
Forensic Investigation Report

Ward 2 Expenses

July 24, 2020





July 24, 2020

Katherine Palmer
City Auditor
City of Calgary
800 Macleod Trail S.E.
Calgary AB T2P 2M5

Dear Ms. Palmer:

Forensic Investigation Report

We enclose our final report with respect to our forensic investigation conducted, under the oversight of the City Auditor, into the Ward 2 City Councillor's expenses.

Our findings to date are based on procedures completed as described in this report and are subject to the scope, restrictions and qualifications as set out herein.

Should you have any questions or concerns, please do not hesitate to contact us.

Yours truly,

PricewaterhouseCoopers LLP

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Introduction

The City of Calgary Council (the “**City**” or “**Council**”) recognizes that business travel has been and continues to be a requirement for Councillors and the Mayor to fulfill certain aspects of their responsibilities. Specifically, in relation to representation at the Federation of Canadian Municipalities (the “**FCM**”).

The FCM has been the national voice of municipal government since 1901. FCM members include more than 2,000 municipalities of all sizes, from Canada's cities and rural communities, to northern communities and 20 provincial and territorial municipal associations. Together, they represent more than 90 percent of all Canadians from coast to coast to coast. Municipal leaders from across Canada assemble each year to set FCM policy on key issues. The FCM advocates for municipalities to be sure their citizens' needs are reflected in federal policies and programs. Work by the FCM benefits every municipal government and taxpayer in Canada, as their programming delivers tools that help municipalities tackle local challenges¹.

Ward 2 City Councillor, Mr. Joe Magliocca (“**Councillor Magliocca**”), has been Council’s representative on the FCM Board of Directors since October 2017 and held that position until October 2019. During this period of time, Councillor Magliocca was required to travel and attend FCM Board of Director meetings, organized in various cities across the country. In accordance with Council Policy², Councillor Magliocca’s reasonable costs incurred in relation to his attendance at FCM meetings were to be paid. In addition, Councillor Magliocca incurred travel expenses in relation to his attendance at the Quebec Carnival, which is also eligible in accordance with Council policy³. The Expense Reports, Corporate Credit Card Expenses and Petty Cash requests submitted by Councillor Magliocca appeared to be compliant with the City’s policies as they were submitted to and approved by the designate(s) of the City’s Coordinating Committee of the Councillors Office (the “**CCCO**”).

In January 2020, following the release of various news articles, the City’s Integrity Commissioner (the “**Commissioner**”) received written complaints with respect to alleged misconduct surrounding Councillor Magliocca’s expense claims. The Commissioner could not undertake nor oversee an investigation as he was required to recuse himself. Councillor Magliocca’s expense claim contained a meal that the Commissioner had attended, that the Commissioner advised was social and expensed without his knowledge.

On March 11, 2020, PricewaterhouseCoopers LLP (“**PwC**” or “**us**” or “**our**”) was contracted by the City, to conduct a forensic investigation (the “**Investigation**”), under the oversight of the City Auditor, into Councillor Magliocca’s expenses. The period of expenses subject to the Investigation commenced from October 23, 2017, the present Council’s term in office, to the start of the Investigation (the “**Review Period**”).

¹ <https://fcm.ca/en/about-fcm>.

² Policy CCO08 - Council to Cover Expenses of Prospective FCM Directors.

³ Policy PAC007 – Councillors’ Expenses – Out of Town Travel Policy. [Note: Travel to attend Quebec Carnival is not to exceed four nights per representative without the prior approval of the CCCO].

Scope of work

As outlined in the Contract, we were contracted by the City to perform the following:

- Detailed examination of all expenses submitted by Councillor Magliocca, either through Expense Reports, Corporate Credit Card Statement & Receipt Envelope (the “**CCC Statement**”) or Petty Cash (collectively referred to as the “**Claims**”), during the Review Period;
- Validation of supporting receipts and determination of credibility of the Claims and omissions with respect to the expenses submitted for reimbursement during the Review Period;
- Conduct interviews with involved parties which may include Council members, the CCCO’s Office, Council staff, Councillor Magliocca and the Mayor;
- Evaluation and consideration of related expense complaints brought forward from the Commissioner regarding Councillor Magliocca’s expenses (the “**Complaints**”);
- Based on the investigation findings, assess Councillor Magliocca’s compliance to Council policies (PAC006, PAC007, PAC014) and Code of Conduct for Elected Officials (Bylaw 26M2018);
- Provide detailed findings with respect to Councillor Magliocca’s alleged wrongdoing and recommendation on whether the findings indicate escalation to other authorities are warranted;
- Provide a recommendation to Council on actions to be taken as a result of the forensic investigation; and
- Provide additional recommendations, as applicable, which could include process improvements to deter reoccurrence of any found wrongdoing.

Approach

Our approach in conducting the Investigation included the following activities:

- Attended a kick-off meeting with the City Auditor to obtain background information;
- Conducted a preliminary conference call with Councillor Magliocca to apprise of the Investigation and the process to be undertaken;
- Reviewed and relied upon documentation provided by the City, as detailed in **Appendix B**;
- Corresponded with Councillor Magliocca to obtain information with respect to the summary of hosting expenses prepared in relation to the Claims submitted during the Review Period;
- Obtained from Councillor Magliocca confirmation of account holder names with respect to expenses incurred on personal credit/debit cards and submitted on Expense Reports;
- Discussions or conducted interviews with the following individuals:
 - Patty Orr, Manager of the CCCO (from approximately April 6, 2020 to June 29, 2020)
 - Councillor Magliocca (from approximately April 7, 2020 to July 23, 2020)
 - Laura Kennedy, City Clerk (from approximately April 27, 2020 to May 20, 2020)
 - Councillor Ray Jones, Chairman of the CCCO (from approximately April 28, 2020 to June 24, 2020)
 - Sal LoVecchio, Commissioner (May 6, 2020)
 - Emily Laidlaw, Ethics Officer (May 8, 2020)
 - Councillor Sean Chu, Vice-Chairman of the CCCO (May 19, 2020)
 - Gordon Ellis, Ward 2 Executive Assistant (May 21, 2020)
 - Cindy Aldous, CCCO Administration Officer (May 25, 2020)
 - Mayor Naheed Nenshi (May 27, 2020)
- Corresponded with various hosting event attendees reported on the Claims;
- Provided periodic status updates to the City Auditor;
- Prepared and issued a copy of this draft report to City Auditor for review and comment;
- Provided a draft copy of the detailed findings section of this Report (the “**Draft**”) to Councillor Magliocca for his review and comment; and
- Issued this final Report.

The findings presented in this Report are based solely on information provided to us by the City, its employees and elected officials. This Report is subject to the restrictions and qualifications set out throughout the Report as well as in the Restrictions and Qualifications, which must be read in conjunction with this Report, attached hereto as **Appendix A**.

Summary of findings

We set out below under the applicable headings a summary of our findings from the Investigation.

The City expense policies

Councillors claim their office and travel expenses in accordance with the following policies:

- *PAC007 - Councillor’s Expenses-Out of Town Travel Policy (“PAC007”)*, pertains to out of town expenses;
- *PAC006 - Councillors’ Expenses/Allowances Policy (“PAC006”)* and *PAC008 - Office of the Councillors Expenditure Authorization Policy (“PAC008”)*, pertains to expenses incurred within the City; and
- *Policy CC008 - Council to Cover Expenses of Prospective FCM Directors (“CC008”)*, pertains to reasonable costs of attendance, for Councillors elected to the FCM Board of Directors, to attend meetings of the FCM National Board of Directors.

(Collectively referred to as the “Policies”)

The Chairman of the CCCO advised that all travel costs incurred and claimed with respect to attending out of town FCM events must comply with PAC007. Councillor Magliocca advised us that he relied on both policies, CC008 and PAC007, with respect to the submission of FCM expenses. Subsequent to Councillor Magliocca’s review of the Draft, he advised that it was his understanding that CC008 permitted him to spend in-excess of the amounts specified in PAC007.

Assessment of the Claims

During the Review Period, Councillor Magliocca submitted Claims for reimbursement/payment in the amount of \$38,358.44. The Net Amount of the Claims, after accounting for Councillor Magliocca’s reimbursement of personal expenses incurred on the City’s credit card, totals \$36,687.10⁴.

Subsequent to public news articles released in January 2020, with respect to Councillor Magliocca’s expenses, he issued \$4,477.38 of voluntary reimbursements to the City with respect to certain of these costs. Subsequent to Councillor Magliocca’s review of the Draft, he advised us that he issued an additional voluntary reimbursement to the City in the amount of \$1,743.28. We have summarized our assessment of the Claims in accordance with the three categories set out in the table below:

Expense Details	Net Amount Per Claims (as of December 31, 2019)	Voluntary Reimbursements		PwC Findings		
		For the period of January 2020 – June 2020	Following Review of the Draft	Determined To Be In Accordance with the Policies	Determined Not To Be In Accordance with the Policies	To Be Determined by the Priorities and Finance Committee (the “PFC”)
Air Fares	\$9,538.73	\$0.00	\$0.00	\$672.00	\$0.00	\$8,866.73
Taxi Fares	\$1,553.76	\$0.00	\$0.00	\$1,553.76	\$0.00	\$0.00
Car Rental	\$388.05	\$0.00	\$0.00	388.05	\$0.00	\$0.00
Room Accommodation	\$8,024.24	\$0.00	\$1,496.90	\$6,527.34	\$1,496.90	\$0.00
Personal Meals	\$936.79	\$196.65	\$0.00	\$678.06	\$258.73	\$0.00
Hosting	\$8,884.14	\$4,280.73	\$246.38	\$3,601.78	\$3,901.37	\$1,380.99 ⁵
Miscellaneous	\$7,361.39 ⁶	\$0.00	\$0.00	\$7,361.39	\$0.00	\$0.00
Total	\$36,687.10	\$4,477.38	\$1,743.28	\$20,782.38	\$5,657.00	\$10,247.72

⁴ As of December 31, 2019.

⁵ Hosting expenses to be determined: No response from attendee(s) \$853.49 + Unable to locate attendee(s) \$527.50.

⁶ Miscellaneous expenses reflects: Tickets to official functions - \$183.55; Promotion items - \$6,821.61; Office supplies and equipment - \$356.23.

The amount determined not to be in accordance with the Policies and subject to reimbursement by Councillor Magliocca totals \$5,657.00, subject to the air fare and further hosting expense determination by the PFC. As noted above, Councillor Magliocca did issue voluntary reimbursements to the City totalling \$6,220.66, in relation to certain expenses reflected in the Claims which were previously approved by the CCCO and paid/reimbursed by the City. These voluntary payments need to be taken into consideration as against any reimbursement requests issued by the City to Councillor Magliocca.

Amounts subject to reimbursement

Based on our assessment of the Claims as against the Policies and consideration of all voluntary reimbursements made by Councillor Magliocca, there is no current calculated amount owing with respect to deemed ineligible expenses. There is a calculated overpayment in the amount of \$563.66; however, this amount does not include the PFC’s determination of the amount of air fare upgrades and eligibility of certain hosting expenses to be reimbursed, if any.

The City needs to attend to the calculation of the air fare upgrade reimbursement and eligibility of certain hosting expenses to assess the amount to be recovered, if any, from Councillor Magliocca. Our calculated details are as follows:

Details		Amount Deemed Ineligible \$
Air Fares		
i	The PFC should conduct an assessment of Councillor Magliocca’s premium/business class air fare charges and determine the cost of the upgrades; and, seek reimbursement if applicable.	TBD
Room Accommodation		
i	FCM event, Halifax, NS: May 31 – June 3, 2018 Councillor Magliocca upgraded his room to a suite at the Delta hotel. The room upgrade was \$60 extra per night, totalling \$281.52 (including taxes and fees), which is not in accordance with the Policies.	281.52 ⁷
ii	FCM Director Debrief, Halifax, NS: June 3-5, 2018 FCM Halifax hosted a City Gala Reception and Dinner from 6:00 – 11:30 pm on June 3, 2018. This required Councillor Magliocca to stay in Halifax the night of June 3, 2018. Councillor Magliocca extended his stay 1 additional night (June 4, 2018) in Halifax, NS, to attend a FCM Director Debrief. On June 3, 2018, Councillor Magliocca checked out of the Delta Hotel (\$194/night + taxes) and into the Marriott (\$389 & \$319/night + taxes). FCM’s 2018 Director/1 st Vice President advised us that there was no FCM Director Debrief held following the FCM Annual Conference and Trade Show held in Halifax, NS. Councillor Magliocca thought he may have had a meeting with ██████████ on June 4, 2018; however, ██████████ advised us that he was not in attendance. The increased cost incurred in staying at the Marriott on June 3, 2018, does not appear to be reasonable. In addition, we did not identify the additional travel costs related to City business or municipal government, which is the responsibility of the Councillor to clearly establish this relationship. As such, the increased cost and the additional night of travel totalling \$633.08 ⁸ which was expensed by Councillor Magliocca as lodging is deemed ineligible.	633.08 ⁷

⁷ Councillor Magliocca repaid this amount pursuant to his voluntary reimbursements.

⁸ Total lodging cost \$860.64 at the Marriott less \$227.56 (\$194 + taxes) for stay at the Delta on June 3, 2018.

Details		Amount Deemed Ineligible \$
iii	FCM event, Quebec City, QC: May 30 – June 2, 2019 Based on the information that we were provided; we did not identify a City business related requirement to substantiate the additional travel costs outside of the date parameters of this FCM event, which is the responsibility of the Councillor to clearly establish this relationship. The cost of 2 nights room accommodation is deemed ineligible.	582.30 ⁷
Personal Meals		
i	November 21, 2018 Councillor Magliocca claimed a total amount of \$132.00 ⁹ for meals. This is \$7.00 in excess of the maximum daily allowance and ineligible.	7.00
ii	May 31, 2018 Councillor Magliocca's personal decision to purchase a meal at Waterfront Warehouse when food is being provided by the FCM conference, does not appear to be reasonable and should be a personal cost.	46.35
iii	June 1, 2018 Councillor Magliocca's personal decision to purchase a meal at Sackville Street when food is being provided by the FCM conference, does not appear to be reasonable and should be a personal cost.	14.95
iv	June 2, 2018 Councillor Magliocca's personal decision to purchase a meal at McDonald's when food is being provided by the FCM conference, does not appear to be reasonable and should be a personal cost.	6.89
v	June 3, 2018 Councillor Magliocca's personal decision to purchase meals at Bluenose II restaurant and Baton Rouge when food is being provided by the FCM conference, does not appear to be reasonable and should be a personal cost.	82.05
vi	January 21, 2019 Councillor Magliocca submitted a meal for reimbursement from Baton Rouge that was purchased in downtown Montreal. Councillor Magliocca advised us that it was expensed by error as he has never been downtown Montreal. As such, the meal is deemed ineligible.	35.34 ⁷
vii	March 14, 2019 Councillor Magliocca's personal decision to purchase meals at Barking Parrot Bar when food is being provided by the FCM conference, does not appear to be reasonable and should be a personal cost.	66.15
Hosting		
i	No Attendee Names Policies PAC006 and PAC007 and the attestation/certification provided on the Expense Report or CCC Statement requires the name(s) of the party hosted. 16 hosting events did not reflect the attendee names.	1,478.34 ¹⁰
ii	Duplicate Submission A hosting event held on November 20, 2018, at BierMarket Restaurant, Ottawa, ON, was submitted and approved on 2 separate occasions. \$117.46 (excluding tip) was the 2 nd expense submitted and deemed ineligible.	117.46 ¹¹
iii	Attendees Not In Attendance a) There were 6 hosting events where all attendees confirmed they were not in attendance totaling \$770.24 ¹² . b) The PFC should contact the reported attendees who have not responded to our request or whom we were unable to locate to ascertain whether they were in attendance in order to determine eligibility of the expense.	770.24 ¹³ TBD

⁹ Councillor Magliocca repaid \$89.10 of this amount pursuant to his voluntary reimbursements.

