

**Chatham-Kent 2006 Municipal Election
Municipal Election Finances Compliance Audit**

Confidential

**CANDIDATE MARY KWONG LEE
COMPLIANCE AUDIT REPORT
TO THE CORPORATION OF THE
MUNICIPALITY OF CHATHAM-KENT**

**BERNARD NAYMAN,
Chartered Accountant and Licensed Public Accountant**

October 23, 2007

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INTRODUCTION

On November 13, 2006 there was a Municipal Election in Chatham-Kent where Mary Kwong Lee ran as a Mayoral candidate. Candidate Mary Kwong Lee announced to the media (Chatham Daily News) on October 31, 2006 that she would withdraw as a Mayoral candidate due to medical issues. The date that a candidate could officially withdraw from the election would have been October 2, 2006. On October 31, 2006, candidate Mary Kwong Lee was quoted in the Chatham Daily News as supporting the Randy Hope Campaign. Candidate Mary Kwong Lee's name was still on the ballot during the election and did receive a few votes despite announcing her withdrawal as a candidate.

Presented in Table 1 are the Mayoral election results. The information from Table 1 shows that candidate Mary Kwong Lee received 268 votes in the Mayoral Election in 2006.

Table 1: Mayoral Election Results

| | Jim Desat | Richard Erickson | Diane Gagner | Donald "Chip" Gordon | Randy Hope | Mary Kwong Lee | Walter Spence |
|---------|----------------------|-----------------------------|-------------------------|-------------------------------------|-----------------------|-------------------------------|--------------------------|
| Ward 1 | 20 | 188 | 972 | 314 | 789 | 20 | 326 |
| Ward 2 | 37 | 193 | 1240 | 575 | 1750 | 39 | 1729 |
| Ward 3 | 13 | 97 | 379 | 447 | 1002 | 15 | 2210 |
| Ward 4 | 30 | 148 | 813 | 1304 | 1448 | 19 | 856 |
| Ward 5 | 63 | 117 | 420 | 1936 | 814 | 16 | 228 |
| Ward 6 | 88 | 490 | 4102 | 1326 | 5019 | 99 | 1395 |
| Advance | 14 | 156 | 1184 | 718 | 792 | 60 | 960 |
| | 265 | 1389 | 9110 | 6620 | 11614 | 268 | 7704 |

On June 29th, 2007, Chatham-Kent Municipal Clerk, Elinor Mifflin officially received an application for a municipal election finances compliance audit of the candidate Mary Kwong Lee campaign. The applicant for the compliance audit is Charles Austin Wright. The application was made exactly 89 days after the filing date of March 31, 2007 and is therefore in compliance as per section 81(2) of the Municipal Elections Act, S.O, 1996 ("the Act").

The application for the compliance audit was approved by Council on July 9th, 2007. The compliance audit work was tendered for bid by the Corporation of the Municipality of Chatham-

Kent. Bernard G. Nayman, Chartered Accountant and Licensed Public Accountant was awarded the contract for the respective compliance audit work.

Pursuant to an engagement letter dated August 14, 2007, the Corporation of the Municipality of Chatham-Kent engaged Bernard G. Nayman, Chartered Accountant to conduct a Compliance Audit of Mayoral candidate Mary Kwong Lee's 2006 election campaign finances.

The duty of an auditor conducting a Compliance Audit is defined in Section 81(6) of the Municipal Election Act, S.O, 1996 as follows:

“An Auditor appointed under subsection (4) shall promptly conduct an audit of the candidate's election campaign finances to determine whether he or she has complied with the provisions of this Act relating to election campaign finances and prepare a report outlining any apparent contravention by the candidate”.

During my engagement, I attended in the Municipality of Chatham-Kent for several days and gathered pertinent documentation, spoke to various persons and interviewed and obtained statements from specific people I considered to have relevant information that would assist me in the conduct of the Compliance Audit. I believe that the report presented here has addressed all the matters raised by Austin Wright in his application.

SUMMARY

Mr. Austin Wright, in his application for a Compliance Audit of mayoral candidate Mary Kwong Lee has made certain allegations. These allegations relate primarily to campaign advertising.

