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[Professional Accreditation \(/Professional-Accreditation\)](#)

[Resources & Publications \(/Resources-Publications\)](#)

[Advocacy & Policy \(/Advocacy-Policy\)](#)

[Policy Blog \(/Advocacy-Policy/Policy-Updates\)](#)

[Reports & Positions \(/Advocacy-Policy/Reports-Positions\)](#)

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[Connecting \(/Connecting\)](#)

[Municipal Careers \(/Municipal-Careers\)](#)

May 2023

Third Party Audits of Municipal Finances and Development Charges

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As has been widely covered, [Bill 23 More Homes Built Faster Act, 2022](https://www.amcto.com/Blog/November-2022/Advocacy-Update-AMCTO-Responds-to-Bill-23) (<https://www.amcto.com/Blog/November-2022/Advocacy-Update-AMCTO-Responds-to-Bill-23>) contained sweeping changes with financial impacts for municipalities. Multiple municipal associations, including AMCTO, flagged concerns to the Province about the impacts of these changes.

As a result, Minister of Municipal Affairs and Housing Steve Clark wrote to municipalities (<https://www.amo.on.ca/sites/default/files/assets/DOCUMENTS/Bill%2023/MMAH%20LTR%20AP%20Response%20to%20Bill%2023%20Comments%2011-30.pdf>) that the Province would launch "third-party audit of *select* [our emphasis] municipalities to get a factual understanding of their finances, including their reserve funds and development charge administration." There was a commitment to keep municipalities 'whole,' though there was a lack of clarity over what this would look like, and what requirements would be placed on municipalities who were made 'whole'.






Fast forward to May 4th, after months of waiting, we are pleased the Province is finally moving forward with the audit process (<https://news.ontario.ca/en/release/1002948/ontario-moves-forward-with-third-party-audit-process-of-municipal-finances-and-development-fees>). The select municipalities the Province will partner with are the City of Toronto, Peel Region, Mississauga, Caledon, Brampton, and Newmarket.

The release leaves it unclear how these municipalities were selected though Peel Region has been identified as as one of the regions that will work with Provincially appointed facilitators out of Bill 39: Better Municipal Governments Act, 2022 (<https://www.ola.org/en/legislative-business/bills/parliament-43/session-1/bill-39>). This facilitation process is one the Province indicated is to determine (<https://news.ontario.ca/en/backgrounder/1002482/better-municipal-governance-act-2022>) "the best mix of roles and responsibilities between the upper and lower-tier municipalities in those regions, and ensuring they are equipped to deliver on the government's commitment" to building more housing. This will be the second regionally-focussed review (<https://www.ontario.ca/page/regional-government-review>) since the Ford Government took office in 2018.

It also remains unclear how the findings from these audits will be applied to the other municipalities particularly impacted by Bill 23. As we know, municipalities are inherently different from one another.

We hope that these audits will reveal more than just the financial impacts of Bill 23. We hope that it will also uncover the need to ensure Ontario's municipalities and their staff have the means to delivery programs services and infrastructure their communities need.

Related: you can reach more details about the changes to municipalities brought forward by three significant pieces of Provincial legislation here: Municipal Monitor Q1 2023: Long on Ideas Short on Resources (https://dc-docs.dcatalog.com/Davis-Media-Co/Municipal-Monitor/8fe448cc-36bf-4fb7-a644-349990ee0c8f/ZPage_13.jpg?ver=1).

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