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HOUSE OF COMMONS
CANADA

**RESTORING THE HONOR OF THE RCMP:
ADDRESSING PROBLEMS IN THE
ADMINISTRATION OF THE RCMP'S PENSION AND
INSURANCE PLANS**

**Report of the Standing Committee on
Public Accounts**

**Hon. Shawn Murphy, MP
Chair**

December 2007

39th PARLIAMENT, 2nd SESSION



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THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

has the honour to present its

SECOND REPORT

Pursuant to its mandate under Standing Order 108(3)(g), the Committee has studied Chapter 9, Pension and Insurance Administration — Royal Canadian Mounted Police of the November 2006 Report of the Auditor General of Canada and has agreed to report the following:

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RESTORING THE HONOR OF THE RCMP: ADDRESSING PROBLEMS IN THE ADMINISTRATION OF THE RCMP'S PENSION AND INSURANCE PLANS

INTRODUCTION

The Royal Canadian Mounted Police, commonly referred to as the RCMP, is a Canadian institution and icon. The distinctive red serge uniform is instantly recognized around the world. Since its establishment in 1873, the RCMP has built a strong reputation for its excellent police work and its high standards of ethical integrity. The RCMP's 25,000 regular members and civilian staff are highly dedicated and provide a vital contribution to the safety and well-being of Canadians.

Unfortunately, the hard-earned reputation of the RCMP has been put at risk by the improprieties of a select few. In 2003, allegations arose within the RCMP of fraud and abuse during the outsourcing of the administration of the force's pension and insurance plans. This soon led to an internal audit, a criminal investigation, and disciplinary proceedings.

In November 2006, the Office of the Auditor General tabled an audit that examined whether the RCMP had responded adequately to the findings of its internal audit and the subsequent investigation by the Ottawa Police Service. The Public Accounts Committee began its own study into the matter with a hearing on this audit. The Committee soon heard from several witnesses who detailed far more troubling allegations than the concerns laid out in the audit report. This led the government to appoint an independent investigator, and the Committee to conduct its own detailed examination. During the course of its extensive study, the Committee held 15 public meetings with 61 different witnesses.

This report represents the culmination of these hearings by outlining the Committee's findings and recommendations. It does not contain an exhaustive outline of evidence presented to the Committee.¹ Instead, the report discusses numerous important issues that arose during the hearings. What follows is a brief summary of these issues.

1 More details about the events raised in this report can be found in the report of the Office of the Independent Investigator, and the audit conducted by the Office of the Auditor General. Office of the Independent Investigator into RCMP Pension and Insurance Matters, *A Matter of Trust*, June 2007 (the Brown Report); Auditor General of Canada, November 2006 Report, *Chapter 9: Pension and Insurance Administration — Royal Canadian Mounted Police*. In addition, numerous documents were tabled with the Committee by the various witnesses. More information about this documentation can be obtained from the Clerk of the House of Commons Standing Committee on Public Accounts.

The Committee's study began with a hearing on the audit conducted by the Office of the Auditor General. The RCMP agreed with the Auditor General's recommendations and committed to implement them. As considerable time has passed since the completion of this audit, a status report would help inform the Committee and the public about what progress has been made to implement the recommendations.

The various audits and investigations would not have occurred if not for the dedication of several RCMP employees who fought to bring wrongdoing in the administration of the pension plan to light. However, these individuals were not commended for their efforts, and instead they suffered reprisals. Rather than encouraging the disclosure of wrongdoing, senior management in the RCMP created a culture of fear and mistrust. The RCMP has committed to change its culture and practices with respect to the disclosure of wrongdoing, but it needs to make sure that the procedures in place for disclosing breaches of the RCMP Code of Conduct are consistent with those required under the new *Public Servants Disclosure Protection Act*.

Improprieties began when the RCMP moved to outsource the administration of its pension plan, and the problems were numerous. The options outlined in the business case for outsourcing were prepared by the eventual winner of the contract; normal staffing procedures were circumvented in favour of nepotism; and Consulting and Audit Canada was used to make directed contracts, engage in contract splitting, and backdate contracts for work already performed. Additionally, one firm, Abotech, was used as a shell to circumvent post-employment rules and direct contracts to former public servants. The RCMP needs to ensure that its employees have adequate training in contracting, and the government needs to examine ways to better enforce the post-employment rules.

In addition to its pension plan, the RCMP decided to outsource the administration of its insurance plans. Initial work was carried out by the underwriter of the insurance plans, Great-West Life, but as it believed it could not do the work, Great-West Life was persuaded to act as a go-between for payments to Morneau Sobeco, which had won the contract to administer the pension plan. As this contract circumvented the normal contracting process, it should be open to competition at the earliest possible date. The Committee also heard allegations of funds being improperly moved from the insurance plans to the pension plan, as well as the inappropriate alteration of meeting minutes in order to provide approval for this transfer.

The two individuals at the RCMP, Jim Ewanovich and Dominic Crupi, primarily responsible for the irregularities in the administration of the pension and insurance plans eventually lost their jobs. However, they remained on the RCMP payroll for many months after the internal audit brought those irregularities to light. The Treasury Board Secretariat needs to examine ways to make it easier for government departments to dismiss immediately public servants found guilty of gross misconduct. No other individuals were disciplined because the RCMP waited too long to begin its disciplinary proceedings. Compelling Appropriate Officers to act on any Code of Conduct violation in the prescribed

time-limit would help ensure that in the future RCMP members are held to account for their actions.

The RCMP received two requests under the *Access to Information Act* for the internal audit and the Ottawa Police Service summary report. While requests are normally supposed to be processed within 30 days, it took the RCMP almost a year to release information to the requesters. The documentation was sent twice for a legal opinion, and it was sent for comment to an individual named in the police report. The RCMP needs to take more care to ensure that it handles of access to information requests in a timely manner and avoid the perception of a conflict of interest. However, the RCMP's Access to Information Branch needs to have senior management support and sufficient resources in order to process the large number of requests received.

The Ottawa Police Service (OPS) led a criminal investigation into improprieties in the administration of the pension plan. However, it took significant prodding for the investigation to commence; the investigation staff was composed primarily of RCMP members who were working out of RCMP facilities; a memorandum of understanding between the OPS and the RCMP had the senior OPS investigator report to a RCMP officer, Assistant Commissioner David Gork, and there were allegations that the insurance portion of the investigation was stopped prematurely. The Independent Investigator, David Brown, concluded that the investigation was not independent. External civilian review can help to ensure that police investigations are conducted in conformity with the law and standards of propriety. However, the Commission for Public Complaints Against the RCMP does not the authority to initiate its own reviews, and is also constrained in its access to information held by the RCMP. Enhancing the Commission's powers would allow it to conduct more thorough reviews of the RCMP's policies and practices.

The RCMP's normally high ethical standards were violated in this case. Unfortunately, RCMP senior management allowed an ethical culture to develop which discouraged the disclosure of wrongdoing and did not hold individuals to account for unethical behaviour. This has led to a crisis of confidence amongst the RCMP rank and file members. While the RCMP does have an Ethics Advisor responsible for promoting ethical standards of behaviour, it is part of the hierarchical management structure; the RCMP needs a more independent voice on ethical matters. An independent ethics advisor would ensure that accountability for ethical behaviour is imposed by, and in some instances, imposed upon, senior management.

The wide array of problems uncovered during this study indicates that the RCMP suffers from serious management and administrative shortcomings. Ordinarily, deputy ministers, under the direction of their ministers, are responsible for departmental administration. While the Commissioner of the RCMP is under the direction of the Public Safety Minister, the principle of police independence has meant that ministers have taken a hands-off approach to all aspects of the RCMP operations and administration, which, as this case demonstrates, has not served the RCMP well. Modifying the governance

structure of the RCMP by having a civilian police accountability board would help provide more oversight to the RCMP.

Shortly after it began its study, the Committee realized that it was not the best venue for a full investigation of the issues involved, and the Committee adopted a motion calling for a full public inquiry. Unfortunately, the government did not agree with the Committee and instead appointed an independent investigator to examine the issues in private, and subsequently a task force was given a mandate to examine governance and cultural issues at the RCMP. Many members of the Committee continue to believe that a public inquiry is necessary to properly investigate the allegations of wrongdoing. However, the Committee recognizes that the government does not agree with this approach and has followed a different path.

A section entitled “Key Findings” summarises the main points of this report and also takes account of observations that do not necessarily fit into the larger narrative provided here.

