted above.
- ▶ BDO provided its preliminary findings to Toronto Elections, who reviewed the findings and undertook to perform its own due diligence by contacting the relevant candidates or third party advertisers to ask them to provide supporting documentation to help the City Clerk determine whether or not the contributors were the same individuals.

CONTRIBUTOR: CHEN ZHOU

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

CONTRIBUTOR'S FULL NAME	Chen Zhou			
CONTRIBUTOR'S FULL ADDRESS	67 Burbank Dr, Toronto, ON, M2K 1N3			
CANDIDATE RECEIVING CONTRIBUTION'S FULL NAME	Tony Luk			
CANDIDATE'S OFFICE	Mayor			
TOTAL CONTRIBUTION VALUE (\$) RECEIVED	\$2,680.00			
CONTRIBUTION LIMIT (\$)	\$2,500.00			
DATE(S) & INDIVIDUAL CONTRIBUTION VALUE (\$) RECEIVED	2-Aug-2022 - \$2,680.00			

Name	Full Address	Date Received (yyyy/mm/dd)	Amount Received \$	Amount Returned to Contributor or Paid to Clerk (\$)
Zhou, Chen	67 Burbank Dr, Toronto, M2K 1N3	2022/08/02	\$2,680.00	

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