Findings where the candidate was in compliance with the provisions of the Act:

The focus of the advertising expense allegation presented in the application suggested that advertising paid for by candidate Mary Kwong Lee in support of candidate Randy Hope's campaign was done so in some concerted strategy between the two candidates. The findings of this audit state that this allegation is incorrect for the following reasons:

- Advertising expenses were incurred and paid personally by candidate Mary Kwong Lee, not through candidate Mary Kwong Lee's campaign. This is considered to be 3rd party advertising.
- Candidate Randy Hope's financial campaign return had already reported two incidences of advertising which could be interpreted to be 3rd party advertising as campaign expenses. Recognizing possible 3rd party advertising as a campaign expense demonstrates intent on transparent accounting.
- Candidate Mary Kwong Lee has a well known legacy of community involvement (see Appendix 1). Her personal contribution to the betterment of the community is a strong indication of good faith in the political process.

Issues where the candidate was not in compliance with the provisions of the Act:

Due to a misunderstanding of Section 67(1) (definition of a campaign expense) of the Act the amount of \$890.42 was shown as an election expense on candidate Mary Kwong Lee's Form 4 (the campaign return). Campaign expenses are to be reported on Form 4, not personal expenses. Candidate Mary Kwong Lee's campaign return should have shown no (zero) expenses of and no (zero) contributions. As a result of this misunderstanding the candidate has not complied with the provisions of the Act.

Issues where the candidate apparently contravened the Act:

There are no instances where that candidate has contravened the Act.

FINDINGS

The following section presents allegations made by Austin Wright as noted in the application for the compliance audit of candidate Mary Kwong Lee, and opinion with respect to compliance of the Municipal Elections Act, S.O. 1996 (the Act).

ALLEGATION #1

“Mary Lee appears to have contributed \$890.42 in advertising to the Randy Hope campaign”.

THE LAW

As per section 67(1) of the Act a campaign expense is defined as “costs incurred for goods or services by or on behalf of a person wholly or partly for use in his or her election campaign are expenses”. In this compliance audit report, the term “On behalf” as used in Section 67(1) of the Act is interpreted as the candidate having knowledge and consent.

FINDINGS

The \$890.42 cost in advertising was incurred personally by Mary Kwong Lee. The advertising copy shows that Mary Kwong Lee was in favour and support of the Randy Hope campaign, not the Mary Kwong Lee campaign.

CONCLUSION

The expenses incurred for advertising in support of the Randy Hope campaign by candidate Mary Kwong Lee were not “wholly or partly for use in [candidate Mary Kwong Lee’s] election campaign”. Candidate Mary Kwong Lee’s campaign statement (Form 4) should not report these expenses as they are not campaign expenses. Due to a misunderstanding of Section 67(1) of the Act this amount was shown as an election expense of the candidate. Due to this simple misunderstanding the candidate has not complied with the provisions of the Act. There is no apparent contravention of the Act.

ALLEGATION #2

A concerted cross-campaign strategy between candidate Mayor Randy Hope and candidate Mary Kwong Lee existed.

THE LAW

As per section 67(1) of the Act a campaign expense is defined as “costs incurred for goods or services by or on behalf of a person wholly or partly for use in his or her election campaign are expenses”. In this compliance audit report, the term “On behalf” as used in Section 67(1) of the Act is interpreted as the candidate having knowledge and consent.

FINDING

In an interview with candidate Randy Hope, he stated that he had no pre-existing knowledge of candidate Mary Kwong Lee’s plan to withdraw from her campaign to support his campaign. In an October 31, 2006 article in the Chatham Daily News Randy Hope is quoted as saying “I’m very much surprised” about candidate Mary Kwong Lee’s withdrawal from the mayoral candidacy. Candidate Randy Hope also stated that candidate Mary Kwong Lee did not act on his behalf when she personally placed advertising in support of the Randy Hope campaign.

Candidate Mary Kwong Lee stated that she had to unofficially withdraw from the candidacy due to a medical emergency. Evidence of her continuing health issues were present during the interview. Candidate Mary Kwong Lee stated that she had to support a candidate which had similar campaign values as her own and who also looked likely to succeed, and that was candidate Randy Hope. Candidate Mary Kwong Lee stated that she did not ask candidate Randy Hope for permission to act on his behalf when she purchased advertising in support of his campaign.