STATUS REPORT

The Committee’s study into the administration of the RCMP’s pension and insurance plans began with an audit by the Office of the Auditor General. In November 2006, the Auditor General tabled a report that included a chapter on *Pension and Insurance Administration — Royal Canadian Mounted Police*. At the Committee’s initial meeting to discuss the audit’s findings, Assistant Auditor General Hugh McRoberts described the audit’s objective:

The objective of our audit was to determine whether the RCMP had responded adequately to the findings of its internal audit and the investigation by the Ottawa Police Service. We did not re-audit or re-investigate the allegations of abuse. However, we did examine additional allegations that were brought to our attention during our audit. In addition, we looked at whether the Ottawa Police Service conducted its investigation independently of, and without undue direction or bias by, the RCMP.²

The audit concluded that the RCMP responded adequately to control deficiencies identified in internal audits and the Ottawa Police Service criminal investigation. However, the Office of the Auditor General identified six areas that had not yet been addressed when the audit was completed in October 2006; namely, the RCMP had not yet:

- ensured that the external investigations of its operations are designed to be, and appear to be, independent and unbiased;

2 House of Commons Standing Committee On Public Accounts, 39th Parliament, 1st Session, Meeting 41, 3:30 p.m.

- reviewed the amounts charged to the pension and insurance plans, for which little value was provided, and determine whether the plans should be reimbursed or credited;
- provided sufficient internal reviews of business cases that support significant initiatives;
- ensured that it has charging principles in place for its insurance plans, and determine whether amounts charged to the insurance plan accounts should have been paid by the RCMP;
- ensured that the insurance administration contract is competitively tendered; and
- clarified the authority of the RCMP to collect premiums and manage its insurance plans.³

Each of these areas was covered by a recommendation, and the RCMP agreed to all of them. In her first appearance before the Committee, former Commissioner Beverly Busson committed to implement of the recommendations. She said:

As RCMP commissioner, I want to assure this committee that all recommendations stemming from chapter 9 of the Auditor General's report will be implemented. The majority of those recommendations have already been addressed, and corrective measures are being taken to address the few that remain outstanding.⁴

The Committee is encouraged by the spirit of cooperation expressed by Commr. Busson. In fact, the Committee learned that one of the recommendations was addressed during its study. The audit found that over \$1.33 million of unnecessary and wasted expenditures were charged to the pension and insurance plans, but at the time of the audit, only \$270,000 had been reimbursed or credited. Deputy Commissioner Paul Gauvin said:

I can announce today that everything that was charged to the pension fund that should not have been charged has now been cleared out. I had a meeting on Friday with the Deputy Minister of Public Works, who agreed to reimburse half of the remaining balance of the CAC [Consulting and Audit Canada] charges. We've had discussions with

3 Auditor General of Canada, November 2006 Report, Chapter 9: Pension and Insurance Administration — Royal Canadian Mounted Police, paragraph 9.59.

4 Meeting 41, 3:35 p.m.

Treasury Board to reimburse the other half. So now the pension fund is exactly where it should be.⁵

The Committee is pleased that the government has finally taken further steps to reimburse the RCMP members' pension plan. However, this leaves another five areas identified by the Auditor General to be addressed.

The Committee also heard evidence that several RCMP members billed the RCMP for their golf fees at St. Andrews by the Sea while attending a conference by having the fees included in their room charges. D/Commr Paul Gauvin told the Committee that he had reimbursed the RCMP for these costs and had written to others asking them to do likewise.⁶ It is not yet clear if all those who inappropriately received this benefit have reimbursed the pension fund.

It has been over a year since the Office of the Auditor General's work was completed. The RCMP should have been able to make substantial progress on most, if not all of the recommendations. As the Committee accepts and endorses the Auditor General's recommendations, the Committee would like to know what progress has been made to implement them and what remains to be done. Consequently, the Committee recommends that:

Recommendation 1

The Royal Canadian Mounted Police provide the Public Accounts Committee a detailed status report by March 31, 2008 on the implementation of the Auditor General's recommendations from the November 2006 Report, Chapter 9. This report should contain confirmation of whether those who participated in the golf game at St. Andrews by the Sea have reimbursed the RCMP pension fund for the benefit they inappropriately received.

Additionally, while the Committee appreciates that efforts have been made to reimburse funds to the pension plan for unnecessary and wasted expenditures, it is concerned about how the amounts owing were calculated with regard to expenses that had been incorrectly charged to the pension plan. D/Commr. Gauvin told the Committee that the RCMP had reviewed all transactions over \$50,000 in order to determine if they should have been charged against appropriations, as opposed to the pension plan.⁷ The RCMP then reimbursed or credited the pension plan by approximately \$3.4 million.⁸ However, it is

5 Meeting 57, 5:55 p.m.

6 Meeting 65, 5:20 p.m..

7 Meeting 41, 4:15 p.m..

8 See Auditor General of Canada, paragraph 9.20.

likely that there were numerous charges below \$50,000 which were also inappropriately charged to the pension plan. This means that potentially hundreds of thousands of dollars owing to the pension plan have not been recovered. While this amount will not have a material affect on ability of the pension plan to meet its obligations, the principle remains the same: money belonging to current and future RCMP retirees was spent on items not related to the administration of the pension plan. As the Committee believes that the pension of RCMP members should be accorded a great deal of respect, it recommends that:

Recommendation 2

The Royal Canadian Mounted Police review all transactions charged against the pension plan in the fiscal years 2000-2001 through 2003-2004, and reimburse any amounts that should have been more appropriately charged elsewhere.

DISCLOSURE OF WRONGDOING

The audit by the Office of the Auditor General looked at whether the RCMP had adequately responded to the findings of an internal audit and a criminal investigation. These audits and investigations would not have come about, however, without the dedication of several RCMP employees. Wrongdoing in the administration of the RCMP's pension plan came to light due to the tenacious work of Staff Sergeant Ron Lewis (who retired from the RCMP in 2004), Chief Superintendent Fraser Macaulay, and Ms. Denise Revine. Unfortunately, reprisals were taken against C/Supt Macaulay and Ms. Revine for their efforts. The Committee also heard that reprisals were taken against Assistant Commissioner, Bruce Rogerson, for exposing a separate matter regarding unethical behaviour in the RCMP. The new *Public Servants Disclosure Protection Act* should make it easier for RCMP members to disclose wrongdoing and be protected from reprisals, but it is important that this Act is consistent with the RCMP's current Code of Conduct procedures.⁹

Uncovering wrongdoing in the administration of the pension plan

In early 2003, Staff Sergeant Ron Lewis, who represented RCMP members as a Staff Relations Representative,¹⁰ received complaints from senior RCMP employees of abuse of authority, nepotism, and misappropriation of pension funds within the human

9 The term whistleblowing is, for the most part avoided in this section, as some believe it has a pejorative connotation, and others believe that disclosing wrongdoing is just part of doing one's job well.

10 The Staff Relations Representatives program is the official labour relations program of the RCMP. Representatives are elected by RCMP members and represent their interests and concerns in discussions with management.

resources branch of the RCMP. He met with and made a formal complaint to Commissioner Giuliano Zaccardelli about these allegations on May 28, 2003. S/Sgt Lewis subsequently made a formal written request for a criminal investigation on June 5, 2003. He says that Commr. Zaccardelli instructed him to do so, which Commr. Zaccardelli denies. (The Committee was unable to determine whose version of events was correct.) Regardless, the Commissioner stopped this investigation on June 25 and ordered an internal audit instead.

In the spring of 2003, independently of S/Sgt Lewis' actions, Denise Revine, a public servant working in the human resources branch under the supervision of Chief Superintendent Fraser Macaulay, was charged with responsibility for conducting an "A base" review of spending within the branch to determine the adequacy of funding and how resources could be best allocated. Shortly after beginning the review, Ms. Revine began to uncover what she believed to be gross mismanagement and possible fraud and corruption in the administration of the RCMP's pension plan. She found that many items charged to the superannuation account and pension fund (collator code N2020) were not directly attributable to delivery of the pension program, such as hospitality costs, gifts to suppliers, language training, and the salaries of employees who did not work on pension administration-related projects. In addition, she uncovered instances of nepotism and favoritism in making appointments, the circumvention of contracting standards and processes, and possible conflicts of interest. The concerns centred on the actions of the Chief Human Resources Officer (CHRO), Jim Ewanovich, and Dominic Crupi, the Director of the National Compensation Policy Centre (NCPC), who were managing the outsourcing of the administration RCMP's pension plan.

Ms. Revine first reported her findings to C/Supt Macaulay in early June 2003, who then took his concerns about the actions of Mr. Ewanovich and Mr. Crupi to Assistant Commissioner John Spice, who was the Ethics Advisor. A/Commr. Spice discussed these concerns with other senior officers, including then Assistant Commissioner Barbara George. She insisted that C/Supt Macaulay relay his concerns to Commr. Zaccardelli. C/Supt Macaulay told the Committee that he was reluctant to take his concerns to Commr. Zaccardelli because they had only begun to collect findings on wrongdoing. Regardless, A/Commr. George took C/Supt Macaulay to meet with Commr. Zaccardelli on June 17, 2003 in order to discuss Ms. Revine's findings. C/Supt Macaulay and Ms. Revine subsequently met with A/Commr. John Spice and those conducting the external audit in late September.

As a criminal investigation did not seem to be forthcoming after the completion of the internal audit in October 2003, S/Sgt Lewis sought Ms. Revine's help in making a formal request in January 2004 to A/Commr. George, who had then been promoted to CHRO, for a criminal investigation. A second criminal investigation was eventually started in March 2004. This delay between the completion of the internal audit and the start of the criminal investigation will be discussed further in the section on external review.

Reprisals

It is abundantly clear that the actions of C/Supt Macaulay and Ms. Revine were fundamental in bringing wrongdoing in the administration of the pension plan to light. However, rather than being congratulated for their diligence and integrity, they both suffered reprisals for their efforts.

In September 2003, A/Commr. George told C/Supt Macaulay that Commr. Zaccardelli had decided that he would be sent off on a secondment to the Department of National Defence. Commr Zaccardelli believed this move was justified because C/Supt Macaulay had not reported his concerns soon enough. Commr Zaccardelli told the Committee, “I determined as Commissioner that he had made a serious error in judgment in not reporting what he had known when he had said he had known it for almost a year and a half.”¹¹ Despite saying that C/Supt Macaulay had made an error in judgment, Commr. Zaccardelli tried to claim that this was done for his own good. Commr. Zaccardelli said, “In my judgment, the removal of Chief Superintendent Fraser Macaulay was part of that – not to punish him, but to reconstitute what should be done and improve it, and also to give him an opportunity to get out of there and to grow from there.”¹² According to Commr Zaccardelli, “There are no punishment transfers in the RCMP ... I have never, ever transferred anyone or directed anybody to ever be transferred for a punishment purpose.”¹³

The Committee cannot accept Commr Zaccardelli’s position because it strains all credulity. It is not possible to send someone off on secondment against his will for “an error in judgment” without that rightly being perceived as a punishment. As C/Supt Macaulay said, “for me, being removed from my position was a punishment and a clear message to others.”¹⁴ Commr Zaccardelli tried to claim that he was not pleased because C/Supt had not told him soon enough about his concerns about Jim Ewanovich, but C/Supt Macaulay could not have had firm evidence of wrongdoing in the administration of the pension plan until Ms. Revine undertook her review in June 2003. Moreover, it is not relevant when C/Supt Macaulay knew about the wrongdoing. The more pertinent issue was how to investigate the problem further in order to hold those responsible to account. Also, S/Sgt Lewis told Commr Zaccardelli of allegations of wrongdoing — harassment and abuse of authority — by Mr. Ewanovich in late 2001, but Commr Zaccardelli took no action at that time. It seems odd to place responsibility on C/Supt Macaulay for something that should have been widely known by senior management (Mr. Crupi was chastised for his hiring practices and had his contracting privileges revoked long before Ms. Revine’s review).

