

## Chapter 4

### Section 4.10

# Office of the Chief Electoral Officer

Follow-up to VFM Section 3.10, *2005 Annual Report*

## Background

The Office of the Chief Electoral Officer (formerly Chief Election Officer), known also as Elections Ontario, is an independent agency of the province's Legislative Assembly. Under the *Election Act*, the Lieutenant Governor in Council appoints a Chief Electoral Officer on the recommendation of the Legislative Assembly. The responsibilities of the Chief Electoral Officer include:

- organization and conduct of general elections and by-elections in accordance with provisions of the *Election Act* and the *Representation Act, 1996*;
- organization and conduct of a referendum on the adoption of a different electoral system in conjunction with the 2007 general election, as set out in the *Electoral System Referendum Act, 2007*; and
- administration of the *Election Finances Act*.

We noted in our *2005 Annual Report* that total expenditures of Elections Ontario in the four years up to and including the 2003 election had more than doubled since the four years up to and including the 1999 election.

As a legislative office, Elections Ontario is independent of government. However, unlike other

legislative offices, it is not required by its enabling legislation to submit a budget to, or receive approval from, the Board of Internal Economy for the vast majority of its expenditures. Furthermore, at the time of our 2005 audit, there was no requirement for Elections Ontario to report annually on its activities.

We concluded in our *2005 Annual Report* that more care was needed with regard to the spending of taxpayer funds in certain areas. We noted in particular that Elections Ontario:

- did not have adequate procedures for acquiring and managing consulting services;
- had not assessed whether an in-house call centre was the most economical way to handle inquiries from the public;
- had not adequately considered all options to ensure that the \$4.4 million paid over 49 months to lease computer equipment was cost-effective; and
- did not always ensure that hospitality and travel expenses incurred by its employees were reasonable and appropriate.

As part of our work, we also noted that the federal Chief Electoral Officer and those of several other provinces are required to report annually to Parliament or their legislature. They must also include most—if not all—of their expected expenditures in an annual appropriation request. We

felt that similar requirements for Elections Ontario warranted consideration, especially because its annual expenditures had increased substantially over the last few years. Furthermore, its budgeted expenditures for the next three years were projected at about \$119 million—of which some \$100 million did not have to be submitted to the Board of Internal Economy for approval.

We made a number of recommendations for improvement and received commitments from Elections Ontario that it would take action to respond to the issues we raised.

## Current Status of Recommendations

On the basis of information we obtained from Elections Ontario, good progress has been made in addressing all of the recommendations in our *2005 Annual Report*. The current status of action taken on each of our recommendations is as follows.

### ACCOUNTABILITY

#### Recommendation

*In view of the accountability and transparency requirements for, and practices of, electoral officers in certain other Canadian jurisdictions and given the significant increase in the expenditures of Elections Ontario (as well as its projected expenditures), the Legislative Assembly and the government should consider requiring that Elections Ontario submit an annual budget to the Board of Internal Economy that covers all planned expenditures and that it report annually on its activities and expenditures.*

#### Current Status

There is still no requirement that Elections Ontario submit an annual budget to the Board of Internal Economy covering all planned expenditures. However, we noted that in July 2007 Elections Ontario

submitted a pre-election budget for the 2007 general election to the Speaker even though it was not required to do so. Elections Ontario informed us that, as discussed in the next section, the budget for the 2007 general election and referendum—totalling approximately \$93 million—was prepared on a basis consistent with the revised costs for the 2003 general election.

Beginning in 2004/05, Elections Ontario voluntarily disclosed its activities and expenditures under the *Election Act* in its annual statutory report under the *Election Finances Act*. Effective June 2007, the *Election Act* now requires the Chief Electoral Officer to report annually to the Speaker of the Legislative Assembly on the affairs of his or her office in relation to the Act.

### GENERAL ELECTION REPORTING

#### Recommendation

*To help ensure that amounts reported as election costs are clearly understood, Elections Ontario should clarify the basis for calculating the expenditures and ensure that comparative figures are calculated on a consistent basis.*

#### Current Status

We were told by Elections Ontario that it has developed a new model for reporting election costs. “Event” expenses are those incurred in the process of preparing and conducting an event, such as an election, by-election, or referendum. These expenditures must be exclusively for the event and have no value after the event is over. “Non-event” expenses are those that have a residual value after the event. Using the new model, Elections Ontario revised the reported costs of the 2003 general election, from \$47.7 million to \$74.4 million. Included in this revised total are such items as “target registration” to improve delivery of information to voters in targeted areas like high-density housing and those residential properties that recently changed hands; training of event staff; and the design and production of new advertising for the 2003 general election.

## PURCHASING PROCEDURES

### Recommendation

To help ensure that consulting and other services are acquired at the best available price and that the selection process is competitive, open, and transparent, Elections Ontario should:

- issue public tenders when significant services are being acquired (at a minimum, this should be a requirement for all assignments exceeding \$100,000); and
- ensure that all assignments have a written agreement or contract that clearly identifies the project deliverables, timelines, and a fixed ceiling price.