¹⁰ Councillor Magliocca repaid \$402.98 pursuant to his voluntary reimbursements.

¹¹ Councillor Magliocca repaid a total of \$180.52 pursuant to his voluntary reimbursements. This represents the cost of the 1st expense submission of \$135.08 and \$45.44 with respect to alcohol on the 2nd submission.

¹² The 6 hosting events are number 1, 2, 3, 4, 7 and 9, as reflected in the table contained in the Hosting section of this Report.

¹³ Councillor Magliocca repaid \$752.37 pursuant to his voluntary reimbursements.

Details		Amount Deemed Ineligible \$
iv	Attendees In Attendance and Social 2 attendees advised us that they were in attendance at Councillor Magliocca's hosting event; however, the purpose of the meeting was purely social. The total ineligible costs is \$240.87.	240.87 ¹⁴
v	Excess of Hosting Event Maximum Allowance a) FCM Laval, QC – \$0.00 ¹⁵ b) FCM Halifax, NS - \$86.66 ¹⁶ c) FCM Quebec - \$1,207.80 ¹⁷	1,294.46 ¹⁸
Sub-Total		5,657.00
Less: Councillor Magliocca's Voluntary Reimbursements		(4,477.38)
Councillor Magliocca's Voluntary Reimbursements following his review of the Draft		(1,743.28)
Total (excluding air fare and hosting expense determination amount by the PFC)		(563.66)

Reimbursement amount to be determined by the PFC

In accordance with PAC007, the PFC has the authority to consider appeals of CCCO decisions. As such, the PFC's assistance is required with respect to the following:

Air Fare Upgrades

PAC007 states that economy fare is normal, unless unavailable. Councillor Magliocca travelled on 7 upgraded air fare trips which there was no reimbursed upgrade portion issued to the City. Based on the dates of the advance flight bookings, we question the likelihood that economy fares was not available. This matter should be further reviewed by the PFC for determination.

Subsequent to Councillor Magliocca's review of the Draft, he advised us that he requested from the City the average airfare expenses of other City Councillors and Officials, who attended the various FCM Events, in order to voluntarily reimburse the City for any difference between his airfare and the average airfare of other officials. He further advised us that when he traveled and incurred upgrade charges, he always paid back such ineligible charges when notified by the CCCO, as per the City's current policy and procedure.

Hosting Expenses

PAC006 and PAC007 require Councillors to provide the names of the hosting attendees. Throughout our investigation, attendees for 11 separate occasions advised us that they were not in attendance for Councillor Magliocca's reported hosting expense. There are numerous attendees that either did not respond to our request or whom we were unable to locate their contact information. The PFC should follow-up/locate with these attendees to ascertain whether they were in attendance to assess eligibility.

¹⁴ Councillor Magliocca repaid \$230.30 pursuant to his voluntary reimbursements.

¹⁵ Prior to the determination of ineligible expenses due to lack of disclosure of attendee names, the total hosting expenses submitted in excess of the maximum allowance was \$234.78. Once these ineligible amounts are taken into consideration, to prevent double counting, the calculated excess amount is no longer applicable for recovery purposes.

¹⁶ Prior to the determination of ineligible expenses due to lack of disclosure of attendee names, the total hosting expenses submitted in excess of the maximum allowance was \$518.78. Once these ineligible amounts are taken into consideration, to prevent double counting, the calculated excess amount for recovery is \$86.66.

¹⁷ Prior to the determination of ineligible expenses due to lack of disclosure of attendee names, attendees not in attendance and attendees in attendance but the event was social, the total hosting expenses submitted in excess of the maximum allowance was \$1,480.12. Once these ineligible amounts are taken into consideration, to prevent double counting, the calculated excess amount for recovery is \$1,207.80.

¹⁸ Councillor Magliocca repaid \$2,346.91 pursuant to his voluntary reimbursements.

Non-compliance with policies

Policies PAC006 and PAC007 require disclosure of the name(s) of the party hosted. The certification/attestation provided on the Expense Report¹⁹ or CCC Statement further requires a list of the attendees.

With respect to Councillor Magliocca's expenses in the amount of \$2,248.58²⁰, we note that they either: (1) fail to provide the name(s) of the hosting event attendees; or, (2) the name(s) of the hosting event attendees were incorrect. As per PAC006 and PAC007, the disclosure of the name(s) of the party hosted are requirements. As such, these expenses are not in compliance with the aforementioned policies.

Bylaw Number 26M2018 – Being a Bylaw of the City of Calgary to Establish a Code of Conduct For Elected Officials, states that a Member must respect and comply with all obligations imposed on the Member by the City's policies and procedures²¹. The failure to comply with PAC006 and PAC007 results in a contravention of the Code of Conduct For Elected Officials.

Other matters

Missing receipts

Councillor Magliocca appeared to have issues with respect to the retention and submission of original receipts.

- 10 (40%) out of 25 personal meals claimed were missing original receipts (9 vendor detailed receipts; and, 1 credit card payment receipt).
- 17 (26%) out of 65 hosting events that were missing original receipts (16 vendor detailed receipts; and, 1 credit card payment receipt).

Councillor Magliocca advised that no-one ever addressed this matter with him, which is contradictory to the information provided to us by the Chairman of the CCCO.

Misrepresentation

Councillor Magliocca advised us during his interview that the names of certain hosting event attendee(s) were misrepresented as he could not recall who was in attendance.

Subsequent to Councillor Magliocca's review of the Draft, he advised that it is his position that he did not misrepresent the names of the attendees.

Enforcement of policies

The Policies are not strictly enforced by the CCCO with respect to their review and approval of the Claims. Matters are not being escalated to either the PFC, Ethics Advisor or the Commissioner.

Policy content

The City has 4 policies (PAC006, PAC007, PAC008 and CCO08) which relate to Councillor expenses/allowances. Certain interviewees have advised that having numerous policies leads to confusion and misinterpretation.

The Policies are not consistent on matters which are common i.e. an explanation of nature of business for hosting expenses.

¹⁹ The Expense Report Completion Instructions requires guest name(s) and company of those hosted and indicate purpose of meeting. The Expense Report certification attests that all items included herein are correctly stated.

²⁰ No attendee names (\$1,478.34) + incorrect attendee names (\$770.24).

²¹ Paragraph 18 - Code of Conduct For Elected Officials Bylaw.

Summary of recommendations

We set out below, under the applicable headings, our recommendations for the City's consideration.

1. Recoveries

- a) Based on our assessment of the Claims as against the Policies and consideration of all voluntary reimbursements made by Councillor Magliocca, there is no current calculated amount owing with respect to deemed ineligible expenses. There is a calculated overpayment in the amount of \$563.66; however, this amount does not include the PFC's determination of the amount of air fare upgrades and eligibility of certain hosting expenses to be reimbursed, if any.

The City needs to attend to the calculation of the air fare upgrade reimbursement and eligibility of certain hosting expenses to assess the amount to be recovered, if any, from Councillor Magliocca.

2. Consideration of further investigation

- a) In light of the findings from the Investigation, specifically in relation to Councillor Magliocca's incorrect reporting of certain hosting attendee(s) and submission of expenses for a purported FCM Director Debrief (June 3-5, 2018), Council should discuss the matter further with the City Solicitor to determine whether these matters warrant reporting to the Calgary Police Department for further investigation.

3. Policy review & revisions

- a) The City should conduct a review of the Policies and make the required revisions deemed appropriate with respect to the following:
 - i. Having 4 policies (PAC006, PAC007, PAC008 and CC008) relating to expenses/allowances can lead to confusion and misinterpretation. The City should assess the Policies and consolidate them where practical to do so.
 - ii. PAC006 - Automobile Policy paragraph b) refers to the usage of taxi cabs for transportation on Ward and City business (to be claimed under Expense Account Policy, No. 2 below). There is no such numbered section reflected in the policy.
 - iii. PAC006 does not have a requirement for Councillors to provide an explanation of the nature of business for hosting events. PAC007 does have this requirement.
 - iv. PAC006 and PAC007 - Lacks a definition as to what qualifies as hosting. For example, having drinks at a bar versus having a sit down meal.
 - v. PAC006 and PAC007 - Councillors are required to provide the names of the attendees; however, no disclosure of the organization/company.
 - vi. PAC006 and PAC007 - There is no guidance with respect to the amount of gratuity to provide for personal meals or hosting.
 - vii. PAC007 (Section formatting) - Page 6 of the policy contains sections: i) Personal Expense Report and ii) Refunds. The sequential numbering of these sections is not consistent with the rest of the policy.
 - viii. PAC007 - The policy currently allows for Councillors to claim a maximum of \$125.00 per day for personal meals. This appears to be an excessive amount, particularly when meals are provided at conferences/events. The City should consider implementing a per diem rate meal allowance, whereby receipts should still be required to be submitted to evidence the out of pocket cost.
 - ix. PAC007 - The policy does not specify the size (i.e. compact, mid-size, full-size) of the car allowed for rental purposes.

-
- x. PAC007 & PAC008 - The City should consider providing guidance with respect to the criteria of reasonable alcohol consumption, both in terms of consumption and price.
 - xi. PAC007 & PAC008 - Both policies refer to the *Ethical Conduct Policy for Members of Council (CC042)*, which should be replaced to reference the *Code of Conduct For Elected Officials (Bylaw Number 26M2018)*²².
 - xii. CC008 - The Policy does not have a definition of “Reasonable Costs” nor does it make reference to such costs being in accordance with other travel related policies, specifically PAC007. The City should amend Policy CC008 to reference applicability to other policies, specifically PAC007.

4. Enforcement of policies

- a) The City needs to ensure that CCCO members authorized to initiate the acquisition of goods or services strictly enforce compliance with the expense/allowances policies during the Claims’ approval process. Refusing to approve non-compliant expenses will mitigate the potential for misuse of taxpayers’ dollars. Furthermore, repeated non-compliant Councillors should be reported to the Commissioner.

5. Travel service provider

- a) We understand that the City has an administrative policy whereby staff have to use the City’s full-service travel provider; however, it does not apply to elected officials. The City should consider amending this administrative policy to include Councillors, which will mitigate non-compliance with travel allowances.

6. Corporate credit card (the “CCC”)

- a) The CCC administrative policy requires that the CCC be used strictly for conducting official business on behalf of the City. The policy does not require the CCC to be used as a mandatory method of payment for allowable purchases. The City should consider requiring it mandatory for all Councillors to use the CCC for all business-related expenses. This will mitigate the opportunity for submission of duplicate expenses, ensure timely reconciliation of travel expenses and assist in tracking Councillor spending.
- b) The City should enforce its administrative policy that the CCC must not be used for personal charges under any circumstances; and, provide the CCCO with authorization to suspend/cancel credit cards in the event of abuse, including when annual ward based budgets are exceeded.

7. Code of Conduct for Elected Officials Bylaw

- a) The City should keep attendance of Councillors’ attendance at the mandatory orientation and training sessions. Councillors failing to comply in attending should be reported to the Commissioner.

8. Annual declaration

- a) The Code of Conduct For Elected Officials Bylaw establishes rules that Councillors must follow in the discharge of their office. Requiring an annual declaration instils both the importance and reminder of expected behaviours. The City should require that Councillors execute an annual declaration that they have read, understood and complied with the Code of Conduct For Elected Officials.

9. Duty to report

- a) The Code of Conduct Bylaw For Elected Officials does not obligate Councillors to report misconduct. Elected officials are accountable to the City and ultimately to Calgarians. In order to improve Council’s integrity and strengthen accountability, elected officials and their staff should be obligated to report misconduct, including self-reporting, through the proper channels. Sanctions should be imposed against those that fail to comply.

10. Communicate role of Ethics Advisor

- a) The City should communicate the role of the Ethics Advisor to its Councillors and encourage them to be proactive in seeking guidance and clarification as required.

²² In effect as of May 28, 2018.

11. Sanctions

- a) Policies PAC006 and PAC007 require disclosure of the name(s) of the party hosted. The certification/attestation provided on the Expense Report or CCC Statement further requires a list of the attendees.

With respect to Councillor Magliocca's expenses in the amount of \$2,248.58, we note that they either: (1) fail to provide the name(s) of the hosting event attendees; or, (2) the name(s) of the hosting event attendees were incorrect. As per PAC006 and PAC007, the disclosure of the name(s) of the party hosted are requirements. As such, these expenses are not in compliance with the aforementioned policies.

Bylaw Number 26M2018 – Being a Bylaw of the City of Calgary to Establish a Code of Conduct For Elected Officials, states that a Member must respect and comply with all obligations imposed on the Member by the City's policies and procedures. The failure to comply with PAC006 and PAC007 results in a contravention of the Code of Conduct For Elected Officials.

Council should consider discussing the findings in this Report with the City Solicitor and/or legal counsel to determine what sanctions, if any, needs to be taken.

Detailed findings

The Claims approval process

The *Office of the Councillors Expenditure Authorization Policy Council Policy* (PAC008) sets out the delegation of authority for the approval of Councillor Magliocca's expenses, as reflected in the Claims, to the following three individuals:

1. Chairman of the CCCO - is designated Program Manager, authorized to initiate the acquisition of goods or services that have been provided for in the current budgets approved by Council;
2. Manager of the CCCO - authorized to initiate the acquisition of goods or services that have been provided for in the current budgets approved by Council on behalf of the Program Manager; and
3. Vice-Chairman of the CCCO - is designated Deputy Program Manager, authorized to initiate the acquisition of goods or services that have been provided for in the current budgets approved by Council in cases where the Program Manager or Manager are unavailable or where it is deemed inappropriate for those persons to act as the signing officer.