11 Meeting 49, 6:20 p.m..

12 Ibid.

13 Ibid., 4:35 p.m.

14 Meeting 46, 3:40 p.m.

The Committee strongly believes that the former Commissioner's actions with respect to C/Supt Macaulay were highly inappropriate, if not suspect. Commr Zaccardelli may have developed his own rationalization that he was somehow benefiting C/Supt Macaulay, but the Committee is led to conclude that it was indeed a punishment transfer, and, as David Brown wrote in his report, "The unfairness of this transfer sent a message throughout the organization that one brings bad news to the Commissioner at one's peril."¹⁵

In February 2004, Denise Revine had the first inkling that her future with the RCMP might be in doubt when she attended a meeting on restructuring in the Human Resources Branch and her name was not on the new organization charts. In April, Rosalie Burton, the Director General of Human Resources Systems and Strategies told Ms. Revine that she no longer had a job in the RCMP; due to budget cuts, Ms. Revine's position was eliminated and she was classified as a surplus employee. Ms. Burton told the Committee that the decision about Ms. Revine had been made prior to her arrival. She said:

On or before September 11, 2003, and prior to my arrival in the acting director general role, 12 individuals had been identified to be declared surplus. One of these employees identified for surplus was Denise Revine, an individual for whom I had not had any line responsibility prior to taking on my new role.¹⁶

However, C/Supt Macaulay was the Director General prior to Ms. Burton, and he did not identify Ms. Revine as surplus. It is not at all clear how Ms. Revine came to be declared surplus. It is clear, though, that the stress of the turmoil took its toll on Ms. Revine's health and she went on extended sick leave in August 2004 and has been working from home since June 2005. She is currently in mediation with the RCMP in order to resolve her employment situation.

The Committee believes that Ms. Revine was quite clearly punished for tenaciously working to reveal wrongdoing in the administration of the pension plan. This view is shared by David Brown, who wrote, "In my view, the desire by certain members of senior management to move Ms. Revine out of the RCMP was satisfied by using the restructuring process in the Human Resources Branch to try to force her out of the organization."¹⁷ However, neither the Committee nor Mr. Brown were able to determine precisely how Ms. Revine came to be declared surplus or who made the decision.

In addition to C/Supt Macaulay and Ms. Revine, the Committee heard from Assistant Commissioner Bruce Rogerson, who said that his career suffered when he tried to prevent wrongdoing by other senior members of the RCMP. According to A/Commr

15 Brown Report, section 1.3.2.

16 Meeting 50, 3:45 p.m..

17 Brown Report, section 3.3.2.

Rogerson, in 2001 he questioned the acceptance of gifts, such as hockey tickets and rounds of golf, by members of the RCMP, including senior officials. He consulted with the Ethics Advisor, who agreed that such behaviour should not be accepted. A/Commr Rogerson took it upon himself to issue an e-mail to senior managers to not participate in this type of activity. He also told them he would initiate a Code of Conduct investigation, but he was overruled by his then supervisor, Paul Gauvin, who saw nothing wrong with such behaviour. The Ontario Provincial Police was subsequently brought in to investigate both this matter and several sole-source contracts. Shortly thereafter, A/Commr Rogerson was told that he was being held accountable for the investigation, and he was eliminated from the senior management team of the RCMP. He was then offered a position which was a staff sergeant's duty call.

While undoubtedly there were others who revealed information in a confidential manner, it is likely that most employees quietly kept their head down and tried to ignore the inappropriate actions of others around them because it was clear that those who attempted to expose wrongdoing were dealt with harshly. (The one person who did not face reprisals was S/Sgt Ron Lewis, but presumably this was because he was Staff Relations Representative, and he retired from the RCMP in 2004.) C/Supt Macaulay told the Committee why more people were not coming forward. He said:

The bottom line is that it was a very clear message to the employees that you don't put your hand up. Did we have the conversation about why other people weren't coming forward? Yes, we did. And it was made very clear to him [Commr Zaccardelli] that nobody was happy and that they didn't trust that anyone was going to do anything.¹⁸

The fact that C/Supt Macaulay, Ms. Revine, A/Commr Rogerson decided to step forward despite a prevailing culture in the RCMP that emphasized loyalty and discipline rather than integrity and honesty, makes their actions that much more commendable. In such circumstances disclosing wrongdoing takes a considerable amount of courage and tenacity. Each of them suffered for speaking out. Within the RCMP their reputation and careers were put at risk, but they also endured adverse effects on their health and personal relationships. The Committee strongly believes that these individuals exemplified the true values of the RCMP: honesty, integrity, professionalism, compassion, respect, and accountability. However, those who subjected these individuals to reprisals expressed the opposite values: a lack of integrity, unprofessional behaviour, and disrespect.

The Committee is pleased to note that former Commr Beverly Busson gave the RCMP's top honour, a Commissioner's Commendation, to S/Sgt Mike Frizzell, S/Sgt Ron Lewis, C/Supt Fraser Macaulay, Ms. Denise Revine, and S/Sgt Steve Walker.¹⁹ On November 21, 2007, the Public Accounts Committee made a report to the House of

18 Meeting 49, 4:35 p.m.

19 See Tonda MacCharles, "High cost of whistleblowing; Five RCMP employees exposed a scandal at the top. Now they reflect on the price they paid," *Toronto Star*, 30 June 2007, Page A15.

Commons commending the actions of the same five individuals, but the Committee also commended A/Commr Bruce Rogerson.²⁰ The Committee is disappointed that the RCMP has not seen fit to restore the reputation and honour of A/Commr Rogerson, even though his integrity and courageous actions led to an Ontario Provincial Police investigation and disciplinary action against numerous senior officials at the RCMP. Consequently, the Committee recommends that:

Recommendation 3

The Royal Canadian Mounted Police commend Assistant Commissioner Bruce Rogerson for his efforts to put an end to the acceptance of gifts and hospitality by senior members of the RCMP; that the RCMP restore all people who were demoted or removed to their original positions as promptly as possible, if those who were demoted or removed so wish.

Improving Procedures for Disclosing Wrongdoing

During the time-period in question, there was a Treasury Board Policy in place called Internal Disclosure of Information Concerning Wrongdoing in the Workplace. C/Supt Macaulay, Ms. Revine, and A/Commr Rogerson did what they were supposed to do under this policy, which was pursue all internal avenues before contacting the Public Service Integrity Officer. Ms. Revine took her concerns to her superior. C/Supt Macaulay could not do likewise because his superior was implicated; so, he instead took his concerns to the Ethics Advisor. A/Commr Rogerson spoke to his supervisor, who was not supportive, and also contacted the Ethics Advisor. The former Ethics Advisor, A/Commr Spice, told the Committee that there was also the option of going outside the organization. He said:

When I was the Ethics Advisor, I was also the senior officer for internal disclosure on wrongdoing in the workplace. It was a Treasury Board policy. The way the policy was structured — and the RCMP was to apply the policy — if a matter had gone to the level it required and nothing was done, then the next step was to go outside the organization to the public service integrity officer, at that time Mr. Ted Keyserlingk.²¹

Additionally, the previous Treasury Board policy included a prohibition against reprisal. However, A/Commr Spice retired in November 2003 and his replacement, Mike Séguin, had been Dominic Crupi's supervisor. C/Supt Macaulay and Ms. Revine lost the support they would have needed to pursue remedies outside the RCMP, as the paramilitary culture of the RCMP did not, and arguably still does not, encourage exposing internal problems to outsiders.

20 Standing Committee on Public Accounts, *First Report*, 39th Parliament, 2nd Session. November 21, 2007

21 Meeting 71, 9:20 a.m.

Unfortunately, the RCMP let these people down. While there was an administrative policy in place for the disclosure of wrongdoing, the RCMP did not adhere to the policy. Not only was there a reluctance to properly investigate the wrongdoing, those who disclosed the wrongdoing suffered reprisals. It was the responsibility of the deputy head, in this case the Commissioner of the RCMP, to enforce the policy. However, Commr Zaccardelli seemed to be more concerned with demonstrating his authority and control over the organization than focusing on discipline for those who engaged in wrongdoing and encouraging others to come forward. He failed to act when S/Sgt Lewis first brought concerns about Mr. Ewanovich to him in 2001 — he shut the first criminal investigation down after only two days — and he seemed reluctant to start another criminal investigation in the face of documented evidence of wrongdoing by the internal audit. In addition, Commr Zaccardelli was personally responsible for temporarily transferring C/Supt Macaulay out of the organization.