### Current Status

Elections Ontario revised its Procurement Directive for Goods and Services in December 2006. Our review of the directive found that it was consistent with the Procurement Directive for Goods and Services issued by the Management Board of Cabinet. Purchases with an estimated value between \$100,000 and \$750,000 require a formal tender or a request for proposals inviting a minimum of five vendors, but a tender is preferred. The use of a fairness commissioner is recommended in any procurement involving a Vendor-of-Record arrangement, in which vendors have qualified through a fair, open, transparent, and competitive process. For purchases over \$750,000, an “open competitive tender coupled with the consideration of the use of a fairness commissioner is recommended.”

The new policy requires a signed written contract before the supply of goods or services commences.

## CALL CENTRES

### Recommendation

To help minimize the cost of providing call-centre services for future elections, Elections Ontario should:

- assess alternatives for meeting call-centre needs; and

- conduct a more thorough analysis of the number of staff and related software licences required if Elections Ontario continues to operate its own call centres.

### Current Status

We were advised that subsequent to our audit, Elections Ontario retained a consultant to assess alternative ways to meet its call-centre needs. In February 2006, the consultant completed an in-depth study of Elections Ontario’s 2003 public call-centre strategy, operational efficiency, and customer-service performance, and provided alternative business models and recommendations. The consultant’s conclusion was that the most cost-effective method for handling general public calls was to outsource them to an external service provider.

We were informed that Elections Ontario subsequently reviewed its business environment and determined that the choice of directions for its 2007 public-contact-centre services regarding events lay between outsourcing and an in-house solution that made optimal use of the residual value of its original investment in equipment. Elections Ontario issued a request for quotations for the provision of contact-centre services for the 2007 general election to determine the true cost of an outsourced contact centre and to identify potential service providers. Bidders had to provide an estimated total cost for running Elections Ontario’s public-contact centre from August 20 to October 5, 2007, with a projected volume of 350,000 calls. Three bids were submitted, ranging from \$1 million to \$1.7 million. Elections Ontario advised us that only the highest bidder could meet all of its requirements.

Before making a final decision, Elections Ontario calculated that the total cost of running an in-house call centre for the 2007 general election was expected to be \$1.4 million, covering a volume of 350,000 calls during the election period as well as another 180,000 calls for all pre-election events and field-support services. As a result, Elections Ontario chose an in-house call centre for the 2007 general

election. We will review the results of this decision in 2008 during our next annual financial audit of Elections Ontario.

## LEASING OF COMPUTER EQUIPMENT

### Recommendation

*Elections Ontario should use the time before the next election to examine whether there are more cost-effective means of equipping returning offices with computer equipment for the one-to-two-month period involved.*

### Current Status

Elections Ontario advised us that it commissioned a review of its contractual arrangement for providing computing hardware and services for electoral events. The consultant reviewed the renewal and extension options in the contract, as well as alternative acquisition and service-model options. Eight primary options were identified and evaluated in the consultant's report. The preferred approach combined a partial buy-out of certain equipment from the existing contract and the acquisition of up-to-date equipment to meet the increased demand for the 2007 general election.

We were told that subsequent to the consultant's report, Elections Ontario had the opportunity to buy, from Statistics Canada, some 700 laptop computers and shipping cases that had been used for the 2006 federal census and that would meet its hardware requirements. Statistics Canada shipped the computers to Elections Ontario free of charge. Elections Ontario purchased the remaining laptop computers it required for \$540,000 through a competitive process. We were told by Elections Ontario that these computers will be used for the 2007 and 2011 general elections.

## HOSPITALITY, TRAVEL, AND OTHER EXPENSES

### Hospitality and Travel Expenses

#### Recommendation

*To ensure that the hospitality and travel expenditures incurred by Elections Ontario are reasonable and appropriate, Election Ontario should adopt hospitality and travel expenses policies consistent with Management Board of Cabinet directives and ensure that expenses are in compliance with such policies.*

#### Current Status

Elections Ontario introduced a revised Hospitality and Travel Expense Policy in April 2006 and, at the time of our follow-up, was in the process of making certain revisions to further improve efficiency and enhance compliance monitoring. Elections Ontario told us that adherence to the policy is being ensured through divisional-management-approval processes and the monitoring of all claims by the finance unit before payments are made. The individual approving a claim must resolve any deviations before the claim can be processed. We reviewed both policies and found they were consistent with the Management Board of Cabinet's Travel, Meal and Hospitality Expenses Directive.

### Other Expenses

#### Recommendation

*To help ensure that taxpayer funds are used prudently, Elections Ontario should reconsider sponsoring staff team-building events that involve sporting or recreational activities.*

#### Current Status

Elections Ontario advised us that since our 2005 audit, there have been no team-building events involving activities that could be considered "sporting" or "recreational."

## OTHER MATTER

### Summer Help

#### Recommendation

*To ensure that staff are being used as productively as possible, Elections Ontario should conduct a formal assessment of workload, especially during the summer months, to confirm that there are no alternatives to hiring 20 summer students. In addition, if students are needed to supplement staff during the summer, Elections Ontario should ensure that the hiring process for students is more open and competitive.*

#### Current Status

Elections Ontario advised us that in 2006, it adopted a new approach for its summer employment program that requires a business case documenting the rationale behind the need to hire summer students, and the job descriptions for each position. The total number of students hired in 2006 dropped to eight from 20 the year before.

The positions were advertised in an open competition through the Legislative Assembly's Intranet and on the websites of Elections Ontario, the University of Toronto, Ryerson University, and Workopolis. Elections Ontario told us that it paid its summer students a rate consistent with that paid by the Legislative Assembly to its summer students.