Prior to the submission of the Claims to the CCCO for their review and approval, Councillor Magliocca was required to execute the following required attestations on the relevant documents:

Expense Report

I hereby certify that the items included herein are correctly stated, reasonable and proper and include only those expenses incurred on behalf of the City of Calgary. All required receipts are attached.

<i>Employee Signature</i>	<i>Employee ID</i>	<i>Date</i>	<i>Phone</i>	<i>Mail Code</i>
<i>Dept ID Owner Approval</i>	<i>Employee ID</i>	<i>Date</i>	<i>CAP Audit By / Date</i>	

CCC Statement

Cardholder Requirements²³

- *I have reimbursed the City for any personal purchases.*
- *All meals and hosting expenses include a list of attendees and purpose of meeting.*
- *I have included original receipts itemizing purchases and provided descriptions as required.*
- *I have attached the X529 Missing Receipt Acknowledgment form where required.*
- *I have taped all small receipts to an 8.5 x 11 paper to allow for imaging.*
- *Any required coding changes have already been completed in details Online.*

By signing this form I agree that I have followed the applicable City of Calgary policies and the Code of Conduct in the use of this card.

I have not obtained and will not attempt to obtain reimbursement for the transactions by any other method.

Cardholder Signature: _____

Date: _____

²³ CCC Statements January 2018 to May 2018.

CCC Statement

Cardholder Requirements and Attestation²⁴

By signing this form, I attest to the following:

- I have followed City of Calgary policies, procedures and the Code of Conduct in the use of this card;
- I have not obtained, and will not attempt to obtain, personal reimbursement for the transactions contained on this statement through any other method;
- I have printed the supporting Custom Account Statement, which reflects coding, comments and tax information and included it with the EStatement, and I attest to its accuracy and completeness;
- I have included original receipts and invoices itemizing purchases and provided descriptions as required.
- I have attached the X529 Missing Receipt Acknowledgment form where required.
- I have reimbursed the City of Calgary through Corporate Cashiers for any personal purchases, and have included receipts showing this reimbursement;
- All meals and hosting expenses include a list of attendees and purpose of meeting;
- I have taped all small receipts to an 8.5 x 11 paper to allow for imaging.

Last 4 digits of Card#: _____

Cardholder Signature: _____

Date: _____

Cardholder Requirements and Attestation²⁵

By signing this form, I attest to the following:

- I have followed City of Calgary policies, procedures and the Code of Conduct in the use of this card;
- I have not obtained, and will not attempt to obtain, personal reimbursement for the transactions contained on this statement through any other method;
- I attest to the accuracy and completeness of this statement;
- I have included original receipts and invoices itemizing purchases and provided descriptions as required.
- I have attached the X529 Missing Receipt Acknowledgment form where required;
- I have reimbursed the City of Calgary through Corporate Cashiers for any personal purchases, and have included receipts showing this reimbursement;
- All meals and hosting expenses include a list of attendees and purpose of meeting;
- Attach small receipts onto letter sized paper, taping all four edges. Remove all staples.

Employee ID _____

Cardholder Signature: _____

Date: _____

²⁴ CCC Statements June 2018 to May 2019.

²⁵ CCC Statements June 2019 to December 2019.

During the Period of Review, Councillor Magliocca submitted 36 Claims²⁶ for approval. All of the Claims were duly approved by the CCCO, pursuant to PAC008. A breakdown of the approvals, both in quantity and dollar amount, is provided in the table noted below.

Approval summary

Approver	The Claims			Total
	Expense Reports	CCC Statement	Petty Cash	
Chairman of the CCCO	7	22	2	31
	\$9,937.07	\$25,824.97	\$134.30	\$35,896.34
Manager of the CCCO	1	1	2	4
	\$186.66	\$2,212.86	\$37.95	\$2,437.47
Vice-Chairman of the CCCO	0	1	0	1
	\$0.00	\$24.63	\$0.00	\$24.63
Total	8	24	4	36
	\$10,123.73	\$28,062.46²⁷	\$172.25	\$38,358.44

The City expense policies

The various expense reimbursement and allowances that Councillors are entitled to be claimed and paid are reflected in the following 4 policies:

1. PAC006 - Councillors' Expenses/Allowances Policy;
2. PAC007 Councillors' Expenses-Out of Town Travel Policy;
3. PAC008 - Office of the Councillors Expenditure Authorization Policy; and
4. CC008 - Council to Cover Expenses of Prospective FCM Directors.

(Collectively referred to as the "Policies")

We set out below under the applicable headings sections of the Policies that we identified as relevant to the Investigation, along with our findings.

Submission of expense report

PAC007 states that a Councillor must submit the Expense Report within 14 days of return from travel. During the Review Period, Councillor Magliocca submitted a total of 8 Expense Reports. None of the reports were submitted within the required 14-day period, with 1 submitted approximately 3 months following an FCM event.

The Chairman of the CCCO advised us that every Councillor has been delinquent in the submission of their Expense Report; and, that he had numerous discussions with Councillor Magliocca with respect to the timely submission of Expense Reports.

Councillor Magliocca advised us that no-one spoke to him with respect to his delinquent submission of Expense Reports.

PAC007 does not provide any repercussions in the event of a late submission other than deducting a travel advance from the Councillor's next pay cheque.

²⁶ 8 Expense Reports, 24 CCC Statements and 4 Petty Cash.

²⁷ The CCC Statements approved by the CCCO includes Councillor Magliocca's personal charges which were reimbursed by December 31, 2019.

Out of town travel expenses

PAC007 provides Councillors with guidelines with respect to the reimbursement of eligible expenses incurred while on out of town business travel. Below is a summary of the details with respect to the various allowances.

Expense	PAC007 Detail
Air Fares	Economy fare is normal, unless unavailable
Taxi Fares	Receipts required in excess of \$5.00
U-Drives (Car rental)	Contract should be attached to the Expense Report and should be in the name of both the City and the Councillor. Collision Damage Waiver must be insured against in the contract, and considered as part of the lease contract when claiming expenses.
Room Accommodation	<p>“The City of Calgary” should appear on the hotel registration.</p> <p>When making reservations, advise that The City has a government or corporate rate. Obtain the corporate of government discount, if available.</p> <p>Note: <i>If the individual is accompanied by a spouse, only single room rate is allowed.</i></p>
Personal Meals	Maximum of \$125.00 per day including gratuities, receipts required.
Guest Meals and Hosting	See below
Alcohol	See below

Hosting

PAC006 and PAC007 provide guidelines with respect to the eligibility of hosting expenses. We understand that the guidelines are reflected in both policies to cover applicability for expenses incurred within the city and out of town. The content of the both policies requires the Councillor to provide the name of the attendees; however, only PAC007 requires an explanation of the nature of the business. The content with respect to both policies, in relation to hosting expenses, is provided below.

PAC006	PAC007
<p>b. <i>Notwithstanding (a) above and without limiting the generality of the foregoing, the expenses claimed and payable hereunder will be for such things as:</i></p> <ul style="list-style-type: none"> <i>Hosting (meals and refreshments)</i> <p>f. <i>Proof of expense required. For hosting expenses, Councillors are required to provide the name of the party hosted; the Councillor must sign the Expense Report to which the receipts naming parties hosted is attached as confirmation of same.</i></p>	<p>v) <i>Miscellaneous Expenses</i></p> <ul style="list-style-type: none"> <i>Guest meals and other hosting, with an explanation of nature of business and who attended. Guest meals and hosting expenses may not exceed an amount equal to \$100.00 times the number of days of the trip per attendee.</i>

Alcohol

PAC007 and PAC008 provide guidelines with respect to the eligibility of alcohol expenses. We understand that the guidelines are reflected in both policies to cover applicability for expenses incurred within the city and out of town. The content of the policies are identical with mere differences highlighted below in red.

PAC007	PAC008
<p>Alcohol</p> <ul style="list-style-type: none"> Alcohol expenses for business meetings can only be permitted with City funds in the event a meeting meets all of the following criteria: <ul style="list-style-type: none"> The meeting involves third parties (i.e. non-City), external agencies of organizations; and Alcohol consumption is reasonable. No alcohol expense will be paid by City funds for any meeting that is attended only by Councillors. Any alcohol consumed will be at the attendees' own expense, cannot be claimed as an eligible expense and will not be reimbursed. Notwithstanding these policies, Councillors may continue to host appreciation events that include alcohol for volunteers and/or members of the public service and the Mayor may continue to host similar event for all Councillors. An alleged breach of these alcohol expense policies will be considered an alleged breach of the Ethical Conduct Policy for Members of Council (CC042). 	<p>Expenditures For Alcohol</p> <ol style="list-style-type: none"> Alcohol expenses for business meetings can only be permitted with City funds in the event a meeting meets all of the following criteria: <ul style="list-style-type: none"> The meeting involves third parties (i.e. non-City), external agencies of organizations; and Alcohol consumption is reasonable. No alcohol expense will be paid by City funds for any meeting that is attended only by Councillors. Any alcohol consumed will be at the attendees' own expense, cannot be claimed as an eligible expense and will not be reimbursed. Notwithstanding paragraphs 1 and 2, Councillors may continue to host appreciation events that include alcohol for volunteers and/or members of the public service and the Mayor may continue to host similar event for all Councillors. An alleged breach of these alcohol expense policies will be considered an alleged breach of the Ethical Conduct Policy for Members of Council (CC042).

PAC007 and PAC008 both reference alleged breaches to the alcohol expense policies to be considered an alleged breach of the *Ethical Conduct Policy for Members of Council (CC042)* (the “**Ethical Code of Conduct**” or “**CC042**”). We understand that on May 28, 2018, Policy CC042 was replaced by *Bylaw Number 26M2018 – Being a Bylaw of the City of Calgary to Establish a Code of Conduct for Elected Officials* (the “**Code of Conduct For Elected Officials Bylaw**”).

Miscellaneous

The following expenses, which are eligible for reimbursement pursuant to PAC006 (Councillors Expenses/Allowances Policy) have been grouped together as Miscellaneous for this Report.

- Tickets to official functions (banquets, theatre, etc.);
- Promotion/Presentation items (pins, flags, crests, wine glasses, white Stetsons, flowers, etc.); and
- Office supplies and equipment not provided by the Office of the Councillors.

FCM costs

In accordance with Policy CC008, Council is prepared to meet all reasonable costs, for Councillors elected to the FCM Board of Directors, to attend meetings of the FCM National Board of Directors. Such costs are to be charged to Corporate Costs.

Orientation training

In accordance with the Province of Alberta Municipal Government Act²⁸, the City must offer orientation training to each Councillor, to be held within 90 days after the Councillor takes the oath of office. Key policies, code of conduct, budgeting and financial administration are certain topics that the orientation session must include.

In addition to the Orientation Training provided by the City Clerk, the Manager of the Office of Councillors provides additional training to Councillors, including the issuance of Council Welcome and Policy binders.

In October 2013, Councillor Magliocca was first elected to Council and was re-elected on October 23, 2017. Councillor Magliocca believes that he attended training sessions following the 2013 election; however, could not recall if he attended sessions in 2017. The City was unable to verify the Councillors in attendance for the training sessions conducted in either 2013 or 2017.

The Code of Conduct For Elected Officials Bylaw, which came into effect on May 28, 2018, provides the following requirements for Councillors to attend Orientation and Training²⁹:

- after first being elected, a Councillor must attend all sessions of Orientation Training unless doing so is not practically possible; and
- all Councillors must attend those sessions of Orientation Training identified as mandatory by the City Solicitor, City Clerk and Ethics Advisor unless doing so is not practically possible.

The City's Ethics Advisor

The role of the City's Ethics Advisor³⁰ is to:

- provide advice and guidance to members of Council on matters of conduct that create a legal risk for a Council member, or a risk to a Council member's public reputation.
- provide advice to members of Council individually, but also advises on general questions of conduct relevant for all members of Council.
- the Ethics Advisor will not provide an opinion on the appropriateness of a Council member's conduct unless asked to do so by that Council member, but can provide advice to all members of Council where it appears to her to be appropriate or useful to do so.

The current Ethics Advisor, Ms. Emily Laidlaw, who has held this position since April 2019, confirmed that she has not been contacted by any Councillors with respect to providing any advice or interpretations with respect to any expense related policies. In the event that she would have been contacted to provide such advice, she would have issued a formal written response.

Councillor Magliocca advised that he did not contact the Ethics Advisor for any advice or guidance prior to the submission of the Claims.

²⁸ S.201.1 – Orientation Training.

²⁹ Paragraphs 61 and 62.

³⁰ <https://www.calgary.ca/citycouncil/Pages/Integrity-Ethics-Roles.aspx>.

Code of Conduct

During the Period of Review, Councillors were expected to adhere to the following Codes of Conduct:

Policy CCo42 – Ethical Conduct Policy *(in force until May 28, 2018)*

Fiduciary Duty³¹

Members of Council are fiduciaries to the City and the public. They must act in good faith, with trust, confidence and candour and are expected to demonstrate high standards of personal and professional conduct to maintain public confidence in their behaviours and decisions.

In fulfilling their fiduciary duties, Members of Council shall:

- *Put the interest of the municipality ahead of their personal interests.*
- *Act in the best interests of the City and the public.*
- *Avoid conflict of interest with respect to the fiduciary duty to the City.*
- *Be loyal and act honestly and in good faith.*

The Code of Conduct for Elected Officials Bylaw *(in force since May 28, 2018)*

A member must in the discharge of their office:

- *Act in the best interests of the City taking into account the interests of the City as a whole, and without regard to the member’s personal interests³²; and*
- *Act competently and diligently³³.*

A Member must respect and comply with the law and avoid conduct that, in the eyes of a reasonable Calgarian, undermines, or has the potential to undermine, public confidence in City governance³⁴.

A Member must respect and comply with the obligations imposed on the Member by statute or other legal enactment, and by the City’s policies and procedures³⁵.

Annual certifications

The Ethical Code of Conduct required Councillors to uphold the policy and govern accordingly, in order to enhance ethical conduct and credibility and integrity of Council in the community. Every Councillor was required to sign the statement of commitment annually (the “**Statement**”) as an acknowledgment that he/she has read and supports it³⁶. A summary of Councillor Magliocca’s execution of the Statements is as follows:

Year	Date Signed	Comments
2014 Statement	February 27, 2014	Signed
2015 Statement	February 11, 2015	Signed
2016 Statement	June 21, 2016	Councillor Magliocca crossed out the words “and support”

³¹ Page 4, CCo42-Ethical Conduct Policy for Members of Council.