The Committee is deeply disappointed in the behaviour of Commr Zaccardelli. As Commissioner, he had a position of trust and leadership, and he failed to live up to the high expectations of such a position of importance. Much of the blame for the RCMP's loss of reputation and morale as a result of this scandal can be placed on the shoulders of Commr Zaccardelli. While the Committee did not receive any evidence that he participated in the wrongdoing, Commr Zaccardelli failed to ensure that all of those involved were held to account by swiftly calling for a detailed investigation and disciplinary action against all wrongdoers. Instead, he looked the other way when allegations of abuse of authority were brought to him in 2001, and he moved those who reported wrongdoing out of their positions so they would not be able to shed further light on the wrongdoing. The Commissioner of the RCMP must lead by example and his or her behaviour must be beyond reproach. Unfortunately, Commr Zaccardelli's behaviour did not meet this standard. The evidence suggests that he was not always guided by the RCMP's values of integrity, honesty, professionalism, compassion, respect and accountability. Consequently, the Committee recommends that:

Recommendation 4

The House of Commons denounce the lack of leadership shown by former Royal Canadian Mounted Police Commissioner Giuliano Zaccardelli during the investigation into malfeasance in the administration of the RCMP's pension and insurance plans.

When people see reprisals meted out against those who disclose wrongdoing, they are less inclined to disclose problems themselves. This contributes to an unhealthy culture of fear and mistrust, gives strength to wrongdoers, and encourages others to emulate their inappropriate behaviour. It is not unreasonable to conclude that the leadership style of Commr Zaccardelli contributed to a culture that allowed the wrongdoing to occur. In order to prevent this type of problem from happening again, the RCMP must change its internal culture and practices with respect to the disclosure of wrongdoing.

Former Commr Busson told the Committee how she was trying to encourage more people to come forward. She said:

I've also directed that an employee outreach initiative be developed to provide employees with a channel to report their past and present concerns or complaints to the office of the Ethics Advisor. Internal communication was disseminated to all employees to reinforce the mechanisms and rights available to RCMP employees concerning whistle-blowing and protection.²²

The current Ethics Advisor, Assistant Commissioner Sandra Conlin, told the Committee that 32 people had brought issues to her office since April 25, when Commr Busson announced the outreach initiative. A/Commr Conlin spoke generally about the role of her office and the support she has received from the new Commissioner, William Elliott:

We are working hard to remove any obstacle that would dissuade or prevent RCMP employees from coming forward if they have reason to believe that serious wrongdoings have been committed. Our goal is to put in place policies, and training and communication strategies in order to foster an environment in which employees may honestly and openly raise concerns without fear or threat of reprisal. I wish to inform this committee that the Office of the Ethics Advisor has the full support of Commissioner Elliott and the RCMP senior executive committee. The Commissioner's expectations are that my office will lead efforts to strengthen the climate for ethics and integrity at all levels of the RCMP.²³

In addition to these internal changes, the system for disclosing wrongdoing within the federal government has been changed with the passage of the *Public Servants Disclosure Protection Act*, which came into effect on April 15, 2007. This act requires organizations to name a chief executive who is responsible for establishing an internal mechanism to manage the disclosure of wrongdoing. They also must name a senior officer to receive and review disclosures. The Act specifically prohibits reprisals. It also creates an independent Public Service Integrity Commissioner who can receive disclosures, as well as complaints about reprisals.

The difficulty for the RCMP with the new Act is there are now two regimes for reporting wrongdoing — the first under the RCMP Regulations for reporting breaches of the RCMP Code of Conduct, and the second under the *Public Servants Disclosure Protection Act* for disclosing wrongdoing in the public service.

First, RCMP members are required to report breaches of the RCMP Code of Conduct in accordance with procedures established by the RCMP Commissioner. A member who breaches the Code is subject to disciplinary proceedings under Part IV of the

22 Meeting 52, 3:30 p.m.

23 Meeting 71, 9:15 a.m.

RCMP Act. The obligation to report a contravention of the Code by another member is in itself part of the Code of Conduct; a member who fails to do so is therefore also subject to disciplinary proceedings under Part IV of the Act. In response to a request, the RCMP told the Committee that it did not have an internal policy for reporting breaches of the Code of Conduct.

Second, RCMP members may report “wrongdoing” in accordance with the *Public Servants Disclosure Protection Act*. The Act allows RCMP members to disclose wrongdoing to (1) a designated senior officer (in this case the Ethics Advisor) or a supervisor, in accordance with procedures established by the RCMP Commissioner; or (2) to the Public Sector Integrity Commissioner. A/Commr Conlin told the Committee that as a result of the new Act her office was currently reviewing the RCMP’s policy:

We are working with the Public Sector Integrity Commissioner’s office as well as the SRR [Staff Relations Representatives] program, the RCMP legal services, and the professional standards and external review directorate. We are looking at our existing policies now to ensure that we meet the obligations of the *Public Servants Disclosure Protection Act* and that we have the processes in place to deal with these matters in an efficient and effective manner.²⁴

Until that policy has been finalized, it is not possible to outline the steps that an RCMP member would follow in disclosing wrongdoing under the new Act.

Nonetheless, the existence of multiple disclosure regimes may create certain difficulties. If the RCMP’s internal procedures for reporting breaches of the Code of Conduct (established under the RCMP Regulations) and for disclosing wrongdoing (established under the *Public Servants Disclosure Protection Act*) are significantly different, there may be some confusion as to how to go about reporting problems in the RCMP.

Moreover, RCMP members may feel reluctant to report a wrongdoing directly to the Public Sector Integrity Commissioner if they are uncertain as to whether the wrongdoing is also a breach of the Code of Conduct. This is because they are required to follow special internal procedures established by the RCMP Commissioner in order to report a breach of the Code of Conduct; failure to report in accordance with those procedures is in itself a breach of the Code, subjecting them to disciplinary action under Part IV of the *RCMP Act*. This is particularly problematic as virtually all of the actions that are considered “wrongdoings” under the *Public Servants Disclosure Protection Act*, if committed by a member of the RCMP, could conceivably be treated as a breach of the RCMP Code of Conduct. For example, an RCMP member’s misuse of public funds is a wrongdoing under the Act but also “disgraceful conduct” that “could bring discredit on the Force,” a violation of the RCMP Code. In any event, if RCMP members are reluctant to disclose wrongdoing to a

24 *Ibid.*, 71, 9:30 a.m.

person outside the Force, specifically the Public Sector Integrity Commissioner, then the purpose of covering them under the Act is defeated.

Also, RCMP members may have a legitimate concern that they will be disciplined under Part IV of the *RCMP Act* for not following RCMP internal procedures for disclosing breaches of the Code of Conduct if they choose instead to disclose the matter to the Public Sector Integrity Commissioner. If they are disciplined under Part IV of the Act for not following the internal procedures for reporting breaches of the Code, they may have to wait a long time before they may file a complaint of reprisal with the Public Sector Integrity Commissioner. This is because the *Public Servants Disclosure Protection Act* does not permit an RCMP member to file a complaint with respect to a reprisal where the subject matter of the complaint is already being addressed under Part IV of the *RCMP Act*.

These concerns are not merely speculative. David Brown found that employees “did not know where to go” when problems began to surface, in part because of the confusion created by two different sets of reporting policies (the first, which was never effectively implemented, for disclosing wrongdoings; and the second for reporting breaches of the Code of Conduct, which was an entrenched policy).²⁵

A/Commr Conlin told the Committee that her office is looking at the two disclosure regimes and trying to reconcile their differences. She said:

[W]hat we’re looking at is how the new act interacts with the *RCMP Act* and what policies we may need to change to ensure that they meet the new *Public Servants Disclosure Protection Act*. But we already had policy in 2002 with regard to whistle-blower protection and with the reprisal as well. What we need to do now is ensure that it meets all the legal requirements in how it interacts with the *RCMP Act*.²⁶

However, as Mr. Brown noted, the previous situation of two different sets of systems did not work very well. He said, “As I pointed out in my report, merely superimposing a whistle-blower protection system on a system that has a code of conduct violation — that is part of a militaristic or paramilitary organization — doesn’t quite work. That interface needs to be worked out.”²⁷ He noted in his report how the chain of command structure and the Code of Conduct procedures do not contain the nuances of a workplace disclosure policy. They can even be used as a weapon in a war of personalities.

The Committee has a number of concerns about the clarity and the interaction of these two systems that it believes should be addressed in any new RCMP framework for the disclosure of wrongdoing, specifically:

25 Brown Report, section 7.4.1.

26 Meeting 71, 10:30 a.m.

27 Meeting 72, 2:40 p.m.

1. As any RCMP policy on the disclosure of wrongdoing cannot require RCMP members to exhaust internal procedures for reporting wrongdoing before having recourse to the Public Sector Integrity Commissioner, RCMP members should be advised that they have the right to report a wrongdoing directly to the Integrity Commissioner if they prefer to do so.
2. RCMP members should not be disciplined for failing to follow the RCMP Commissioner's internal procedures for disclosing breaches of the Code of Conduct if they choose instead to report the incident as a "wrongdoing" to the Public Sector Integrity Commissioner.
3. The RCMP and the Office of the Public Sector Integrity Commissioner should work together to develop a policy that allows the Public Sector Integrity Commissioner to refer to senior officials at the RCMP a disclosure of wrongdoing made to her, if she is of the opinion that the matter should be more appropriately dealt with under Part IV of the *RCMP Act* as a breach of the Code of Conduct.
4. The RCMP should clarify the procedure for imposing disciplinary action against a member who is found to have committed a wrongdoing under the *Public Servants Disclosure Protection Act*,²⁸ as it is not clear how this provision interacts with the RCMP Code of Conduct.
5. RCMP members should be advised that they are now protected from acts of reprisal not only for reporting a wrongdoing under the *Public Servants Disclosure Protection Act*²⁹ but also for reporting breaches of the RCMP Code of Conduct.

With these concerns in mind, the Committee recommends that:

Recommendation 5

The Royal Canadian Mounted Police clarify the procedures for reporting breaches of the Code of Conduct pursuant to the RCMP Regulations and *Royal Canadian Mounted Police Act* and the

28 Section 9 of the *Public Servants Disclosure Protection Act* specifies that that a public servant who is found to have committed a wrongdoing is subject to appropriate disciplinary action, including termination of employment, in addition to and apart from any other penalty provided for by law.