CONCLUSION

Advertising purchased and personally paid for by candidate Mary Kwong Lee in support of Mayor Randy Hope was not done with candidate Randy Hope's knowledge and consent and is therefore to be considered as 3rd party advertising. Further evidence of this conclusion is that candidate Mary Kwong Lee has a well known legacy of community involvement (see Appendix 1) focused on the betterment of the community which is a strong indication of good faith in this political process. Therefore, it is concluded that the candidate is in compliance with the provisions of the Act.

ALLEGATION #3

Mary Lee did not report any income from contributions on her campaign financial statement (Form 4).

THE LAW

As per section 66(1) of the Act, contributions are defined as “money, goods and services given to and accepted by or on behalf of a person for his or her election campaign”.

FINDINGS

Candidate Mary Kwong Lee incurred no campaign expenses (see conclusion in Allegation #1 above). Candidate Mary Kwong Lee did not receive any contributions as defined in section 66(1) of the Act.

CONCLUSION

There were no “contributions”, as defined in the Act, given to the candidate Mary Kwong Lee’s campaign. There was inference in the application by Austin Wright that because there was a \$890.42 expense, the campaign should have received contributions in order to enable this spend. However, it was determined (see Allegation #1) that this expense was not a campaign election expense and that there were no election expenses for candidate Mary Kwong Lee’s campaign, therefore no contribution income occurred. Therefore, it is concluded that the candidate is in compliance with the provisions of the Act.

ALLEGATION #4

Candidate Mary Kwong Lee appears to have purchased advertising with a value in excess of \$890.40, as she advertised in both the Chatham Daily News as well as over local radio stations.

THE LAW

As per section 67(1) of the Act a campaign expense is defined as “costs incurred for goods or services by or on behalf of a person wholly or partly for use in his or her election campaign are expenses”. In this compliance audit report, the term “On behalf” as used in Section 67(1) of the Act is interpreted as the candidate having knowledge and consent.

FINDINGS

No evidence was found to support the allegation that candidate Mary Kwong Lee purchased more print or radio advertising than what was reported on Form 4, in the amount of \$890.40

CONCLUSION

It is concluded that the candidate is in compliance with the provisions of the Act.

ALLEGATION #5

Candidate Mary Kwong Lee appears to have neglected to claim the \$200.00 nomination fee.

THE LAW

As per section 76(2) of the Act, “an expense shall not be incurred by or on behalf of a candidate outside his or her campaign period”.

As per section 68(1), item 1, of the Act, “the election campaign period begins on the day he or she files a nomination for the office under section 33.”.

As per section 69(1), item c, “all payments for expenses except for a nomination filing fee, are made from the campaign accounts”.

FINDINGS

Candidate Mary Kwong Lee did not record the cost of the \$200.00 nomination fee on her campaign finance return (Form 4).

CONCLUSION

Presently there is ambiguity in the Act with respect to recognizing and recording the candidate nomination filing fee in campaign financial statements.

At the time of filing a nomination paper, the campaign bank account does not exist because the campaign itself does not exist. Only after money is received by the municipality and the nomination accepted by the municipality does the campaign period begin. Considering this alongside the fact that a campaign period expense cannot occur outside his or her campaign period leads to debate as to whether the nomination filing fee is indeed a campaign expense or not.

This past election in the Municipality of Toronto was followed by a review of elected council campaign filings by the Municipality’s Auditor General. There was much debate on this subject and to date there is no resolution. Therefore due to the apparent ambiguity in the Act with respect to the nomination filing fee, there can be no conclusive determination with respect to compliance to the Act.

AUDIT CONCLUSION

This Compliance Audit was performed in accordance with Canadian generally accepted auditing standards which require that I plan and perform the audit to obtain reasonable assurance that the information included in the Compliance Audit is presented fairly in all materials respect and in accordance with applicable law. Owing to the inherent limitations of an audit, error, fraud and other irregularities may not be detected by the application of procedures that comply with these standards and with the limitations of the law.

This now completes my engagement.

I wish to extend my appreciation to the staff of the Corporation of the Municipality of Chatham Kent's, Municipal Clerk's office for their co-operation and assistance throughout the period of my Compliance Audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "B. Nayman". The signature is written in a cursive style with a large initial "B".