³² Paragraph 10 (A) - The Code of Conduct For Elected Officials Bylaw.

³³ Paragraph 10 (d) - The Code of Conduct For Elected Officials Bylaw.

³⁴ Paragraph 11 - The Code of Conduct For Elected Officials Bylaw.

³⁵ Paragraph 18 - The Code of Conduct For Elected Officials Bylaw.

³⁶ CCo42 - Procedures, page 6.

Year	Date Signed	Comments
2017 Statement	not signed	<p>On February 28, 2017, the Manager of the CCCO emailed Councillor Magliocca confirming the content of a discussion as follows:</p> <ol style="list-style-type: none"> 1. Councillor Magliocca acknowledged receipt of a copy of the <i>Ethical Conduct Policy for Members of Council</i> (the “Policy”) sent to him as part of an email to Councillors on February 13, 2017; 2. Councillor Magliocca did not wish to sign off on the acknowledgement and agreement of the current Policy; and 3. Councillor Magliocca preferred to wait for the updated/amended version the Policy currently under review by the Ethics Advisor, which was anticipated to be reviewed (and approved) by Council later in 2017.

Copies of the Statements and the CCCO Manager’s email of February 28, 2019, are enclosed as **Appendix C**.

As noted above, the Code of Conduct For Elected Officials Bylaw does outline expected behaviours for Councillors; however, there is no requirement to sign an annual declaration of acknowledgment and compliance.

During our interview with Councillor Magliocca it is his position that he did not breach either the Ethical Code of Conduct or the Code of Conduct for Elected Officials Bylaw with respect to matters surrounding the Claims.

Assessment of the Claims

During the Review Period, Councillor Magliocca submitted Claims in the amount of \$38,358.44. We have assessed the expenses contained in the Claims into categories, referred to in the City Expense Policies section above, as set out in the following table:

Claim Type	Expense Allowance Categories							Total
	Air Fares	Taxi Fares	Car Rental	Room Accommodation	Personal Meals	Hosting	Misc.	
Petty Cash	\$0.00	\$145.75	\$0.00	\$0.00	\$0.00	\$26.50	\$0.00	\$172.25
Credit Card	\$8,127.54	\$1,368.93	\$52.50	\$5,269.28	\$562.43	\$5,320.36	\$7,361.39	\$28,062.46
Expense Reports	\$2,819.04	\$39.08	\$335.55	\$2,883.74	\$473.87	\$3,572.45	\$0.00	\$10,123.73
Total Submitted	\$10,946.58	\$1,553.76	\$388.05	\$8,153.02	\$1,036.30	\$8,919.34	\$7,361.39	\$38,358.44
Reimbursement of Personal Charges on CCC ³⁷	\$1,407.85	\$0.00	\$0.00	\$128.78	\$99.51	\$35.20	\$0.00	\$1,671.34
Net Claims	\$9,538.73	\$1,553.76	\$388.05	\$8,024.24	\$936.79	\$8,884.14	\$7,361.39	\$36,687.10

During the Review Period, Councillor Magliocca was a Board Member of the FCM³⁸ and the majority of his expenses incurred related to travel to FCM related events. We conducted internet searches and obtained copies of the FCM event agendas to confirm the dates and location as reported, save and except for a purported FCM Director’s Debrief held in Halifax, NS, on June 3-5, 2018, which we could not confirm. In addition, Councillor Magliocca attended the Quebec Carnival in February 2019, which is eligible pursuant to *PAC007 – Out of Town Travel Policy*.

³⁷ Reimbursement of personal charges on CCC made by Councilor Magliocca as of December 31, 2019.

³⁸ For the period of October 2017 to October 2019.

FCM Director's Debrief - Halifax, NS: June 3-5, 2018

The FCM held its Annual Conference and Trade Show in Halifax, NS, during the period of May 31 – June 3, 2018. Councillor Magliocca attended the annual event, accompanied by his spouse, and stayed at the Delta Hotel, 1990 Barrington Street, Halifax, NS (the “Delta”). On June 3, 2018, Councillor Magliocca checked out of the Delta and into the Marriott Hotel, Harbour Front, 1919 Upper Water St., Halifax, NS (the “Marriott”). Councillor Magliocca’s Expense Report dated July 17, 2018 (the “**July 2018 Expense Claim**”), includes costs incurred with respect to his 2 night stay at the Marriott in the amount of \$860.64, with the description: “*FCM Lodging – FCM Director Debriefing Jun 3-5, 2018.*”

We corresponded with Councillor Magliocca’s legal counsel to confirm that his client checked into the Marriott to attend a FCM Director Debrief; and, to provide the names of the other Directors that would have been in attendance for this debrief. Councillor Magliocca’s legal counsel responded as follows:

“The final official FCM Annual Conference event was on Sunday evening in question. There are often informal post event discussions among FCM directors the following day which was why he booked his return flight for Tuesday. Joe doesn’t recall who all he was with 2 years ago; however, he thinks he may have had a meeting with [REDACTED] on the Monday, but is unsure given that it was two years prior.”

The July 2018 Expense Claim contains a hosting event occurring on June 4, 2018, which Councillor Magliocca stated that [REDACTED] and [REDACTED] were in attendance. Both [REDACTED] advised us that they were not in attendance. In fact, [REDACTED] advised us that he was back in [REDACTED]

In an attempt to confirm the existence of the FCM Director Debrief, we contacted the FCM’s 2018 Director and 1st Vice President of the Board of Directors, who provided us with the following information:

- there was no FCM Director Debrief held on June 4-5, 2018, following the FCM Annual Conference and Trade Show held in Halifax, NS (May 31 – June 3, 2018);
- there was a Municipal Asset Management Program (MAMP) steering committee meeting held on June 4, 2018 (the “**Meeting**”). The Meeting was held at the Halifax City Hall and attended by 10 committee members including himself as co-chair;
- he was heavily involved in organizing the Meeting; and
- Councillor Joe Magliocca was not in attendance at the Meeting, because he was not a member of that committee.

Policy CC008 – Council to Cover Expenses of Prospective FCM Directors

In accordance with *Policy CC008*, reasonable costs of attendance at meetings of the FCM National Board of Directors are to be charged to Corporate Costs. The Policy does not define “Reasonable Costs”; however, the Chairman of the CCCO advised that travel expenses claimed must be in compliance with *PAC007 – Out of Town Travel Policy*. Councillor Magliocca advised us that he relied on both policies, CC008 and PAC007, with respect to the submission of FCM expenses.

Subsequent to Councillor Magliocca’s review of the Draft, he advised us that past FCM Directors spent literally thousands of dollars on hosting including hospitality suites with alcoholic bars, bringing office staff to assist with hosting, and paying for trade fair booths. It was his understanding that he was permitted to spend in-excess of the amount specified for Out of Town Travel Policy (PAC007).

Our findings in relation to assessing the expenses outlined in the Claims is described below under each of the applicable headings.

Air fares

The following air fares, booked directly by Councillor Magliocca through Air Canada or WestJet, were expensed during the Review Period.

#	Event	Date Flight Booked	Date of Event	Flight Details				Expense Amount
				Fare Type	Seat #	From	To	
1	FCM Ottawa, ON	Nov. 8, 2017 (Air Canada)	Nov. 20 – Nov. 24, 2017	Economy	NA ³⁹	Calgary	Ottawa	\$672.00
				Economy	NA ³⁹	Ottawa	Calgary	
2	FCM Halifax, NS	Nov. 18, 2017 (WestJet)	May 31 – Jun. 3, 2018	Premium (*)	3C	Calgary	Halifax	\$1,712.76 ⁴⁰
				Economy (*)	2C	Halifax	Calgary	
3	FCM Laval, QC	Feb. 11, 2018 (WestJet)	Mar. 6 – Mar. 9, 2018	Premium (*)	NA ³⁹	Calgary	Toronto	\$1,128.67
				Premium (*)	NA ³⁹	Toronto	Montreal	
				Economy (*)	NA ³⁹	Montreal	Calgary	
4	FCM Ottawa, ON	Nov. 8, 2018 (WestJet)	Nov. 19 – Nov. 23, 2018	Premium (*)	1C	Calgary	Ottawa	\$1,391.90
				Premium (*)	2C	Ottawa	Toronto	
				Premium (*)	1C	Toronto	Calgary	
5	FCM Penticton, BC	Jan. 1, 2019 (WestJet)	Mar. 12 – Mar. 15, 2019	Premium (*)	2C	Calgary	Penticton	\$669.11
				Premium (*)	2C	Penticton	Calgary	
6	Quebec Carnival Quebec City, QC	Nov. 8, 2018 (WestJet)	Feb. 6 – Feb. 10, 2019	Premium (*)	1F	Calgary	Toronto	\$1,427.14
				Premium (*)	2D	Toronto	Quebec City	
				Premium (*)	2D	Quebec City	Toronto	
				Premium (*)	1A	Toronto	Calgary	
7	FCM Quebec City, QC	Feb. 27, 2019 (WestJet)	May 30 – Jun. 2, 2019	Premium (*)	1D	Calgary	Toronto	\$1,064.89
				Premium (*)	3A	Toronto	Quebec City	
				Premium (*)	3A	Quebec City	Toronto	
				Premium (*)	1D	Toronto	Calgary	
8	FCM Waterloo, ON	Jul. 16, 2019 (WestJet)	Sept. 10 – Sept. 13, 2019	Premium	1C	Calgary	Toronto	\$1,472.26
				Business	1A	Toronto	Calgary	

We provide below our findings from the Investigation with respect to the air fares:

- The Fare Type (*) was determined based on the coding reflected on the e-ticket receipt and information provided to us by WestJet.
- With respect to the FCM event held in Ottawa, ON, on November 20 - 24, 2017, Councillor Magliocca upgraded both Air Canada flights to Business Class; and, reimbursed the City the full amount of the costs totalling \$1,407.85.

³⁹ NA = not available.

⁴⁰ Includes \$28.65 WestJet internet charges.

-
- [REDACTED]
 - Councillor Magliocca scheduled his own air fares and did not utilize the City's Travel Service Provider.
 - Based on our analysis, 7 of the 8 trips contained upgraded air fares which Councillor Magliocca did not reimburse the City. PAC007 states that economy fare is normal, unless unavailable.
 - During our interview with the Chairman of the CCCO, he confirmed that air fares are always supposed to be economy. He further stated that there were no controls in place other than the CCCO Administration Officer doing the travel arrangements to ensure economy was booked.

We provided the above noted information with respect to WestJet flights #2-8 to Councillor Magliocca and requested that he review and confirm whether the flights were economy or premium class. In the event that Councillor Magliocca confirmed that the flight was not economy, we requested confirmation whether he reimbursed the City for the upgrade cost to business/premium. Following Councillor Magliocca's review of the information, his response was as follows:

"On all flights that I expensed to the City, I have always repaid any amount that I was asked to by the Office of the Councillors. This included seat upgrades. Please note that at times I booked within days of the flight resulting in limited seating availability."

Based on our analysis, air fares #3 and #4 were booked 21 and 10 days, respectively, prior to the date of Councillor Magliocca's flight. All other WestJet flights (air fares #2, 5, 6, 7 & 8) were booked months in advance. In light of the advance time that the air fares were booked, we question the likelihood that economy fare would not have been available.

There was no supporting documentation or reference within the Claims stating that economy flights were unavailable. The receipts submitted for air fare #8, booked approximately 2 months in advance of the flight, stated: premium and business class. The associated upgrade costs of these air fares appears to be ineligible expenses.

Subsequent to Councillor Magliocca's review of the Draft, he advised us of the following:

- He requested from the City the average airfare expenses of other City Councillors and Officials, who attended the various FCM Events, in order to voluntarily reimburse the City for any difference between his airfare and the average airfare of other officials; and
- When he traveled and incurred upgrade charges, he always paid back such ineligible charges when notified by the CCCO, as per the City's current policy and procedure.

Taxi fares

We provide below our findings from the Investigation with respect to taxi fares claimed during the Review Period:

- PAC006 – *Councillors Expenses/Allowance Policy* states the following: "Usage of taxi cabs for transportation on Ward and City business (to be claimed under Expense Account Policy, No. 2 below) is permitted in the appropriate circumstances." Based on our review of PAC006, we could not locate a section titled: "Expense Account Policy, No. 2", nor details as to when taxi fares are deemed appropriate.
- All taxi fare charges expensed by Councillor Magliocca, totalling \$1,553.76, appear eligible pursuant to the Policies.

Car rental

We provide below our findings from the Investigation with respect to car rental costs claimed during the Review Period:

FCM event, Waterloo, ON: September 10 – 13, 2019

- Councillor Magliocca expensed the cost of a rental vehicle for the period of September 9 – 13, 2019. The receipt indicated an upgrade of \$16.00 per day.
- There is no reference in PAC007 regarding the size of rental vehicle allowed. Therefore, the upgrade cost appears to be eligible pursuant to the Policies.

Room accommodation

We provide below our findings from the Investigation with respect to room accommodation charges claimed during the Review Period:

FCM event, Halifax, NS: May 31 – June 3, 2018

- Councillor Magliocca upgraded his room to a suite. The room upgrade was \$60 extra per night, totalling \$281.52 (including taxes and fees). There was no references on the Claim to identify the purpose of the room upgrade.
- Councillor Magliocca confirmed that his spouse was in attendance for this event.
- Councillor Magliocca stated that he upgraded the room to a suite as he was hosting various attendees in his room and required the additional space.
- On June 2, 2018, the night prior to the ending of the FCM event, Councillor Magliocca purchased the following items: napkins, bowls, pretzels, chips, peanuts and fruits. These items were expensed as “FCM Hosting In Room Supplies”. There were no attendee names listed.
- PAC007 states that when an individual is accompanied by a spouse, only single room rate is allowed.
- The Chairman of the CCCO advised us during his interview that any hotel upgrade is a personal cost.
- The room upgrade costs are not in accordance with PAC007 and ineligible.

Subsequent to Councillor Magliocca’s review of the Draft, he advised us that based on his understanding, the room upgrade for the purpose of hosting was permitted pursuant to CCO08 - Council to Cover Expenses of Prospective FCM Directors. Councillor Magliocca further advised that he has repaid this expense.