29 The term "reprisal" is defined in the Act as any of the following measures: a disciplinary measure; a demotion; termination of employment, including discharge or dismissal in the case of an RCMP member; any measure that adversely affects the public servant's employment or working conditions; or threatening to take any of these measures (sections 2(1) and 19).

procedures for disclosing wrongdoings pursuant to the *Public Servants Disclosure Protection Act*.

The Committee has an additional concern, which requires a legislative change. As has already been mentioned, an RCMP member is not allowed to file a complaint in relation to any matter that is already the subject of an investigation or proceeding under either: (1) Part IV or Part V of the *RCMP Act* (dealing with discipline, discharge, and demotion); or (2) the provisions of the RCMP Regulations concerning administrative discharge, unless he or she has exhausted every procedure available under the *RCMP Act* and Regulations for dealing with the matter. While these provisions are intended to prevent the duplication of proceedings, they may cause significant delays for RCMP members who wish to obtain a remedy when their employer has taken a reprisal against them.

This could be resolved by amending the *Public Servants Disclosure Protection Act* to allow RCMP members to file a complaint about a perceived reprisal in the same way as any other public servant who is covered by the Act. When a complaint is filed, existing proceedings under the *RCMP Act* could be suspended until the Public Sector Integrity Commissioner has dealt with it. This addresses the problem of duplicate proceedings and would give the Public Sector Integrity Commissioner a right of oversight to ensure that RCMP members are not unfairly disciplined under the *RCMP Act* because they made a disclosure. Consequently, the Committee recommends that:

Recommendation 6

The Government of Canada should amend the *Public Servants Disclosure Protection Act* to allow a Royal Canadian Mounted Police member to file a complaint of reprisal with the Public Sector Integrity Commissioner, regardless of whether there are ongoing proceedings under the *Royal Canadian Mounted Police Act*. Furthermore, the Public Sector Integrity Commissioner and the Public Servants Disclosure Protection Tribunal should be provided with the full authority to deal with such complaints.

Recommendation 7

Any *Royal Canadian Mounted Police Act* proceedings against the member should be suspended until the complaint of reprisal has been dealt with under the *Public Servants Disclosure Protection Act*. Moreover, where the complaint is found to have merit, the Public Servants Disclosure Protection Tribunal should have the authority to dismiss or discontinue the RCMP Act proceedings.

Recommendation 8

Consequential amendments should be made to the *Royal Canadian Mounted Police Act* to ensure that the *Public Servants Disclosure Protection Act* prevails where an RCMP member files a complaint of reprisal with the Public Sector Integrity Commissioner.

One of the procedures available for RCMP members to appeal disciplinary decisions is to go to the RCMP External Review Committee, which is an independent body with specialized expertise in disciplinary and grievance issues within the RCMP and is established under Part II of the *RCMP Act*. It reviews certain grievances as well as cases of discipline, demotion or discharge of members of the RCMP. In grievance matters, only certain specific questions may be referred to the Review Committee. As far as formal disciplinary measures are concerned, members always have the right to ask that their file be reviewed by the Review Committee if they are not in agreement with a decision resulting from the disciplinary process. However, its powers are limited. Catherine Ebbs, the Chair of the RCMP External Review Committee described these limitations:

The Committee does not have authority to initiate reviews. The cases must be referred to it by the RCMP Commissioner. The Act sets out the types of cases that require committee review. As well, the Committee does not have investigatory powers. ... After consideration of all the issues, the chair of the Committee provides findings and recommendations to the RCMP Commissioner, who is the final decision-maker in the internal process for these cases, as well as to the parties. If he decides not to follow them, the law requires that in his reasons he give an explanation for not doing so.³⁰

In other words, before the Commissioner considers an appeal, he must refer it to the RCMP External Review Committee. However, while the Commissioner is required to take into account the findings and recommendations of the Review Committee in issuing his decision on the appeal; he is not bound by them.

Public servants, on the other hand, may, after exhausting internal grievance procedures, refer to adjudication a grievance related to a disciplinary action resulting in termination, demotion, suspension or final penalty.³¹ Generally, this adjudicative body is composed of one or more members from the Public Service Labour Relations Board. If a grievance is heard by adjudication and the parties can not resolve their difference through mediation, then any decisions of the adjudicator are binding and final.

If the RCMP External Review Committee only has the power to make recommendations to the Commissioner, who is the final decision-maker, the Committee

30 Meeting 71, 2:05 p.m.

31 See Section 209 of the Public Service Labour Relations Act.

wonders what the point of this Committee is. Presumably, it provides labour relations advice to the Commissioner, but this does not provide much of an independent appeal process for RCMP members. Unlike public servants, RCMP members do not have a right of recourse to an independent adjudicative body when appealing disciplinary action that is taken against them. In the interests of fairness and equity, the government needs to strengthen the powers of the External Review Committee. The Public Accounts Committee therefore recommends that:

Recommendation 9

The Government of Canada amend the *Royal Canadian Mounted Police Act* to provide the Royal Canadian Mounted Police External Review Committee with adjudication powers whose decisions are binding and final.

Notwithstanding any procedures that are in place or will be in place, it is important that the individuals involved are committed to hearing disclosures of wrongdoing and protecting those who wish to disclose. As the former Ethics Advisor A/Commr Spice told the Committee, the integrity of the individuals involved does matter:

You talked about the integrity of the individual, and that's really what it comes down to. You can have policies, you can have legislation, you can have any number of guidelines in place to deal with these sorts of issues, but without people with the integrity to ultimately take those forward to deal with the issue, you can't guarantee this wouldn't happen again. It's very much personnel-centric, if you will.³²

In the RCMP, the integrity and support of the Commissioner is essential. A/Commr Spice put it this way, "at the end of the day, the individual who has to hold people accountable is the Commissioner of the organization. You require his support and acknowledgement of his role to ensure it's effective."³³ While the current Ethics Advisor A/Commr Conlin said she has the full support of the current Commissioner, this is contingent upon the will of that particular person. If the Commissioner should change his mind or if a future Commissioner is not as supportive, then the effectiveness of the disclosure regime could fall apart, as it did under former Commr Zaccardelli. As the Committee would like to have more assurances than just relying upon the goodwill of the Commissioner of the RCMP, the Committee believes that stronger of independent, external review or oversight is required, which will be discussed in later section.

32 Meeting 71, 9:50 a.m.

33 Ibid., 9:40 a.m.

OUTSOURCING OF THE ADMINISTRATION OF THE PENSION PLAN

As with all other government employees, members of the RCMP are entitled to benefits under the RCMP's pension and insurance plans. The RCMP pension plan is a benefit plan to which both members of the RCMP and government contribute. The pension plan is governed by the *RCMP Superannuation Act*. In April 2000, Bill C-78 amended the *RCMP Superannuation Act* so that contributions to the pension fund were to be transferred to an investment board and invested in the financial markets. Since the amendment, the management of the investments is now separate from the administration of the pension plan.

In May 2000, Dominic Crupi transferred from Public Works and Government Services Canada (PWGSC) to the RCMP as the Group Leader in the Pensions and Benefits Policy Group. In September 2001, Mr. Crupi was officially promoted to Director of the National Compensation Policy Centre (NCPC). In this position, Mr. Crupi oversaw the completion of the business case for the outsourcing of the RCMP pension administration. Mr. Crupi's direct supervisor was Mike Séguin; however, the Committee learned through its hearings that Mr. Crupi circumvented the direct line of command and reported directly to Jim Ewanovich, the Chief Human Resource Officer.

After Bill C-78 was passed, the RCMP began to explore the need to outsource the administration of the pension plan because the plan's current database greatly needed to be improved. In December 2001, the Treasury Board approved the RCMP's submission to outsource the administration of its pension plan. The business case, which fully supported outsourcing the pension administration, was written by two consultants hired by Mr. Crupi: Anthony Koziol and Pat Casey, both of whom worked with Mr. Crupi at PWGSC. However, the Office of the Auditor General reviewed the business case that was used to justify the outsourcing of the administration of the pension plan and found that the business case was not a balanced one.

The Office of the Auditor General found that the options for outsourcing listed in the business case were supplied by Morneau Sobeco, the company that would be awarded the outsourcing contract. The Auditor General found that the business case was written in such a way that supported full outsourcing and provided little analysis of any other options for the administration of the pension plan. In addition to the Auditor's findings, the Ottawa Police Service summary report noted that Mr. Koziol and Mr. Crupi both acknowledged that the facts and figures for the models presented in the business case were supplied by Morneau Sobeco. There was no collection of independent data. The RMCP accepted the estimates supplied by Morneau Sobeco without conducting additional reviews.

Nepotism and Contracting Irregularities

In addition to the discrepancies identified by the Auditor General with respect to the original outsourcing of the administration of the pension plan to Morneau Sobeco, several

other investigations found questionable contracting practices. The Ottawa Police Service conducted a criminal investigation on the administration of the pension plans, and identified several significant problems involving the approval of contracts, including nepotism, directed contracting, contract splitting, and dubious dealings with Consulting and Audit Canada.

The various investigations into the administration of the pension plan found that as the NCPC Director, Mr. Crupi ignored normal staffing practices and hired friends and relatives of employees who worked at the NCPC to work on correcting data in the pension database. Most of the staff were hired as summer students; however the Federal Student Work Exchange Program was not used and the summer students were hired at higher than normal rates of pay. Human resources staff at the RCMP told the Auditor General that they allowed Mr. Crupi to hire casual employees on his own rather than following the regular staffing process because of work and time pressures. The Ottawa Police Service investigation found that of 65 casual employees hired by Mr. Crupi, 49 had friends or family that worked for the RCMP. The RCMP has since improved its staffing practices: starting in 2004, the RCMP required that the NCPC's staffing action plan be incorporated into information provided to the Treasury Board Secretariat and reviewed by the Pension Finance Oversight Committee.