Bernard G. Nayman,
Chartered Accountant and Licensed Public Accountant

APPENDIX 1

MRS. MARY LEE

#102 – 201 Campus Parkway Chatham, ON N7L 4X2
Residence Phone: (519) 354-3915

EDUCATION

4 years Private School in Canton, China
High School, Revelstoke, B.C.
Registered Nurse Training, Vancouver General Hospital and Infectious Disease Hospital, Vancouver, B.C.
Hospital / Health Care Administration, University of Saskatchewan
Hospital Infection Control & Surveillance
National Communicable Disease Centre, Atlanta, Georgia
University of Ottawa, Infection Control & Environmental Control
Registered Nurse, Licensure in B.C. and Ontario
Hospital Health / Safety Co-ordinator Certificate, Ontario Hospital Association
Health & Welfare Canada, Bureau of Epidemiology, University of Ottawa
"Applied Epidemiology & Biostatistics Certificates", Laboratory Centre of Disease Control, Ottawa
Emergency Disaster Planning, Glendon College, Toronto, Ontario
Canadian Hospital Management Course

CONTINUING EDUCATION

Business and Law, St. Clair College
Regional Government, St. Clair College
Food Handling/Food Hygiene, St. Clair College
Politics: social, cultural, women's issues, free trade, future of Canada
Technology: Medicine, Nursing
Computer in Health Care Facilities, St. Clair College
- Study Books authored by Dr. Hare, Psychologist
- Without Conscious
- Snakes in Suits
- What is Corporate Government by: MacGraw Hill
- Updated Roberts' Rules of Order
- Inside the Boardroom
- Corporate and Municipal Law

EMPLOYMENT

Elected Alderman, Member of City Council of Chatham 1985-1994
Consultant, Hospital Infection/Environmental Control
Public General Hospital:
- Environmental Control Officer; Infection Control; Research & Advisory, all departments, physicians.
Vancouver General Hospital:
- Head Nurse Neurosurgery; Supervisory Co-ordinator positions; Teaching Students
Revelstoke Sawmills, Secretary/Accountant, Assistant Head Nurse, Eye Ear Nose & Throat division (evening supervisor)
Founding Director, Erie St. Clair LHINS 2005-June 2006

BOARD MEMBER

Chatham Multicultural Council
Cultural Advisory Committee (Chairperson)
Chatham-Kent Children's Aid Society
Chatham Public Library
Chatham Victoria Home for the Aged
Chatham-Kent Chamber of Commerce, Youth Education & Training, Chairperson Marketing
Education/Technology Advisor, City of Chatham
Culture/Recreation Management Committee, City of Chatham
Industrial/Economic Advisory Committee, City of Chatham
Local Architectural Conservation Society
Planning for Seniors/Handicapped, Community Support Services to the Future Long Term Care
Funeral Services of Ontario, Ministry of Health
Ontario Hospital Association Toxic Chemicals, Infection Control WMMS Occupational Health & Safety
St. Clair Parkway Commission – Sarnia

VOLUNTEER SERVICES

Multicultural Committee, Supporter Black History Museum
Leader and Participant in many women's political, cultural and/or educational advancement groups
Supporter of Community Social Services – Seminars
Ontario Hospital Association & Ministry of the Environment, Biomedical Waste Focus Group
Ministry of Health, Task Force on Control & Handling of Toxic Substances (WMMS)
Region #1 Occupational Health and Safety Committee, Chairperson for Cataloguing of Toxic Substances
Organized four "Computer Education for Health Services" programs for hospital staff at St. Clair College
Cable TV: Assisted with producing a TV program "International Year of the Disabled" for Hospital Day
City of Chatham: Member of Legislative Planning Advisory Board
Seminars on Infection Control for Long Term Care Facilities, Funeral Services, Emergency Services
Computer technology for Hospital Staff
Member Chamber of Commerce, Youth Trust Program
Nursing and Staff Education
Prepared and updated 157 Nursing Practice Procedures for 305 bed acute care hospital including disinfection of all high tech hospital equipment: laundry procedures for food services; housekeeping; laundry; maintenance (plumbing); imaging department; lab; infection control programs for long term care facilities (consultation); disinfection of OR.DR.NSY; isolation units; CSR supplies.
Prepared Metric Manual for Chatham-Kent Public General Hospital, "Essay Easier", "Easiest Metrics"
Instructed Isolation/Aseptic Technique to all hospital staff.
Wrote and taught Isolation and Aseptic Technique to all staff and Physicians – effective handwashing.