FCM Director’s Debrief - Halifax, NS: June 3-5, 2018

- As noted previously, Councillor Magliocca extended his stay in Halifax, NS, to attend a purported FCM Director Debrief.
- On June 3, 2018, Councillor Magliocca checked out of the Delta (\$194/night + taxes) and into the Marriott (\$389 & \$319/night + taxes), to attend the debrief.
- The FCM’s 2018 Director and 1st Vice President advised us that there was no FCM Director Debrief held following the FCM Annual Conference and Trade Show held in Halifax, NS.
- Based on our review of the FCM Halifax agenda, a Host City Gala Reception and Dinner was held at the Cunard Centre from 6:00 – 11:30 pm. This required Councillor Magliocca to stay in Halifax the night of June 3, 2018.
- Councillor Magliocca thought he may have had a meeting with [REDACTED] on June 4, 2018; however, [REDACTED] advised us that he was not in attendance [REDACTED].
- Notwithstanding the question of reasonability in relation to the increased cost incurred in staying at the Marriott, we did not identify the additional travel costs, subsequent to June 3, 2018, related to City business or

municipal government, which is the responsibility of the Councillor to clearly establish this relationship⁴¹. As such, the \$633.08⁴² which was expensed by Councillor Magliocca as lodging is deemed ineligible.

Subsequent to Councillor Magliocca's review of the Draft, he advised us that he met with other Councillors on the day following the FCM conference; however, unable to locate any supporting documents. Councillor Magliocca further advised that he has repaid this expense.

FCM event, Quebec City, QC: May 30 – June 2, 2019 (4 days)

- The room accommodation was a total of 7 nights from May 28 to June 3, 2019.
- Councillor Magliocca confirmed that his spouse accompanied him for this event.
- Councillor Magliocca upgraded his room and reimbursed the City for the additional cost.
- Based on our review of the FCM Quebec City agenda, there was a Host City Reception and Closing Dinner held from 6:00 - 11:30 pm on June 2, 2019, which would have required Councillor Magliocca to stay the night of June 2, 2019.
- Councillor Magliocca could not recall why he travelled early to Quebec City prior to the event and was unable to provide a legitimate business reason to stay 1 additional night.
- Based on the information that we were provided, we did not identify that the additional travel costs, outside of the date parameters of this FCM event, related to City business or municipal government, which is the responsibility of the Councillor to clearly establish this relationship⁴¹. As such, 2 nights room accommodation totalling \$582.30 is unreasonable and ineligible.

Subsequent to Councillor Magliocca's review of the Draft, he advised us that he met with other Councillors on the day following the FCM conference; however, unable to locate any supporting documents. Councillor Magliocca further advised that he has repaid this expense.

Personal meals

We provide below our findings from the Investigation with respect to personal meal charges:

Missing receipts

- There was a total of 10 (40%) out of 25 personal meals that Councillor Magliocca was missing receipts. The required Missing Receipt Acknowledgment form (the "**Missing Receipt Form**") were completed and attached to the Claims. Due to the missing receipts, we were unable to confirm that there were no ineligible alcohol charges included in the claimed personal meal expenses.

Maximum daily allowance

- Councillor Magliocca's personal meals claimed were within the maximum daily allowance of \$125.00/day, save and except for the following:
 - November 21, 2018, the total amount claimed was \$132.00⁴³ This is \$7.00 in excess of the maximum daily allowance and ineligible.

⁴¹ PAC007 and PAC014.

⁴² Total lodging cost \$860.64 less \$227.56 (\$194 + taxes) for stay at the Delta on June 3, 2018.

⁴³ Councillor Magliocca repaid \$89.10 pursuant to his voluntary reimbursements.

Reasonability

- *PAC007 - Out of Town Travel Policy*, provides a maximum \$125.00 per day, including gratuities. The policy does not state that should an event and/or hotel provide a meal, the cost of a replacement meal cannot be expensed. However, *Policy CCo08-Council to Cover Expenses of Prospective FCM Directors* states that Council is prepared to meet all reasonable costs of attendance at meetings of the FCM National Board of Directors. In the spirit of CCo08, Councillor Magliocca's personal decision to purchase a meal, when food is being provided by the FCM conferences, does not appear to be reasonable and should be a personal cost.
- We outline below the personal meals that were submitted by Councillor Magliocca which the agendas from the various FCM events reflect meals being provided. The total costs, in the amount of \$216.39 (\$150.24 + \$66.15), have been deemed unreasonable and ineligible.

Halifax FCM - May 31 – June 3, 2018

- Councillor Magliocca submitted the following personal meals on his July 2018 Expense Claim:

Date	Amount	Restaurant	Time of Receipt	July 2018 Expense Claim Details
5/31/2018	\$46.35	Waterfront Warehouse	3:20pm	Meal – FCM Halifax
6/1/2018	\$14.95	Sackville Street	12:32pm	Meal – FCM Halifax
6/2/2018	\$6.89	McDonalds	1:18pm	Meal – FCM Halifax
6/3/2018	\$23.40	Bluenose II restaurant	2:56pm	Meal - FCM Halifax
6/3/2018	\$58.65	Baton Rouge	8:19pm	Meal - FCM Halifax
Total	\$150.24			

- The receipt for Councillor Magliocca's personal meal incurred on June 2, 2018, in the amount of \$6.89, at McDonald's restaurant reflects the purchase of a [REDACTED]. Payment was made by debit card, [REDACTED].
- Councillor Magliocca advised us that [REDACTED] debit card for personal use. He used the debit card to buy lunch at McDonald's [REDACTED] didn't like the lunch meal served at the FCM event.

Penticton FCM - March 12 – 15, 2019

- Councillor Magliocca submitted the following personal meals on his March 2019 CCC Statement:

Date	Amount	Restaurant	Time of Receipt	March 2019 CCC Statement Details
3/14/2019 ⁴⁴	\$34.40	Barking Parrot Bar	Unavailable	Meal
3/14/2019	\$31.75	Barking Parrot Bar	Unavailable	Meal
Total	\$66.15			

Montreal, QC

- On Councillor Magliocca's Expense Report dated January 21, 2019, there was a personal meal expense occurring on June 10, 2018, claimed in the amount of \$35.34, at Baton Rouge, Montreal, QC. The notation on the expense report states "*FCM Expenses (Various Meals)*".
- We noted that the receipt identified that the credit card used ending with [REDACTED].

⁴⁴ Based on our review of the Agenda for FCM Penticton 2019, breakfast, lunch and dinner was provided on March 14, 2019.

- During our interview with Councillor Magliocca he stated that this expense does not make sense as he has never been to downtown Montreal; and, he was in Council meetings the following day (June 11, 2018).
- Subsequent to the interview, Councillor Magliocca advised us that this clearly was an error and repaid the City this expense. A copy of the reimbursement receipt was provided to us. As such, the \$35.34 which was submitted by Councillor Magliocca is deemed ineligible.

Hosting

Based on our review of the Complaints, several allegations pertained to the names of attendees reported on the Claims, which various public news articles identified were not in attendance. The approach we conducted in assessing the legitimacy of the hosting expenses, was as follows:

- Summarized the details of the hosting expenses reflected in the Claims into a spreadsheet (the “**Hosting Document**”) identifying the following:
 - Date of hosting expense;
 - Method of payment and amount;
 - Vendor name and location;
 - Description; and
 - Attendees’ names.
- On April 7, 2020, we provided the Hosting Document and copies of the Claims to Councillor Magliocca and requested his assistance with respect to the following:
 - Confirmation of the account holder name for instances where personal credit/debit cards were used;
 - Confirm accuracy of the attendees listed;
 - Provide additional information with respect to the identity of the attendees listed; and
 - Provide any additional information with respect to any missing information, including attendees’ names.
- On April 22, 2020, Councillor Magliocca confirmed he reviewed the Hosting Document; and, to the best of his recollection the notations and documentation are correct. Councillor Magliocca did not provide any additional information with respect to the identity of the attendees listed.
- On April 23, 2020, Councillor Magliocca confirmed the following:
 - The individuals identified on the Claims as being in attendance at the hosting events is correct; and
 - He had no additional information to provide with respect to hosting events where the attendees’ names were not provided.
- On April 24, 2020, we requested Councillor Magliocca’s assistance in providing us with additional attendee information such as: full name, name of organization, and contact information (i.e. email, phone number, etc.).
- On May 5, 2020, Councillor Magliocca provided us with contact information for certain attendees. Councillor Magliocca advised that he gave us all the information he has; and, for those expenses he voluntarily reimbursed, they were no longer a City expense and did not provide the contact information.
- Performed internet searches to attempt identification of attendees’ contact information that was not provided.
- Contacted the reported hosting attendees to confirm attendance and business related purpose.
- Reviewed and discussed the matter further with Councillor Magliocca during his interview.

We provide below our findings from the Investigation with respect to hosting expenses:

Attendees name not provided

- We identified 16 (25%) out of the 65 hosting events during the Review Period, totalling \$1,478.34⁴⁵, where the attendees' names were not provided.
- The Chairman of the CCCO provided the approval for reimbursement/payment for these 16 hosting events. During our interview with the Chairman of the CCCO, he stated that the failure to disclose attendees' names was often overlooked and they were not very strict about this requirement.
- Policies PAC006 and PAC007 require disclosure of the name(s) of the party hosted. The certification/attestation provided on the Expense Report⁴⁶ or CCC Statement further requires a list of the attendees. The failure to provide the name(s) of the attendees is not in compliance with the aforementioned policies.
- The Code of Conduct For Elected Officials Bylaw states that a Member must respect and comply with all obligations imposed on the Member by the City's policies and procedures⁴⁷. The failure to comply with PAC006 and PAC007 results in a contravention of the Code of Conduct For Elected Officials Bylaw.

Lack of explanation of nature of business

- *PAC007 – Councillors Expenses – Out of Town Travel Policy*, requires Councillors to provide an explanation of the nature of business for hosting events. *PAC006 – Councillors' Expenses/Allowances Policy* does not have this requirement.
- Based on our review of the Claims and supporting receipts, with respect to 45 out of town hosting events, there was a lack of detail in relation to the nature of business. Some of the descriptions provided were: "*FCM Hosting*", "*FCM-Board Meetings Hosting various FCM attendees*".
- We identified 1 out of town hosting expense, in the amount of \$70.00, that contained a detailed explanation of the nature of business, which is set out below:

*"Meeting with the United Party Conservative Upcoming Budget. UCP Meeting ([REDACTED]
[REDACTED] Chad Barber, Joe Magliocca)"*

- Due to the discrepancies between PAC006 and PAC007, the requirement to provide an explanation of the nature of business for out of town hosting events was overlooked by the approvers.
- The requirement to provide a detailed explanation of the nature of business will aid in the determination and approval of a hosting expense's eligibility.

Missing receipts

- There were 65 hosting events that were reflected on the Claims. We identified 17 (26%) missing receipts (16 vendor detailed receipts and 1 credit card payment receipt).
- The Missing Receipts Form was duly completed and signed by Councillor Magliocca in each instance.
- The Chairman of the CCCO stated during his interview that he had discussions with Councillor Magliocca with respect to the reoccurrence of missing receipts.
- Councillor Magliocca stated during his interview that no-one had any discussions with him in relation to matters surrounding missing receipts.

⁴⁵ Councillor Magliocca repaid \$402.98 pursuant to his voluntary reimbursements.

⁴⁶ The Expense Report Completion Instructions requires guest name(s) and company of those hosted and indicate purpose of meeting. The Expense Report certification attests that all items included herein are correctly stated.

⁴⁷ Paragraph 18 - Code of Conduct For Elected Officials Bylaw.

Conflict of interest

- A hosting expense in the amount of \$54.19⁴⁸, occurring on April 11, 2018, was submitted by Councillor Magliocca whereby he listed Councillor Jones as an attendee. Councillor Jones in his capacity as Chairman of the CCCO approved the expense.
- During our interview with the Chairman of the CCCO, he agreed that it could be perceived as a conflict of interest with him approving this expense and he must have signed it by mistake.
- In accordance with PAC008, either the Manager or Vice-Chairman of the CCCO should have authorized the expense as it would have been deemed inappropriate for the Chairman of the CCCO to act as the signing authority.

Hosting Event Maximum (\$100/day x number of days of trip)

- In accordance with PAC007, the total hosting expenses claimed for the following 3 FCM events, exceeded the hosting event maximum allowance.
 1. FCM Laval, QC: March 6 - 9, 2018
 - Councillor Magliocca's travel dates were as follows: March 5 – 9, 2018 (5 days).
 - According to PAC007, the calculated maximum hosting expense is \$500.
 - The total hosting expenses claimed totalled \$734.78⁴⁹, a calculated excess of \$234.78.
 2. FCM Halifax, NS: May 31 – June 3, 2018
 - Councillor Magliocca's travel dates were as follows: May 30 – June 5, 2018 (7 days). As noted in the Room Accommodation section of the Report, Councillor Magliocca stayed 1 additional night following the FCM event to attend a Director's Debrief which we have been unable to confirm occurred.
 - On June 3, 2019, there was a Host City Gala Reception and Dinner from 6:00 - 11:30 pm, which would have required Councillor Magliocca to stay in Halifax the night of the June 3, 2019; and, schedule return to Calgary on June 4, 2019.
 - According to PAC007, the calculated maximum hosting expense is \$600. (May 30 – June 4, 2018)
 - The total hosting expenses claimed totalled \$ 1,118.78⁵⁰, a calculated excess of \$518.78.
 3. FCM Quebec City, QC: May 30 – June 2, 2019
 - Councillor Magliocca's travel dates were as follows: May 28 – June 4, 2019 (8 days). As noted in the room accommodation section of the Report, Councillor Magliocca arrived 1 day early and stayed 1 additional night following the FCM event.
 - The only hosting expense Councillor Magliocca claimed subsequent to the end of the FCM event, was on June 3, 2019. One of the reported attendees was [REDACTED] [REDACTED] advised us that he was not in attendance at this hosting event, as he departed the FCM event on June 2, 2019. This is discussed in further detail later in the Report.
 - On June 2, 2019, there was a Host City Reception and Closing Dinner from 6:00 - 11:30 pm, which would have required Councillor Magliocca to stay the night of the June 2, 2019; and, schedule return to Calgary on June 3, 2019.
 - In accordance with PAC007, we calculated the maximum hosting expense as \$600 (May 29 – June 3, 2019).
 - The total hosting expenses claimed totalled \$2,080.12⁵¹, a calculated excess of \$1,480.12.

⁴⁸ Net of \$35.20 alcohol expense that was reimbursed by Councillor Magliocca.

⁴⁹ Councillor Magliocca repaid \$364.70 pursuant to his voluntary reimbursements.

⁵⁰ Councillor Magliocca repaid \$1,043.32 pursuant to his voluntary reimbursements.

⁵¹ Councillor Magliocca repaid \$1,975.77 pursuant to his voluntary reimbursements.