The Committee is concerned that the RCMP would allow employees who were completely untrained in the procurement process to engage in nepotism and to establish contracts valued up to \$20 million. That this was going on for as long as it was is especially troubling given that Mr. Crupi's questionable contracting practices were raised in a 2002 briefing note. Shawn Duford, who worked in the Corporate Procurement and Contract Services Directorate of the RCMP, discussed in this note the

questionable contracting practices relating to the pension reform project, and more specifically, related to Mr. Dominic Crupi, the project manager. Mr. Crupi entered into a number of service agreements with CAC totalling more than \$2.5 million. Mr. Crupi does not have the delegation of contracting authority to enter into these agreements.³⁴

According to S/Sgt. Frizzell, this briefing note was brought to the attention of Mr. Crupi's direct advisor, Mike Séguin, the senior procurement personnel in the RCMP and ultimately to Deputy Commissioner Paul Gauvin, the RCMP's Chief Financial Officer. In addition, Jim Ewanovich, the Chief Human Resources Officer who was responsible for the management of the pension and insurance plans, and to whom Mr. Crupi actually reported, was advised of the contracting irregularities and was asked to remove Mr. Crupi's contracting authority. According to D/Commr Gauvin, Mr. Crupi's contracting authority was removed.³⁵ However, as S/Sgt. Frizzell noted, very little came of this briefing note.

34 Meeting 60, 4:30 p.m.

35 Meeting 51, 5:05 p.m.

The Committee wonders why D/Commr Gauvin, the Chief Financial Officer of the RCMP, was unable to completely and conclusively remove Mr. Crupi's signing authority. S/Sgt Frizzell told the Committee that D/Commr Gauvin's removal of Mr. Crupi's signing authority was like "taking my driver's licence away so I can't go to Vancouver and then driving me to the airport."³⁶ He continued by saying:

Somebody from procurement still had an oversight role. Procurement still signed off on all the contracts. What was happening wasn't lost on anyone I spoke to from procurement. It was simply that nobody was doing anything about it.

The Committee was shocked to learn that the Chief Financial Officer of the RCMP was unable to prevent an RCMP employee from engaging in inappropriate contracting practices. Given the import of the position, the Chief Financial Officer of any government organization should put appropriate mechanisms in place to ensure that employees follow accepted contracting policies and procedures, and not try to place responsibility for problems on an outside organization, in this case Consulting and Audit Canada. It was not sufficient to simply take away the contracting authority and then allow Mr. Crupi to engage in contracts through another means. Once a problem had been identified, it was incumbent on the Chief Financial Officer ensure that the problems did not recur, which D/Commr did not do.

In addition to why Mr. Crupi was still able to contract through Consulting and Audit Canada, the Committee is very concerned that Mr. Gauvin did not see the conduct of Mr. Crupi as being his concern. In D/Commr Gauvin's mind, Mr. Crupi was not his responsibility because he worked in Human Resources, not in Corporate Management and Comptrollership. D/Commr Gauvin stated that he could not take any actions against Mr. Crupi because it was "a human resources issue. I'm a financial person and I don't make recommendations on who gets fired and who doesn't."³⁷ The Committee is incredulous that the Chief Financial Officer of the RCMP could not either take action himself or ask others to take action when contracting irregularities were knowingly being conducted.

Despite the recommendations made in this briefing note to the senior procurement personnel in the RCMP and to D/Commr Gauvin, Mr. Crupi still managed to practice directed contracting through his extensive use of Consulting and Audit Canada (CAC). The Committee was unable to determine why Mr. Crupi was still able to use CAC after his contracting authority had been removed. The Committee is troubled that Mr. Crupi purposefully violated contracting rules even while being monitored by employees in the procurement area of the RCMP as was recommended in Mr. Duford's memo.

36 Ibid., 5:10 p.m.

37 Meeting 51, 4:55 p.m.

At the time of the investigation, CAC was part of Public Works and Government Services Canada and its function was to provide faster service than other government contracting and procurement divisions in other departments. CAC was able to provide this faster service because they had staff dedicated to complex procurement. CAC charged a 15% fee on contracts to subsidize the level of service it provided to other government departments.

When Mr. Crupi needed a contractor, he would notify his contact at CAC, Frank Brazeau. Mr. Crupi would identify the need for a contract and the name of the desired contractor. In general, emails from Mr. Crupi to Mr. Brazeau indicated the specific details of the contract, including the desired per diem, the desired type of procurement process, and the statement of work. A review undertaken by KPMG Forensic found that several of the sole source contracts that were tendered under Mr. Crupi's direction were given to contractors who were previously working at the RCMP under contracts previously let by RCMP procurement, such as Anthony Koziol and Pat and Kim Casey. Basically, Mr. Crupi manipulated government contracting rules in order to "employ" a group of his preferred contractors.

KPMG Forensic was asked by PWGSC to conduct a detailed review and analysis of several contracts managed by CAC for the National Compensation Policy Centre. As Greg McEvoy, Associate Partner from KPMG stated:

It is our view that the processes for managing and administering these contracts, when considered in their entirety, did not meet Treasury Board policy. The contracting was not conducted in a manner that would stand the test of public scrutiny in matters of prudence and probity. It did not facilitate access or encourage competition; quite the contrary. It did not reflect fairness in the spending of public funds. In particular, we found evidence of a process to facilitate contracts to desired resources, contract splitting, and contract backdating involving the creation of contracts for work that had already been performed.³⁸

Though Mr. Brazeau defended the work he completed for Mr. Crupi as normal practice for CAC, Shahid Minto from PWGSC stated that

All government contracting is done under the government contract regulations or Treasury Board policy. The [Contracting] Policy states, among other things, "that government contracting shall be conducted in a manner that will stand the test of public scrutiny in matters of prudence and probity; facilitate access; encourage competition; and reflect fairness in the spending of public funds". There was no exemption from that policy for CAC or anybody in CAC.³⁹

38 Meeting 55, 3:30 p.m.

39 Meeting 62, 5:10 p.m.

David Marshall, the Deputy Minister for PWGSC at the time of the Committee's hearings on this topic, summarized the contracting situation between the NCPC and CAC by stating that he thought "the whole thing stinks" and that the contracts were "rigged."⁴⁰ The Committee agrees with these frank assessments and is pleased to hear from the Auditor General that the RCMP has strengthened the internal controls surrounding contracting.⁴¹ However, given the list of irregularities committed in CAC during the period covered here, the Committee has grave concerns that there may have been other serious wrongdoings committed in CAC. CAC was reorganized in 2005-2006 and its contracting and procurement sections were handled instead by PWGSC's Central Procurement Service Unit. Given the improprieties listed here, the Committee does not have confidence that CAC was handling all of its contracting in such a way that was in full accordance with the Contracting Policy prior to 2005-2006. For this reason, the Committee recommends that

Recommendation 10

The Auditor General of Canada conduct an audit of the contracting practices at Consulting and Audit Canada during the past ten years.

In addition to contracting irregularities in the pension plan administration, the Auditor General also pointed out several contracting problems with respect to the administration and outsourcing of the insurance plan. The issues surrounding the outsourcing of the administration of the insurance plan will be discussed in the next section of this report.

Training

Each of the investigations into the administration of the pension plan concluded that Mr. Crupi and other staff of the NCPC misused resources and circumvented management controls. The Office of the Auditor General found that Mr. Crupi established consulting contracts valued at over \$20 million, and over-rode controls to avoid competitions for the contracts. In addition, the Office found that over \$3.1 million was inappropriately charged to the pension plan to pay for RCMP human resources projects and contracts that should have been paid for by RCMP appropriations funding which relieved the budget pressure on managers responsible for these projects.⁴²

During the Committee's hearings on this issue, Mr. Crupi stated repeatedly that he was not an expert in procurement. For example, Mr. Crupi said that "at no time was I a procurement expert or trained in procurement. I hired someone to do that because I wasn't

40 Meeting 55, 4:20 p.m.

41 Auditor General of Canada, paragraph 9.18.

42 Ibid., paragraph 9.13.

trained in it.”⁴³ Garry Roy, another employee at the NCPC who was also personally hired by Mr. Crupi to do work around his home, stated during the Committee hearings that he “was never a contracting or procurement person,” that he did “not have a background or any training in contracting or procurement”, and that he was not familiar with the Treasury Board contracting policies.⁴⁴

The explanation by Mr. Crupi that he did not adhere to contracting policies because of lack of training in the area was reported in the RCMP internal pension plan administration audit. The audit highlighted the fact that a lack of detailed knowledge of contracting policies on the part of pension managers at least in part explained the non-compliance with contracting policies. This explanation rings hollow though, given that Mr. Crupi continued to contract with CAC even after his signing authority had supposedly been removed.

The Committee is extremely concerned that such poor contracting practices could continue as long as they did in the RCMP. The Office of the Auditor General’s report states that the RCMP has taken measures to strengthen its contracting controls. Specifically, the RCMP’s Corporate Procurement and Contract Services Directorate now ensures that managers are reminded of RCMP contracting policies and that procurement personnel receive mandatory values and ethics training. The Committee agrees with these measures, but believes that more can be done to ensure that contracting policies are followed. Therefore, to avoid the “I’m not an expert in procurement” excuses in the overriding of contracting controls, the Committee recommends that

Recommendation 11

All Royal Canadian Mounted Police members and employees with any level of contracting authority undergo specific training in the Treasury Board’s Contracting Policy.

Recommendation 12

All Government of Canada contracts include a clause that states that the contractor must act in accordance with the Treasury Board Contracting Policy.