PUBLIC SPEAKING

Hospital Board of Trustees
Kiwans Club
Rotary Club
Rotary International Youth Conference, Michigan, USA
Many Health Service Seminars across the Province
Co-ordinated some well attended seminars
OPEPA – AIDS Education

PUBLICATIONS IN HEALTH JOURNALS

Articles in "Dimensions", "Health Care" journals
Long Term Care News

INVENTIONS/PATENTS

Suture Cutter and Remover

AWARDS

Education Award Winner, APIC, Canada 1983
Associated Practitioners of Infection Control, USA San Diego Conference
Senior of the Year Award – Chatham-Kent
1996 "Volunteer of the year"
Presidents "Outstanding Volunteer" – LPCO Awards Certificate

OTHER

Public Education Programs Speaker/co-ordinator of seminars in Community. Aids & Infection Control seminars: Police, Fire, Funeral Directors, School Teachers & Principals
In-Service education and orientation of staff
Member of OPEPA (Ontario Public Education Panel on AIDS)
Environmental Scanning A Requirement of my previous position with specialty areas. May be expanded to explore and apply expertise in any area.
Identifying Emerging Issues to Develop Strategic Plans, Policies/Recommendations for Senior Management Something I have done on a continuing basis.
Political Process & Issues Pertaining to Women Political prowess, interest and knowledge has enabled me to be elected as Municipal Councillor on first try, coming fifth out of seventeen, ahead of two incumbents.

OTHER (cont'd)

Media Relations Implemented a strategy based on a win/win concept with the media, practising my finely honed discretionary judgment to manage issues highly sensitive and political, with an acceptable level of openness. Multicultural experience has trained me to address those issues with an acquired expertise as a member of the minority groups who pioneered this country.

PUBLIC RELATIONS

Regular meetings with the media as a result of being a public figure.
Participation in education seminars has enhanced my public relation responsibilities with the media and consumer.

CONSULTATIONS – HEALTH/SAFETY/INFECTION CONTROL/TOXIC CHEMICALS

Chatham – Industry Eaton Yale
Wallaceburg – Industry Eaton Yale
Southwestern Regional Centre, Cedar Springs
Numerous Long Term Care Facilities

COMMUNICATION

English, Cantonese – Ability to teach/educate.
Taught Aseptic & Isolation Technique – wrote manual.
Member of AIDS education in Ontario (Ontario Public Education Panel Association)

ECONOMIC DEVELOPMENT

As a final effort to have the Ethanol Plant locate in Chatham, I personally organized and helped collect more than 10,000 signatures to petition Federal Government to excuse taxes until the industry successfully establishes itself – the first ethanol plant in Ontario.

MEMBERSHIPS

Canadian College of Health Services Executives
Association of Practitioners, Infection Control (APIC-USA)
RNABC (Registered Nurses Association of British Columbia)
RNAO (Registered Nurses Association of Ontario)

MINISTRY OF HEALTH APPOINTMENTS

Ontario Funeral Services
District Health Council
Board of Health
Ontario Hospital Association Cataloguing Toxic Chemicals WMMS
Ontario Hospital Infections Control
Founding Member of the Erie St. Clair LIHNS Chapter – June 200⁵–June 200⁶

HEALTH - GOOD

SUCCESSSES

Working with William Waite, President, Siemen's International esablish ed a skills trade training centre at St. Clair College on the acceptance of the Siemen's factory to establish Park Avenue Business Centre.

Working with the Roi (King) Family – Napoleon King to prevent the closure of the French language education system in Pain court, Grande Pointe, and Tilbury. I contacted the Prime Minister, Pierre Trudeau, for funding and support which was then allocated by the Culture Minister to rebuild the entire French/English Language Education System in Chatham-Kent – today the best in all of Canada. My youngest son being the first graduate from Ecole St Catherine, Pain Court to become a Page in Ottawa, winning scholarships to the University of Hawaii – PAMI Program – MBA from University of Hong Kong, Economics from McGill University in Canada, taught English to French students in Montreal, studied at London School of Economics. Presently speaks English, French, Mandarin, Cantonese working in Hong Kong. Has learned if one speaks French & English, one can do business with everyone world-wide as he worked at Shipping for Sea Land International in Montreal.