- The amount submitted and approved for reimbursement with respect to hosting expenses, in excess of the maximum allowance pursuant to PAC007, totals \$2,233.68 and ineligible.
- In accordance with PAC007, Councillor Magliocca is entitled to claim a daily allowance of \$125.00 for personal meals, receipts required. Certain of the calculated ineligible amounts may qualify as personal meals. We were unable to perform this calculation as either the detailed vendor receipt was missing or the support did not identify the meal that Councillor Magliocca personally consumed.

Subsequent to Councillor Magliocca's review of the Draft, he advised us that based on his understanding, he was permitted to spend in-excess of the amount specified in PAC007, due to being the FCM Director as this had been the case in the past with previous directors under policy CCO08 - Council to Cover Expenses of Prospective FCM Directors.

Duplicate submission

- A hosting event held on November 20, 2018, at BierMarket Restaurant, Ottawa, ON, was submitted and approved on the following 2 separate occasions.
 1. Expense Report dated December 13, 2018
 - \$135.08⁵² (including tip) was submitted enclosing a Missing Receipt Form (as vendor detailed receipt missing) and the credit card receipt.
 - Attendees listed: J. Magliocca, MP. Webber, Kelly, Kmiec.
 - Description: FCM Ottawa.
 2. Expense Report dated January 21, 2019
 - \$117.46⁵³ (excluding tip) was submitted enclosing the vendor's detailed receipt.
 - Attendees listed: Len Webber, Pat Kelly.
 - Description: FCM Ottawa.
- The duplicate submission of the expense in the amount of \$117.46 is deemed ineligible.
- The failure to comply with the submission of expenses within the required 14-day return from travel; and, the lack of mandatory requirement for Councillors to use the CCC, provides opportunity for the intentional or unintentional duplicate submission of expenses paid with personal credit/debit cards to go undetected. Councillors advised that they prefer to use their own personal credit cards to pay for City business related expenses in order to earn rewards.

Excessive tip

- Councillor Magliocca submitted a hosting expense in the amount of \$170.72, for a meal that occurred on February 6, 2019, at Viva Scobba restaurant located in Quebec City, QC.
- Only the credit card payment receipt was submitted as support as the vendor detailed receipt was lost. A Missing Receipt Form was completed and reflected the following: *Hosting /Dinner- J. Magliocca, QC Councilor's & Administration (No Names Available)*⁵⁴.
- The credit card payment receipt reflected a \$50.00 gratuity provided on a bill amount of \$120.72. This represents a gratuity of 41% (including the taxes).
- The Policies do not provide any guidance with respect to the amount of gratuity to provide. The simple rule for restaurant tipping is 15 to 20 percent of the pre-tax total of your bill⁵⁵.

⁵² Councillor Magliocca repaid this expense pursuant to his voluntary reimbursements.

⁵³ Councillor Magliocca repaid \$45.44 pursuant to his voluntary reimbursements.

⁵⁴ This expense has been deemed ineligible due to lack of attendee names.

⁵⁵ <https://www.consumerreports.org/tipping/how-much-to-tip/>.

- Councillor Magliocca was unable to provide any additional information on the rationale for what appears to be an excessive gratuity, as he could not recall the transaction.

Credit cards Councillor Magliocca was unable to confirm account holder.

- Our approach in reviewing the hosting expenses included our request to Councillor Magliocca to provide supporting documentation to identify the holder of the credit/debit card used for the purchases.
- As of the date of this Report, we have been unable to identify the account holder for the following credit card transactions, which were submitted by Councillor Magliocca as FCM Hosting expenses – Halifax, NS:
 - June 2, 2018 – Independent, for the purchase of peanuts and chips. Credit card ending with [REDACTED] in the amount of \$35.13⁵⁶; and
 - June 2, 2018 - Antojos Tacos' Tequila restaurant, hosting with [REDACTED] (Google)⁵⁷. Master Card ending with [REDACTED] in the amount of \$165.98⁵⁸.
- Councillor Magliocca advised us that he contacted numerous banks of which he held credit cards; however, he could not confirm these credit numbers. Councillor Magliocca further advised that he has repaid these expenses and does not consent to our request to conduct a credit search in an attempt to identify.

Attendees

- In light of the content of the Complaints and the information contained in public news articles, our approach in reviewing the hosting expenses included contacting the 89 reported attendees to confirm their attendance and the business nature. A summary of our contact efforts is provided below.

Unable To Locate	Failed To Respond	Refused to Respond	Could Not Recall / Confirm	Confirmed In Attendance & Business Related	Confirmed Not In Attendance	Confirmed In Attendance & Social Related
9	25	2	17	23	11	2

Confirmed not in attendance

- Attendees on 11 separate occasions advised us that they were not in attendance for Councillor Magliocca’s reported hosting expenses. The details are as follows:

#	Date of Hosting Event	Amounts	Vendor Name	Location	Description	Hosting Attendee(s) Names	Attendee Response
1	5/30/2018	\$169.30	The Five Fisherman	Halifax	FCM Hosting (FCM guests)	[REDACTED] ⁵⁹	Confirmed not in attendance.
						[REDACTED] ⁵⁹	We were not provided with the contact information. Unable to locate.
2	6/4/2018	\$214.18	Baton Rouge	Halifax	FCM Hosting	[REDACTED]	Confirmed not in attendance.
						[REDACTED]	Confirmed not in attendance.
3	10/10/2018	\$152.00	HYS Steakhouse	Calgary	Off Site Mtg Ottawa Cllr FCM Board	[REDACTED]	Confirmed not in attendance.
4	3/12/2019	\$30.00	Penticton Lakeside Res	Penticton BC	Hosting Ottawa Cllr FCM Board	[REDACTED]	Confirmed not in attendance.

⁵⁶ Councillor Magliocca repaid this expense pursuant to his voluntary reimbursements.

⁵⁷ Councillor Magliocca was unable to provide the contact information for [REDACTED].

⁵⁸ The detailed vendor receipt was missing. Councillor Magliocca repaid this expense pursuant to his voluntary reimbursements.

⁵⁹ During our interview with Councillor Magliocca he could not recall who [REDACTED] or [REDACTED] are nor the purpose of the meeting. We identified that [REDACTED].

#	Date of Hosting Event	Amount	Vendor Name	Location	Description	Hosting Attendee(s) Names	Attendee Response
5	5/30/2019	\$183.50	Portofino Bistro	Quebec	FCM Hosting Quebec City May 28 - Jun 4, 2019	[REDACTED]	Confirmed not in attendance.
						[REDACTED]	Confirmed in attendance.
						[REDACTED]	Confirmed not in attendance.
6	6/1/2019	\$347.70	Fairmont Le Chateau	Quebec	FCM Hosting Quebec City May 28 - Jun 4, 2019	[REDACTED]	No reply.
						[REDACTED]	Confirmed in attendance. Advised that Councillor Magliocca's spouse and 5 other individuals also in attendance. The other individuals left and did not pay for their drinks. Councillor Magliocca got stuck with the bill.
						[REDACTED]	No reply.
						[REDACTED]	Confirmed not in attendance.
7	6/2/2019	\$110.38	Sapristi	Quebec	FCM Hosting Quebec City May 28 - Jun 4, 2019	[REDACTED]	Confirmed not in attendance.
8	6/3/2019	\$249.72	Le Beffroi Bar Fou	Quebec	FCM Hosting Quebec City May 28 - Jun 4, 2019	[REDACTED]	We were not provided with the contact information. Unable to locate.
						[REDACTED]	Confirmed not in attendance.
9	7/4/2019	\$94.38	Centimi Restaurant	Calgary	Off site Mtg	[REDACTED]	Confirmed not in attendance.

- During our interview with Councillor Magliocca's executive assistant, Mr. Gordon Ellis, he advised us of the following process with respect to the submission of hosting expenses on either the Expense Reports or CCC Statements:
 - Councillor Magliocca would return from a trip and provide the receipts to Mr. Ellis.
 - Mr. Ellis would sort the receipts and meet with Councillor Magliocca to review each one. Based on information provided by Councillor Magliocca, Mr. Ellis would write the hosting attendees names and organization on the back of the receipt⁶¹. Mr. Ellis stated that this information always came from Councillor Magliocca.
 - Once the receipts were processed with the applicable information, Mr. Ellis would forward them to the Office of the Councillors, who would then proceed with the system entries for the preparation of either the Expense Report or CCC Statement.
 - The completed Expense Report or CCC Statement was then delivered by the Office of the Councillors to Councillor Magliocca for his review and signature.
 - Subsequent to Councillor Magliocca's signature, the documents were returned to the Office of the Councillors for the CCCO's review and approval.

⁶⁰ Councillor Magliocca confirmed during his interview that he misrepresented this person being in attendance.

⁶¹ During our interview with Ms. Cindy Aldous, Administrative Officer - Office of the Councillors, she would transpose the information from the back of the receipts to the front of the page for scanning purposes.

- During our interview with Councillor Magliocca, he provided the following responses with respect to why he did not provide us with the contact information for certain hosting event attendees:

PwC – “On the repayment of expenses Joe, I know we had asked for confirmation of the attendees and you stated that it’s no longer a City of Calgary expense and you weren’t going to provide us the contact information for those attendees.”

Councillor Magliocca – “Well because you know what I felt super bad I misrepresented the people, you know being a politician and I didn’t want to bring anyone under the bus and it was my mistake and I wanted to pay it back and that was it. I made a mistake and I admitted it, I made a public apology and it’s about privacy protection, privacy clause.”

PwC– “So you’re saying some of them were misrepresented you said?”

Councillor Magliocca – “I may have put a wrong name on a receipt or two and I made a mistake and I was not going to drag these guys through, and I paid for it.”
- During our interview with Councillor Magliocca, he provided the following response with respect to which hosting names were misrepresented:

PwC – “Is it possible for you when you didn’t give us the contact information, is it possible for you to identify which ones would have been misrepresented?”

Councillor Magliocca – “I can’t, I have no idea, I can’t recall.”
- During our interview with Councillor Magliocca we reviewed various hosting expenses that were submitted during FCM events and he could not recall who several of the listed attendees were. With respect to the hosting event occurring on June 2, 2019, at the Fairmont Le Chateau in the amount of \$347.70, which the news articles stated ██████████ was not in attendance, we asked Councillor Magliocca as to whether this is the same information that he may have misrepresented of who was in attendance, which he responded: “Yes Sir”.
- Councillor Magliocca believed that FCM expenses fell within Policy CC008 - *Council to Cover Expenses of Prospective FCM (Federation of Canadian Municipalities) Directors* rather than his office budget.
- Subsequent to the interview, we requested Councillor Magliocca to confirm whether he advised anyone during either the preparation, submission or approval process that hosting attendee names reflected on the Claims was misrepresented. As of the date of this Report, we have not received a specific response to this question.
- Initially, Councillor Magliocca voluntarily reimbursed the City for all of the above noted expenses, except for the reported hosting events occurring on 10/10/2018, in the amount of \$152.00, with ██████████ and 7/4/2019, in the amount of \$94.38, with ██████████. Subsequent to his review of the Draft, Councillor Magliocca advised us that he has repaid the City \$246.38 with respect to these hosting expenses.
- Policies PAC006 and PAC007 require the disclosure of the name(s) of the hosting attendees. The certification/attestation provided on the Expense Report⁶² or CCC Statement also requires disclosure of the name(s) of the party hosted. The incorrect reporting of the name(s) of the attendees is not in compliance with the aforementioned policies.
- The Code of Conduct For Elected Officials Bylaw states that a Member must respect and comply with all obligations imposed on the Member by the City’s policies and procedures⁶³. The failure to comply with PAC006 and PAC007 results in a contravention of the Code of Conduct For Elected Officials Bylaw.

Subsequent to Councillor Magliocca’s review of the Draft, he advised that it is his position that he did not misrepresent the names of the attendees.

⁶² The Expense Report Completion Instructions requires guest name(s) and company of those hosted and indicate purpose of meeting. The Expense Report certification attests that all items included herein are correctly stated.

⁶³ Paragraph 18 - Code of Conduct For Elected Officials Bylaw.

Confirmed in attendance and social related

- The following attendees advised us that they were in attendance at Councillor Magliocca’s hosting event; however, the purpose of the meeting was purely social.

#	Date	Amount	Vendor Name	Location	Event	Hosting Attendee(s) Stated on Expense Report	Attendee Response
1	5/29/2019	\$69.99	Societe Cigare	Quebec	Hosting - FCM Quebec May 29 - June 3, 2019	██████████ ██████████	We were not provided with the contact information. Unable to locate. ██████████ confirmed his attendance. Advised that meeting was not business related.
2	7/19/2019	\$170.88	Francas Italian Spec	Calgary	Off Site Mtg	Sal Delveccio (sp)	Mr. LoVecchio confirmed that he was in attendance. He advised us that this was a social meeting and was expensed without his knowledge.

- The details with respect to Councillor Magliocca’s lunch with the Commissioner on July 19, 2019, was reflected on the CCC Statement as follows:
 - Page 3 of the Statement Report – Transaction: “Off Site Mtg w/ Sal?”
 - Handwriting notation on receipt page – “Luncheon meeting Joe & Sal? Delveccio”
- Councillor Magliocca stated the lunch with the Commissioner was business related, as the Commissioner contacted him to meet for lunch to discuss a fellow Councillor.
- The detailed receipt from Councillor Magliocca’s meeting with Commissioner noted alcohol consumption. Pursuant to PAC008, alcohol is allowable in the event that the meeting involves third parties (i.e. non-City). The approval of the expense was granted by the Manager of the CCCO. The Manager of the CCCO advised us that she was not aware that the notation of Sal Delveccio was in fact the Commissioner (Sal LoVecchio).
- The above noted hosting expenses have been deemed ineligible. Councillor Magliocca has voluntarily reimbursed the City for both of these expenses.

Spouse attendance

- Councillor Magliocca advised that it is common for spouses to attend FCM events, at their own expense, and his spouse was in attendance at the events held in Quebec City and Halifax.
- Councillor Magliocca further advised that it is the practice to get separate receipts for spouses when expensing personal or group meals/hosting. He further advised that due to the fact that some specific names could not be recalled, any and all of these receipts were reimbursed so that there can be no doubt as to his honesty and integrity. To the best of Councillor Magliocca’s recollection, he does not believe that his spouse was in attendance for most of these hosting events and would not have incurred costs in relation to his spouse’s attendance.

Miscellaneous

- Councillor Magliocca’s following expenses, appear to be eligible for reimbursement pursuant to PAC006 - *Councillors Expenses/Allowances Policy*:
 - Tickets to official functions - \$183.55 (Ticket to the Canadian Italian Business Professional Association and 2 tickets to Sien Lok Society);
 - Promotion items - \$6,821.61 (Hockey puck for kids’ cancer at the Calgary Flames games, promotional tote bags, greeting cards, graphic design services and sign rentals); and
 - Office supplies and equipment - \$356.23 (Airpods, iPhone Case and Storage Plan).