43 Meeting 55, 4:50 p.m.

44 Meeting 66, 4:00 p.m.

Recommendation 13

The Government of Canada investigate whether or not monies can be recovered from contractors or individuals who received inappropriate benefits.

Post-employment rules

According to the Treasury Board's Contracting Policy, extreme caution should be exercised when contracting with former employees who receive a pension. In these situations, there can be no suggestion of special favouritism or privilege. In addition, if an employee has been retired for less than one year and is in receipt of a pension, any contract they win must include a contract fee that is reduced according to a specified formula.

The *Values and Ethics Code for the Public Service* states that former public servants should undertake to minimise the possibility of real, apparent or potential conflicts of interest when they take on government contracts. The Code says: "Without unduly restricting their ability to seek other employment, former public servants should undertake to minimize the possibility of real, apparent or potential conflicts."⁴⁵

The Treasury Board's Contracting Policy states that those with contracting authority should exercise discretion when contracting with former employees in receipt of a pension.⁴⁶ The policy states that contracting authorities should recognize the balance between the desire to respect individuals' rights to use their knowledge and abilities for economic gain on the one hand, and to protect the public's right to reasonable assurance that the public interest will not suffer in the process on the other hand. If the contract work is substantially like that performed by the pensioner before retirement, contracting authorities should ensure that they can justify why the required work is not being done by a successor. To discourage the practice of hiring a contractor who just left the public service and is in receipt of a government pension, the policy states that for the services of these individuals, the contract must include a contract fee that is abated in accordance with a predetermined formula, regardless of fee or contract value.

The Committee heard testimony that suggests that these rules are not always being followed. An example of how the post-employment rules were being violated was clearly laid out in the KPMG review of NCPC contracts tendered through Consulting and Audit

45 Treasury Board Secretariat, *Values and Ethics Code for the Public Service*. 2003. Available online at http://www.tbs-sct.gc.ca/pubs_pol/hrpubs/TB_851/dwnld/vec-cve_e.pdf

46 Treasury Board of Canada, *Contracting Policy*. Available online at http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/Contracting/contractingpol_e.asp

Canada (CAC) under the direction of Frank Brazeau. Abotech Inc, a consulting company owned by former MP David Smith, was awarded two contracts related to the NCPC for the consulting services of Michael Onischuk. Mr. Onischuk was introduced to Mr. Brazeau by another consultant working with the NCPC, Anthony Koziol. Mr. Onischuk was interested in finding a way to work on a more permanent basis with the NCPC, but Mr. Brazeau informed him that being a retired public servant meant that post-employment rules applied to his situation. Mr. Brazeau indicated that Mr. Onischuk could circumvent these rules by being hired through a consulting firm and then referred him to Abotech Inc.

Mr. Onischuk's experience with Abotech follows a pattern of events whereby consultants would be referred to Abotech by CAC. This pattern was described by Abotech owner David Smith in an interview with the KPMG reviewers. Mr. Smith told the reviewers that he received calls from consultants who would indicate that CAC had referred them to Abotech. The consultants were often retired public servants who were concerned about post-employment rules and therefore wished to work with Abotech to circumvent these rules. The consultant would indicate that they wished to contract through Abotech and that a contract was forthcoming. Mr. Smith would agree, and the consultant would send a resumé to CAC which would then be entered into their database. When the particular contract tender arrived from CAC, Abotech would submit a bid.

Mr. Brazeau explained to the Committee that it is common practice for former employees, such as retired public servants, to go through consulting companies for contracts. When former employees are contracted by another firm to work on a contract, they do not incur the penalty on their pension. Thus, going through a consulting firm is a way for former employees to avoid paying a penalty on their pension.⁴⁷ Greg McEvoy, from KPMG Forensic, also stated that Mr. Smith allowed Mr. Onischuk to submit his name through Abotech to circumvent the former public servant processes.⁴⁸

The Committee is concerned that the post-employment rules that are in place to avoid potential conflicts of interest and "double dipping" into both pension and contract awards are being flagrantly ignored. However, David Marshall, the deputy minister of PWGSC during part of the Committee's hearings on this issue, stated that

[This practice] would be very hard to detect, because the contracts are in the name of a company and you don't know necessarily who the individual is who is doing the work.⁴⁹

In addition, Mr. Marshall stated that he thought "people took advantage of vagueness in the rules to do this kind of thing." He continued by saying

47 Meeting 55, 4:00 p.m.

48 Ibid., 4:05 p.m.

49 Ibid., 5:15 p.m.

But I think that certainly the Treasury Board Secretariat would be interested in sort of reinforcing or in some way perhaps even asking for a declaration from departments that it shouldn't be done, something like that, because I think it harms all public servants, this notion that there's collusion or helping each other circumvent the rules. I don't think it helps anybody. So I think it would certainly be a good thing to reinforce that issue.⁵⁰

The Committee believes that the Treasury Board Secretariat should indeed find some way to reinforce the elements of the Contracting Policy that are being violated.

The Contracting Policy states that electronic bidding is very effective in addressing the sensitivity of contracting with former public servants. However, as the Committee heard throughout its hearings on the issue of the administration of the RCMP pension and insurance plans, electronic bidding could not keep former public servants from circumventing the post-employment rules by working through a consulting firm. The Treasury Board Secretariat needs to better enforce the Contracting Policy to as to limit the violation of the post-employment rules.

Finding a way to enforce the post-employment rules is especially important given the wave of retirements that will be coming in the next decade or so in the public service. The Committee believes that it is critical that the Treasury Board Secretariat work with its government partners to find a way to enforce the post-employment rules. In addition, the Committee also believes that requiring contractors to confirm that none of their employees would be subject to post-employment rules would lead to a strengthening of the Contracting Policy. As such, the Committee recommends that

Recommendation 14

The Government of Canada require all contractors and any subsequent sub-contractors to confirm that neither they nor any of their employees would be in violation of the post-employment rules as set out in the Treasury Board Contracting Policy if they were awarded a contract.

In addition, the Committee believes that any contractors who were awarded contracts in ways that are not in full accordance with the Contracting Policy should not be eligible for future Government of Canada contracts. As such, the Committee recommends that:

Recommendation 15

The Government of Canada permanently bar from future contracts a contractor who has been found to have engaged in misconduct while

50 *ibid.*, 5:45 p.m.

carrying out his or her duties, or who has colluded with a public servant in committing an act of misconduct.

Recommendation 16

The Government of Canada permanently bar from having contracting authority public servants who have been found to have engaged in misconduct in the performance of their duties or who have colluded with contractors in committing an act of misconduct.

Reporting to Parliament

One of the key means of informing parliamentarians and Canadians of the performance of departments is through the Departmental Performance Reports (DPR). The DPRs are individual departmental accounts of accomplishments against the plans and expected results they set out in their Report on Plans and Priorities. DPRs provide information on how the department or agency is progressing towards its strategic goals.

As mentioned above, at the time of the investigation into the administration of the pension plan, Consulting and Audit Canada was part of the PWGSC. As such, CAC performance was reported through PWGSC's DPR. Both the department's 2002-2003 and 2003-2004 DPRs states that CAC "made good progress against planned results and generally met its performance expectations in providing quality services to clients. The results were very similar to those of the previous year, indicating consistency in service delivery levels."⁵¹ In addition, the DPRs state that CAC had "successfully maintained a high involvement with public policy issues."⁵²

The discussion about CAC in the 2004-2005 PWGSC DPR stated that:

In 2005-06, as part of CAC's charter renewal process, the agency's mandate is being reviewed, especially in relation to procurement of services. Based on the preliminary findings, the Deputy Minister decided that, beginning in May 2005, procurement activities would be handled by PWGSC's Central Procurement Service Unit to enhance segregation of duties and improve consistency of procurement practices throughout the Department.⁵³

51 Public Works and Government Services Canada, Departmental Performance Report, 2002-2003 and 2003-2004.

52 Ibid.

53 Public Works and Government Services Canada, Departmental Performance Report, 2004-2005.

The 2004-2005 DPR does discuss a change to the administration of procurement services in CAC, but it does not discuss why these changes were made. Thus, throughout the period of contracting irregularities within CAC, there was no mention of these irregularities in the department's DPRs.

Mr. Marshall, the Deputy Minister of PWGSC at the time of the Committee hearings on this topic, confirmed for the Committee that the contracting problems in CAC were not explicitly discussed in the department's DPR.⁵⁴ Mr. Shahid Minto, the current Chief Risk Officer at PWGSC, stated that

What we did put in our DPRs was that we were splitting up the departments and changing the mandate of the department. We didn't go into all the causes of why we did it, but we explained some of the things we were doing over there.⁵⁵

This Committee has been concerned in the past with the quality of information contained in the reports made by departments to Parliament. If DPRs do not provide complete explanations of what happens, both positive and negative, in the departments, then the DPRs will not be considered seriously by parliamentarians or Canadians. Reporting negative results may not be something departments would like to do, but this is necessary if these reports are to be credible. The situation here reinforces how important the need for complete reporting is: if this Committee had not examined this issue, the reasons for the changes to CAC as reported in PWGSC's DPR might not have been discovered.

The Committee understands that while the President of the Treasury Board tables the DPRs in Parliament, each minister is responsible for the information in his or her own department's report. However, the Committee also understands that the Treasury Board Secretariat publishes Guidelines to assist departments in the preparation of their DPRs. The Guidelines state that:

the content of these reports should be **relevant, reliable, balanced, and comparable** to provide parliamentarians and Canadians with a comprehensive and effective picture of the government's plans and use of taxpayers' money.⁵⁶

The Committee believes that the Secretariat could enforce these guidelines for the preparation of DPRs, and insist that departments strive for balanced reporting. To improve the quality of reporting to Parliament, the Committee recommends that:

54 Meeting 55, 6:20 p.m.

55 Meeting 62, 4:55 p.m.

56 Treasury Board Secretariat, Guide to the Preparation of Part III of the 2008–2009 Estimates: Reports on Plans and Priorities and Departmental Performance Reports, page 6. Emphasis in the Original. Available online at: <http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/guide/guide-eng.pdf>.