Voluntary reimbursements

- Councillor Magliocca’s initial voluntary reimbursements issued to the City totalled of \$4,477.38 with respect to expenses he previously submitted, were approved by the CCCO, and reimbursed/paid by the City. The details are as follows:

#	Date	Expense Category Reimbursement		Total
		Personal Meals	Hosting	
1	January 30, 2020	\$72.21	\$825.40 ⁶⁴	\$897.61
2	February 2, 2020	\$0.00	\$1,205.31	\$1,205.31
3	February 13, 2020	\$89.10	\$1,716.72	\$1,805.82
4	May 12, 2020	\$0.00	\$19.70	\$19.70
5	May 26, 2020	\$35.34	\$35.13	\$70.47
6	June 1, 2020	\$0.00	\$478.47	\$478.47
Total		\$196.65	\$4,280.73	\$4,477.38

- Councillor Magliocca advised us that he commenced issuing reimbursements to the City subsequent to the release of the news articles in January 2020. In response to why he decided to reimburse the expenses, Councillor Magliocca advised us of the following:

“Because I knew it was wrong and from day one it’s wrong to do that to the constituents or citizens. And my policy’s always been to pay for the alcohol ourselves and if I couldn’t match up the invoices, shame on me. It was all voluntary.”
- In response to clarifying in what sense it was wrong, Councillor Magliocca provided the following clarification:

“I just couldn’t remember exactly who I was with right at the time and I couldn’t and did not remember, and I paid for it out of my own pocket because I didn’t want to put the burden on the citizens.”

“It was wrong of me expensing alcohol to the City of Calgary citizens. And we made and sat down, my staff and I sat down, and as we said as we go forward from now on no more expenses of alcohol were going to be expensed through this office, we went back and we paid up everything that we can, we went back all the way to 2017 and paid everything with alcohol in it. And that’s what we will be doing going forward and I encourage all my other Councillors to do the same thing to, which hopefully it will bring a motion to do that.”
- In response to why the expenses were submitted in the first place, Councillor Magliocca advised that he relied on his Executive Assistant to take out the alcohol related costs prior to his signature and execution. Councillor Magliocca stated he would skim through the Claims prior to signing them.

⁶⁴ This amount includes \$57.11 which there was no details as to what was being repaid. The description was “Expense Distribution”.

Subsequent to Councillor Magliocca’s review of the Draft, he advised us that he remitted to the City an additional voluntary reimbursement, in the amount of \$1,743.28, with respect to the following ineligible expenses:

Councillor Magliocca’s Voluntary Reimbursements Following his Review of the Draft		
Transaction Date	Description	Amount
05/31/2018	FCM event, Halifax, NS: May 31 – June 3, 2018 - Delta hotel room upgrade	\$281.52
06/05/2018	FCM Director Debrief, Halifax, NS: June 3-5, 2018 – Hotel change	\$633.08
10/10/2018	Off Site Mtg Ottawa Cllr FCM Board [REDACTED]	\$152.00
05/28/2019	FCM event, Quebec City, QC: May 30 – June 2, 2019 - Additional stay	\$582.30
07/04/2019	Off site Mtg with [REDACTED]	\$94.38
Total		\$1,743.28

After consideration of these voluntary reimbursements, the net amount of Councillor Magliocca’s expenses paid by the City, during the review Period, totals \$30,466.44 and is calculated as follows:

Amounts Claimed	Expense Allowance Categories							Total
	Air Fares	Taxi Fares	Car Rental	Room Accommodation	Personal Meals	Hosting	Misc.	
Net Claims	\$9,538.73	\$1,553.76	\$388.05	\$8,024.24	\$936.79	\$8,884.14	\$7,361.39	\$36,687.10
Voluntary Reimbursement	\$0.00	\$0.00	\$0.00	\$0.00	\$196.65	\$4,280.73 ⁶⁴	\$0.00	\$4,477.38
Additional Voluntary Reimbursement ⁶⁵	\$0.00	\$0.00	\$0.00	\$1,496.90	\$0.00	\$246.38	\$0.00	\$1,743.28
Total	\$9,538.73	\$1,553.76	\$388.05	\$6,527.34	\$740.14	\$4,357.03	\$7,361.39	\$30,466.44

⁶⁵ Councillor Magliocca’s voluntary reimbursement made following his review of the Draft.

Recommendations

We set out below, under the applicable headings, are our recommendations for the City’s consideration.

1. Recoveries

Based on our assessment of the Claims as against the Policies and consideration of all voluntary reimbursements made by Councillor Magliocca, there is no current calculated amount owing with respect to deemed ineligible expenses. There is a calculated overpayment in the amount of \$563.66; however, this amount does not include the PFC’s determination of the amount of air fare upgrades and eligibility of certain hosting expenses to be reimbursed, if any.

Subsequent to Councillor Magliocca’s review of the Draft, he advised us that he requested from the City the average airfare expenses of other City Councillors and Officials, who attended the various FCM Events, in order to voluntarily reimburse the City for any difference between his airfare and the average airfare of other officials.

The City needs to attend to the calculation of the air fare upgrade reimbursement and eligibility of certain hosting expenses to assess the amount to be recovered, if any, from Councillor Magliocca. Our calculated details are as follows:

Details		Amount Deemed Ineligible \$
Air Fares		
i	The PFC ⁶⁶ should conduct an assessment of Councillor Magliocca’s premium/business class air fare charges and determine the cost of the upgrades; and, seek reimbursement, if applicable.	TBD
Room Accommodation		
i	FCM event, Halifax, NS: May 31 – June 3, 2018 Councillor Magliocca upgraded his room to a suite at the Delta hotel. The room upgrade was \$60 extra per night, totalling \$281.52 (including taxes and fees), which the City should attempt recovery.	281.52 ⁶⁷
ii	FCM Director Debrief, Halifax, NS: June 3-5, 2018 FCM Halifax hosted a City Gala Reception and Dinner from 6:00 – 11:30 pm on June 3, 2018. This required Councillor Magliocca to stay in Halifax the night of June 3, 2018. Councillor Magliocca extended his stay 1 additional night (June 4, 2018) in Halifax, NS, to attend a FCM Director Debrief. On June 3, 2018, Councillor Magliocca checked out of the Delta Hotel (\$194/night + taxes) and into the Marriott (\$389 & \$319/night + taxes). The FCM’s 2018 Director/1 st Vice President advised us that there was no FCM Director Debrief held following the FCM Annual Conference and Trade Show held in Halifax, NS. Councillor Magliocca thought he may have had a meeting with [REDACTED] on June 4, 2018; however, [REDACTED] advised us that he was not in attendance. The increased cost incurred in staying at the Marriott on June 3, 2018, does not appear to be reasonable. In addition, we did not identify the additional travel costs related to City business or municipal government, which is the responsibility of the Councillor to clearly establish this relationship. As such, the increased cost and the additional night of travel totalling \$633.08 ⁶⁸ which was expensed by Councillor Magliocca as lodging is deemed ineligible.	633.08 ⁶⁹

⁶⁶ In accordance with PAC007, the PFC has the authority to consider appeals of CCCO decisions. As such, the PFC’s assistance is required.

⁶⁷ Councillor Magliocca repaid this amount pursuant to his voluntary reimbursements.

⁶⁸ Total lodging cost \$860.64 at the Marriott less \$227.56 (\$194 + taxes) for stay at the Delta on June 3, 2018.

⁶⁹ Councillor Magliocca repaid this amount pursuant to his voluntary reimbursements.

Details		Amount Deemed Ineligible \$
iii	FCM event, Quebec City, QC: May 30 – June 2, 2019 Based on the information that we were provided; we did not identify a City business related requirement to substantiate the additional travel costs outside of the date parameters of this FCM event, which is the responsibility of the Councillor to clearly establish this relationship. The City should attempt recovery from Councillor Magliocca the cost of 2 nights room accommodation.	582.30 ⁷⁰
Personal Meals		
i	November 21, 2018 Councillor Magliocca claimed a total amount of \$132.00 for meals. This is \$7.00 in excess of the maximum daily allowance and ineligible.	7.00 ⁷¹
ii	May 31, 2018 Councillor Magliocca's personal decision to purchase a meal at Waterfront Warehouse when food is being provided by the FCM conference, does not appear to be reasonable and should be a personal cost.	46.35
iii	June 1, 2018 Councillor Magliocca's personal decision to purchase a meal at Sackville Street when food is being provided by the FCM conference, does not appear to be reasonable and should be a personal cost.	14.95
iv	June 2, 2018 Councillor Magliocca's personal decision to purchase a meal at McDonald's when food is being provided by the FCM conference, does not appear to be reasonable and should be a personal cost.	6.89
v	June 3, 2018 Councillor Magliocca's personal decision to purchase meals at Bluenose II restaurant (\$23.40) and Baton Rouge (\$58.65) when food is being provided by the FCM conference, does not appear to be reasonable and should be a personal cost.	82.05
vi	January 21, 2019 Councillor Magliocca submitted a meal for reimbursement from Baton Rouge that was purchased in downtown Montreal. Councillor Magliocca advised us that it was expensed by error as he has never been downtown Montreal. As such, the meal is deemed ineligible.	35.34 ⁷²
vii	March 14, 2019 Councillor Magliocca's personal decision to purchase meals at Barking Parrot Bar when food is being provided by the FCM conference, does not appear to be reasonable and should be a personal cost	66.15
Hosting		
i	No Attendee Names Policies PAC006 and PAC007 and the attestation/certification provided on the Expense Report or CCC Statement requires the name(s) of the party hosted. 16 hosting events did not reflect the attendee names and deemed ineligible.	1,478.34 ⁷³
ii	Duplicate Submission A hosting event held on November 20, 2018, at BierMarket Restaurant, Ottawa, ON, was submitted and approved on 2 separate occasions. \$117.46 (excluding tip) was the 2 nd expense submitted and deemed ineligible.	117.46 ⁷⁴

⁷⁰ Councillor Magliocca repaid this amount pursuant to his voluntary reimbursements.

⁷¹ Councillor Magliocca repaid \$89.10 pursuant to his voluntary reimbursements.

⁷² Councillor Magliocca repaid this amount pursuant to his voluntary reimbursements.

⁷³ Councillor Magliocca repaid \$402.98 pursuant to his voluntary reimbursements.

⁷⁴ Councillor Magliocca repaid a total of \$180.52 pursuant to his voluntary reimbursements. This represents the cost of the 1st expense submission of \$135.08 and \$45.44 with respect to alcohol on the 2nd submission.

Details		Amount Deemed Ineligible \$
iii	Attendees Not In Attendance 1) There were 6 hosting events where all attendees confirmed they were not in attendance totaling \$770.24 ⁷⁵ . 2) The PFC should contact the reported attendees who have not responded to our request or whom we were unable to locate to ascertain whether they were in attendance in order to determine eligibility of the expense.	770.24 ⁷⁶ TBD
iv	Attendees In Attendance and Social 2 attendees advised us that they were in attendance at Councillor Magliocca's hosting event; however, the purpose of the meeting was purely social. The total ineligible costs is \$240.87	240.87 ⁷⁷
v	Excess of Hosting Event Maximum Allowance d) FCM Laval, QC – \$0.00 ⁷⁸ e) FCM Halifax, NS - \$86.66 ⁷⁹ f) FCM Quebec - \$1,207.80 ⁸⁰	1,294.46 ⁸¹
Sub-Total		5,657.00
Less: Councillor Magliocca's Voluntary Reimbursements		(4,477.38)
Councillor Magliocca's Voluntary Reimbursement following his Review of the Draft		(1,743.28)
Total (excluding air fare and hosting expense determination amount by the PFC)		(563.66)

2. Consideration of Further Investigation

- a) In light of the findings from the Investigation, specifically in relation to the incorrect reporting of certain hosting attendee(s) and the submission of expenses for the purported FCM Director Debrief (June 3-5, 2018), Council should discuss the matter with the City Solicitor to determine whether these matters warrant reporting to the Calgary Police Department for further investigation.

3. Policy review & revisions

The City should conduct a review of the Policies and make the appropriate changes deemed necessary in response to the following.

- a) PAC006, PAC007, PAC008 and CCO08
- i. Consolidation of Policies
 - o Certain interviewees have advised that having numerous policies leads to confusion and misinterpretation. The City should assess the policies and consolidate them where practical to do so.

⁷⁵ The 6 hosting events are number 1, 2, 3, 4, 7 and 9, as reflected in the table contained in the Hosting section of this Report.

⁷⁶ Councillor Magliocca repaid \$752.37 pursuant to his voluntary reimbursements.

⁷⁷ Councillor Magliocca repaid \$230.30 pursuant to his voluntary reimbursements.

⁷⁸ Prior to the determination of ineligible expenses due to lack of disclosure of attendee names, the total hosting expenses submitted in excess of the maximum allowance was \$234.78. Once these ineligible amounts are taken into consideration, to prevent double counting, the calculated excess amount is no longer applicable for recovery purposes.

⁷⁹ Prior to the determination of ineligible expenses due to lack of disclosure of attendee names, the total hosting expenses submitted in excess of the maximum allowance was \$518.78. Once these ineligible amounts are taken into consideration, to prevent double counting, the calculated excess amount for recovery is \$86.66.

⁸⁰ Prior to the determination of ineligible expenses due to lack of disclosure of attendee names, attendees not in attendance and attendees in attendance but the event was social, the total hosting expenses submitted in excess of the maximum allowance was \$1,480.12. Once these ineligible amounts are taken into consideration, to prevent double counting, the calculated excess amount for recovery is \$1,207.80.

⁸¹ Councillor Magliocca repaid \$2,346.91 pursuant to his voluntary reimbursements.

b) PAC006

i. Taxi expense

- Automobile Policy paragraph b) refers to the usage of taxi cabs for transportation on Ward and City business (to be claimed under Expense Account Policy, No. 2 below). There is no such numbered section reflected in the policy nor is there any clarification/guidance with respect to the use of taxis, particularly when Councillors are provided with a vehicle allowance. The content of this policy should be reviewed and revised accordingly.

ii. Hosting

- PAC007 requires Councillors to provide an explanation of the nature of business for hosting events. PAC-006 does not have this requirement. The City needs to ensure that the content of the policies are similar and PAC006 should be revised to include this requirement.

c) PAC006 & PAC007

i. Hosting

- The policies lack a definition as to what qualifies as hosting. For example, having drinks at a bar versus having a sit down meal. The City should provide clarity on what qualifies as hosting as it is left for personal interpretation.
- Councillors are required to provide the names of the attendees; however, there is no requirement in the policies to disclose the organization/company. The City should consider amending the policies to include this requirement as it will assist in the full disclosure of attendees and assist in identifying the nature of business.

ii. Gratuity

- The policy does not provide any guidance with respect to the amount of gratuity to provide for personal meals or hosting. The City should consider providing guidance with respect to the rule to follow (i.e. 15 or 20 percent of the pre-tax total).

d) PAC007

i. Section formatting

- Page 6 of the Policy contains sections i) Personal Expense Report and ii) Refunds. The sequential numbering of these sections is not consistent with the rest of the policy. The numbering formatting should be reviewed and revised accordingly.

ii. Personal Meals

- The policy currently allows for Councillors to claim a maximum of \$125.00 per day for personal meals. This entitles a Councillor to claim up to \$125.00 for dinner, in the event that a conference/event provides both breakfast and lunch. This appears to be an excessive amount, particularly when alcohol cannot be claimed on personal meals.
- Switching the personal meal allowance to a per diem rate will mitigate possible abuse of this allowance (i.e. intentional claiming missing receipts to conceal alcohol purchases). The City should consider implementing a per diem rate meal allowance. A meal allowance should not be paid to a traveller with respect to a meal that is provided, and, as such, receipts should still be required to be submitted to evidence the out of pocket cost.

iii. Car Rentals

- The policy does not specify the size (i.e. compact, mid-size, full-size) of the car allowed for rental purposes. The City should consider providing clarification with respect to the standard size for rental vehicles.

-
- e) PAC007 and PAC008
 - i. Eligibility of Alcohol
 - o The City should consider providing guidance with respect to the criteria of reasonable alcohol consumption, both in terms of consumption and price.
 - ii. Breaches of Policy
 - o Both of these policies refer to the *Ethical Conduct Policy (CC042)* in relation to alleged breaches of these alcohol expense policies. The City should amend the policies to replace reference to CC042 to the *Code of Conduct for Elected Officials Bylaw (Bylaw Number 26M2018)*.
 - f) CC008
 - i. Reasonableness
 - o The Policy states that Council is prepared to meet all reasonable costs of attendance at meetings of the FCM National Board of Directors. There is no definition of “Reasonable Costs” nor does it make reference to in accordance with other travel related policies, specifically PAC007.

The City should amend Policy CC008 to reference in accordance with the other applicable policies.

4. Enforcement of policies

- a) The City needs to ensure that CCCO members authorized to initiate the acquisition of goods or services strictly enforce compliance with the expense/allowances policies during the Claims approval process. Refusing to approve non-compliant expenses will mitigate the potential for misuse of taxpayers’ dollars. Furthermore, repeated non-compliant Councillors should be reported to the Commissioner.

5. Travel service provider

- a) We understand that the City has an administrative policy whereby staff have to use the City’s full-service travel provider; however, it does not apply to elected officials. The City should consider amending this administrative policy to include Councillors, which will mitigate non-compliance with travel allowances.

6. Corporate Credit Card (the “CCC”)

- a) The CCC administrative policy requires that the CCC be used strictly for conducting official business on behalf of the City. The policy does not require the CCC to be used as a mandatory method of payment for allowable purchases. The City should consider requiring it mandatory for all Councillors to use the CCC for all business-related expenses. This will mitigate the opportunity for submission of duplicate expenses, ensure timely reconciliation of travel expenses, and assist in tracking Councillor spending.
- b) The City should enforce its administrative policy that the CCC must not be used for personal charges under any circumstances; and, provide the CCCO with authorization to suspend/cancel credit cards in the event of abuse, including when annual ward based budgets are exceeded.

7. Code of Conduct Bylaw

- a) Orientation and Training Attendance - The City should keep attendance of Councillors’ attendance at the required mandatory sessions. Councillors failing to comply in attending the mandatory sessions should be reported to the Commissioner.

8. Annual declaration

- a) The Code of Conduct for Elected Officials Bylaw establishes rules that Councillors must follow in the discharge of their office. Requiring an annual declaration instils both the importance and reminder of expected behaviours. The City should require Councillors to execute an annual declaration that they have read, understood and complied with the Code of Conduct Bylaw.

9. Duty to report

- a) Paragraph 64 of the Code of Conduct for Elected Officials Bylaw does not obligate Councillors to report misconduct, as it states the following:

*“Any person (“the reporter”) who has witnessed conduct by a Member or a Member’s staff which they believe to be in contravention of this Bylaw or a City policy governing Member conduct **may** (emphasis added) make a report in writing setting out all pertinent information in the reporter’s knowledge and request that the Integrity Commissioner investigate the conduct”.*

Elected officials are accountable to the City and ultimately to Calgarians. In order to improve Council’s integrity and strengthen accountability, elected officials and their staff should be obligated to report misconduct, including self-reporting, through the proper channels. Sanctions should be imposed against those that fail to comply.

10. Communicate role of Ethics Advisor

- a) Council is fortunate that it has an Ethics Advisor at its disposal to seek guidance and clarification on matters pertaining to personal conduct, ethical conduct, and interpretation on bylaws and policies. The City should communicate the role of the Ethics Advisor to its Councillors and encourage them to be proactive in seeking guidance and clarification as required.

11. Sanctions

- a) Policies PAC006 and PAC007 require disclosure of the name(s) of the party hosted. The certification/attestation provided on the Expense Report or CCC Statement further requires a list of the attendees.

With respect to Councillor Magliocca’s expenses in the amount of \$2,248.58, we note that they either: (1) fail to provide the name(s) of the hosting event attendees; or, (2) the name(s) of the hosting event attendees were incorrect. As per PAC006 and PAC007, the disclosure of the name(s) of the party hosted are requirements. As such, these expenses are not in compliance with the aforementioned policies.

Bylaw Number 26M2018 – Being a Bylaw of the City of Calgary to Establish a Code of Conduct For Elected Officials, states that a Member must respect and comply with all obligations imposed on the Member by the City’s policies and procedures. The failure to comply with PAC006 and PAC007 results in a contravention of the Code of Conduct For Elected Officials.

Council should consider discussing the findings in this Report with the City Solicitor and/or legal counsel to determine what sanctions, if any, needs to be taken.

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Appendix A – Restrictions and Qualifications

General

1. This Report is not intended for general circulation or publication, nor is it to be reproduced or used for any purpose other than as stated in this Report without PwC's prior written consent in each instance. PwC does not assume any responsibility or liability for losses occasioned to readers of this Report or other parties as a result of the circulation, publication, reproduction, or use of this Report or its contents contrary to the provisions of this paragraph.
2. This Report is based on PwC's review of the documents and information available as at the date of the Report. PwC's investigation does not constitute an audit, as defined by Canadian Auditing Standards, and PwC does not provide an audit or review opinion. PwC has not attempted to audit or otherwise verify the information presented to PwC beyond the expressed scope stated in this Report.
3. In the event that further documents or information become available that could impact PwC's findings, PwC reserves the right, but are under no obligation, to review such records and reconsider and amend the findings set out in this Report.
4. PwC has set out in this Report the relevant background information, PwC's investigative procedures undertaken and PwC's findings thereon. The primary sources of information considered and relied upon are referred to in the body of this Report. Should further information come to PwC's attention, the results and conclusions expressed herein could change.
5. PwC's Report, including appendices, must be considered in its entirety by the reader. Selecting and relying on specific portions of the analysis, or factors considered by PwC, in isolation may be misleading.
6. PwC makes no representation regarding questions of legal interpretation.

Specific

1. PwC has not conducted any assessment with respect to value for money.

Appendix B – Documentation Reviewed

1. 13 Complaints filed with the Integrity Commissioner via Clearview Connects (4) and Emails (9).
2. Councillor Joe Magliocca's 8 expense reports:
 - a) Expense report signed on December 21, 2017;
 - b) Expense report signed on March 26, 2018;
 - c) Expense report signed on July 17, 2018;
 - d) Expense report signed on December 13, 2018;
 - e) Expense report signed on January 21, 2019;
 - f) Expense report signed on February 28, 2019;
 - g) Expense report signed on July 9, 2019; and
 - h) Expense report signed on December 6, 2019.
3. Councillor Joe Magliocca's 24 monthly CCC statements:
 - a) CCC statement November 2017;
 - b) CCC statement December 2017;
 - c) CCC statement January 2018;
 - d) CCC statement February 2018;
 - e) CCC statement March 2018;
 - f) CCC statement April 2018;
 - g) CCC statement May 2018;
 - h) CCC statement June 2018;
 - i) CCC statement July 2018;
 - j) CCC statement August 2018;
 - k) CCC statement September 2018;
 - l) CCC statement October 2018;
 - m) CCC statement November 2018;
 - n) CCC statement December 2018;
 - o) CCC statement January 2019;
 - p) CCC statement February 2019;
 - q) CCC statement March 2019;
 - r) CCC statement April 2019;
 - s) CCC statement May 2019;
 - t) CCC statement June 2019;
 - u) CCC statement July 2019;
 - v) CCC statement October 2019;
 - w) CCC statement November 2019; and
 - x) CCC statement December 2019.
4. Councillor Joe Magliocca's petty cash reimbursements:
 - a) Petty cash receipt signed on November 29, 2017;
 - b) Petty cash receipt signed on May 13, 2018;
 - c) Petty cash receipt signed on March 16, 2019; and
 - d) Petty cash receipt signed on June 25, 2019.
5. General Ledger reports - Council Expenses Ward 2 from October 2017 to February 2020.
6. Code of Conduct for Elected Officials Bylaw (In effect on May 26, 2018 and supersede CCo42 – Ethical Conduct Policy for Members of Council).
7. City of Calgary Code of Conduct.
8. CCo08 – Council to Cover Expenses – FCM policy (Last modified on September 5, 2014).
9. CCo26 – Whistle Blower Policy (Last modified on December 19, 2016).
10. CCo27 – Posting Councillor Ward Budgets and Expenses Policy (Last modified on October 21, 2013).
11. CCo34 – Council Orientation Policy (Last modified on October 21, 2013).
12. CCo42 – Ethical Conduct Policy for Members of Council (In effect from July 1, 2013 to May 25, 2018).
13. PAC003 – Councillor Attendance at Quebec Carnival and Grey Cup Policy.
14. PAC006 – Councillors Expenses Allowances Policy (Last modified on October 21, 2013).

15. PAC 007 – Councillors Expenses out of Town Policy (Last modified on February 9, 2015).
16. PAC009 – Office of the Councillors Expenditure Authorization Policy (Last modified on February 9, 2015).
17. PAC014 – Budgeting and Accounting - Office of the Councillors Policy (Last modified on October 21, 2013).
18. Calgary City Councillors and Ward Map.
19. City of Calgary Organizational Chart 2020.
20. Councillor Orientation – Office of the Councillors - Full Presentation – October 24, 2017.
21. Council Orientation Detailed Event 2017.
22. Council Orientation Calendar 2017.
23. Corporate Credit Card – Office of the Councillors - Adjustment to Credit Limit.
24. City of Calgary - Corporate Credit Card Waiver.
25. 2019 Travel Report (IGA & OC Budget).
26. 6 payments with details of the expenses reimbursed to the City of Calgary by Councillor Joe Magliocca:
 - a) Dating January 31, 2020 for \$897.61;
 - b) Dating February 2, 2020 for \$1,205.31;
 - c) Dating February 13, 2020 for \$1805.82;
 - d) Dating May 12, 2020 for \$19.70;
 - e) Dating May 26, 2020 for \$70.47; and
 - f) Dating June 1, 2020 for \$478.47.
27. Councillor Joe Magliocca's personal credit/debit card statement identifying only expenses submitted for reimbursement from the City of Calgary.
28. Online Quarterly Expense Reports for Ward 2 – (2017, 2018, 2019).
29. Agendas for the following FCM events:
 - a) FCM in Ottawa, ON from Nov 20 – 24, 2017;
 - b) FCM in Laval, QC from Mar 5 – 9, 2018;
 - c) FCM in Halifax, NS from May 31 to Jun 3, 2018;
 - d) FCM in Ottawa, ON from Nov 19 – 23, 2018;
 - e) FCM in Penticton, ON from Mar 12 – 15, 2019;
 - f) FCM in Quebec, QC from May 30 to Jun 2, 2019; and
 - g) FCM in Waterloo, ON from Sep 10 – 13, 2019.

Appendix C – Statements and the CCCO Manager’s email of February 28, 2019



APPENDIX

Annual Statement of Commitment to the Ethical Conduct Policy for Members of Council

I, (Full Name) Joe MAGLIUCCA declare that as an elected Member of *Calgary City Council* acknowledge and support The Ethical Conduct Policy for Members of Council.

Signed: 

Declare this 27 day of Feb, 2019 yr

Before me:

Manager, Office of the Councillor



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APPENDIX

**Annual Statement of Commitment to the Ethical Conduct Policy for
Members of Council**

I, (Full Name) Joe MASLIONEN declare that as an
elected Member of *Calgary City Council* acknowledge and support The Ethical
Conduct Policy for Members of Council.

Signed: _____

Declare this 11 day of Feb, 2015 yr

Before me: _____

Manager, Office of the Councillor



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COUNCIL POLICY



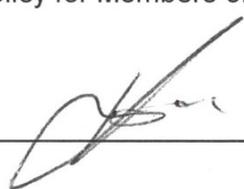
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APPENDIX

Annual Statement of Commitment to the Ethical Conduct Policy for Members of Council

I, (Full Name) JOE MAGLIOLCA declare that as an elected Member of **Calgary City Council** acknowledge and support The Ethical Conduct Policy for Members of Council.

Signed:  _____

Declare this 21 day of June, 2016 yr

Before me:  _____

Manager, Office of the Councillor

Orr, Patty

From: Orr, Patty
Sent: Tuesday, February 28, 2017 12:59 PM
To: Magliocca, Joe
Cc: Ellis, Gordon E.
Subject: Follow-up: Ethical Conduct Policy for Members of Council

Hi Joe,

I wanted to send a quick summary of our discussion last week during the CCCO meeting and ask you confirm the following is correct:

1. You acknowledge receipt of a copy of the *Ethical Conduct Policy for Members of Council* (the "Policy") sent to you as part of an email to Councillors on February 13, 2017;
2. You do not wish to sign off on the acknowledgement and agreement of the current Policy; and
3. Your preference is to wait for the updated/amended version the Policy currently under review by the Ethics Advisor, which is anticipated to be reviewed (and approved) by Council later in 2017.

Please send back an email confirming the above, making any additions or modifications to the above, so I can include your comments in my file.

Thanks...Patty

Patty Orr, MBA, B.Sc., B.A.
Manager, Office of the Councillors
T 403.268.2165 | Mail code: #8001A