Recommendation 17

The Treasury Board Secretariat ensure that departments comply with the departmental reporting Guidelines so as to make sure that the Departmental Performance Reports contain balanced reporting.

OUTSOURCING OF THE ADMINISTRATION OF THE INSURANCE PLAN

In December 1999, the National Compensation Policy Centre (NCPC) requested that Great-West Life provide them with an estimate for taking over the basic administration services for the insurance plans from the RCMP. Up to this point, Great-West Life had been only the underwriter of the insurance plans.

Dominic Crupi, the Director of the NCPC, instructed Great-West Life to begin preparing for outsourcing the administration of the RCMP insurance plans. This preparatory work was performed by Great-West Life without a contract, which was contrary to contracting regulations.

In December 2001, after working on the project for several months, the RCMP requirements changed and Great-West Life determined that it could not provide all the required services within the specified delivery date. Great-West Life suggested that since Morneau Sobeco had already been contracted to administer the RCMP's pension plan, the NCPC should consider outsourcing with Morneau Sobeco. After being contacted by Pat Casey (who worked for Mr. Crupi on the administration of the RCMP pension), Morneau Sobeco submitted an insurance outsourcing proposal to Garry Roy quoting start-up costs of \$450,000 and ongoing annual costs of \$552,000. Mr. Roy worked at the NCPC and reported directly to Mr. Crupi.

The Ottawa Police Service investigation noted that after receiving approval from Mr. Crupi that Morneau Sobeco would be the outsourcer, Mr. Casey and Mr. Roy explored the available contracting options. However, after reviewing the options, Mr. Crupi decided that any legitimate process would take "too long" and that he might have to open to competition the actual underwriting as well.

To circumvent the tender process, Great-West Life was persuaded to act as a go-between for payments to Morneau Sobeco, which took on the job of administering the insurance plans for the RCMP. The RCMP then paid Morneau Sobeco for the firm's own requirements definition phase of the contract, indicating that the contractor started again from the very beginning. The Office of the Auditor General noted that RCMP officials could not identify any tangible service performed by Great-West Life.⁵⁷ However, Great-West Life

57 Auditor General of Canada, paragraph 9.34.

believes that it helped to define requirements for future outsourcing work. The Ottawa Police Service investigation concluded that the RCMP insurance plans paid over \$250,000 in unnecessary payments to Great-West Life.

The Committee tried during its hearings on this matter to determine who approached Morneau Sobeco to undertake the administration of the insurance plans. There were no clear answers given as to whether Morneau Sobeco approached the RCMP or Great-West Life, or if Great-West Life contacted Morneau Sobeco, or if even the RCMP approached Morneau Sobeco. There were many questions raised as to why Great-West Life and Morneau Sobeco would enter into a potentially risky venture such as this one described here. Staff Sergeant Mike Frizzell, who headed up the Ottawa Police Service investigation into the administration of the insurance plan, was unable to clarify the questions asked here. He stated that there were a number of theories and that none of them had been proven, in part because he was directed to not further investigate this particular area.

The Committee was concerned that Staff Sergeant Frizzell was told that he should not follow the trail from the RCMP to Great-West Life to Morneau Sobeco because it was not in the investigation's mandate. The Committee was even more concerned that this direction came from Assistant Commissioner David Gork, who was assigned to act as the administrative liaison for the Ottawa Police investigation. As discussed later in this report, the apparent lack of independence of the Ottawa Police Service investigation is very troubling, especially given that some aspects of the investigation could not be carried out to completion.

In addition to the questions surrounding why Morneau Sobeco was given the contract for the administration of the insurance plan, there is an outstanding question about an additional \$540,000 being taken out of the insurance plan and put into the pension plan. The Committee first heard of this issue when S/Sgt Frizzell played for the Committee a recording of a voice message he left for Rosalie Burton, who at the time was a Director General in Human Resources, in which he stated that "senior management took another half million dollars out of the insurance funds".⁵⁸ The Committee received documentation that suggested that the \$540,000 was removed from the insurance plan between November 2003 and March 2004 by Great-West Life because a review had determined that the agreement that had originally justified the movement of funds was entered into without authorization and thus had to be reversed. However, the Committee is unclear whether the RCMP even had the authority to allow this transfer.

Related to the issue of the \$540,000 being directed from the insurance plan to the pension plan is the accusations heard by the Committee that the minutes of an RCMP Insurance Committee were altered. Sergeant Brad Chugg, a Staff Relations

58 Meeting 46, 4:45 p.m.

Representative, informed then Deputy Commissioner Barbara George in June 2005 that the minutes of the March 15, 2005 Insurance Committee meeting that he attended were inaccurate. The minutes of the meeting suggested that the \$540,000 were to come from the insurance plan. Sgt. Chugg wrote that the Insurance Committee was instead assured that the funds would come through RMCP appropriations. When Sgt. Chugg questioned Garry Roy, who wrote the minutes and worked at the NCPC, as to why the minutes were changed, Mr. Roy stated that he reported what “should have happened” as opposed to what did happen.

The Committee is greatly concerned that the minutes of the Insurance Committee meeting may have been altered. To the Committee’s knowledge, no Code of Conduct investigation was initiated to examine the allegations of Sgt. Chugg, despite the fact that he explicitly called for one to be opened on this matter. Given the gravity of the accusation, the Committee recommends that

Recommendation 18

The Royal Canadian Mounted Police initiate a Code of Conduct investigation into the allegation that the minutes of the March 15, 2005 Insurance Committee meeting were altered.

With the large number of unanswered questions surrounding the administration of the RCMP insurance plan, the Committee is very troubled by the fact that the insurance part of the Ottawa Police Service investigation was cut short. The Committee believes that the criminal investigation of the administration of the RCMP insurance plan should be reopened so as to best determine a full account of what occurred. Given that neither the RCMP nor the Ottawa Police Service have sufficient independence to carry out this investigation, the Committee recommends that:

Recommendation 19

The Government of Canada ask the Ontario Provincial Police to complete the investigation into the insurance plan, which should include a forensic audit, so as to fully examine the irregularities in the outsourcing of the administration of the insurance plan.

Treasury Board Authority

The Office of the Auditor General raised in its audit on the administration of the pension and insurance plans the question of whether the RCMP had the authority to

administer its own insurance plan.⁵⁹ Though the RCMP has been administering its own insurance plans for more than 50 years, it does not believe it has the authority to collect premiums and manage the insurance plans on behalf of its members. D/Commr Paul Gauvin, the then Chief Financial Officer of the RCMP explained that:

With respect to the question regarding whether the RCMP should pay for insurance administration costs out of its appropriations rather than having such costs funded by plan members as part of their premiums, which is currently the case, I want to clarify that a Department of Justice legal opinion has stated that the RCMP cannot pay for insurance administration out of its appropriations without Treasury Board authority, and we do not have such authority.⁶⁰

Treasury Board Secretariat officials agreed with this opinion and committed to working with the RCMP to clarify the issue of the authority to administer the RCMP's insurance plans.

When Deputy Commissioner Kevin Mole, the current Chief Human Resources Officer, appeared before the Committee, he was asked about who has the authority to administer the insurance plan, and he replied discussions began in 2005 with the Treasury Board Secretariat and that the RCMP hoped:

To go to the Treasury Board ministers as early as September [2007] with a submission with a number of options, including the delegation of authority for the plan to the RCMP...⁶¹

The Committee was glad to hear that this issue is being addressed, but would like to have confirmation that the authorities have been clarified. As such, the Committee recommends that:

Recommendation 20

The Royal Canadian Mounted Police provide the Committee a status report by March 31, 2008 on the efforts to clarify the authorities in the administration of the RCMP's insurance plans.

Given the uncertainty surrounding the choice of outsourcing the administration of the RCMP's insurance plans to Morneau Sobeco without competition, the Committee believes the RCMP may not be getting the best possible value for its money. The Committee agrees with the Auditor General's recommendation that the RCMP should

59 Auditor General of Canada, paragraph 9.48.

60 Meeting 51, 3:50 p.m.

61 Meeting 60, 5:20 p.m.

“open the insurance administration contract to competitive bids.”⁶² The Committee was pleased to see that the RCMP agreed with the Auditor’s recommendation but noted that carrying out the Auditor General’s recommendation was contingent on the authorities to administer the insurance plan being clarified. To ensure that this does happen, the Committee recommends that

Recommendation 21

The Royal Canadian Mounted Police open the contract to administer the RCMP insurance plans to competition when the current contract ends.

DISCIPLINE

As the previous sections describe, there were some significant breaches of policy in the outsourcing of the administration of the insurance and pension plans. The fact that there were no meaningful sanctions placed on the identified wrongdoers indicates that the system of discipline in the RCMP needs to be examined.

There is no question that several RCMP employees violated rules and allowed the mismanagement of the administration of the pension and insurance plans. Dominic Crupi, the director of the National Compensation Policy Centre (NCPC), was responsible for managing the various projects undertaken to effect this modernization, including outsourcing the pension administration. Jim Ewanovich, the Chief Human Resources Officer at the time of the problems with the plans’ administration, was ultimately responsible for the pension administration outsourcing project and the activities of the NCPC. Both Mr. Crupi and Mr. Ewanovich eventually lost their jobs as a result of the various investigations into the pension and insurance plans administration.

The internal audit into the administration of the pension plan, which was completed in October 2003, identified many of the areas of wrongdoing identified in the previous section of this report. The internal audit’s mandate was to determine whether the administrative activities of the RCMP pension plan were carried out in accordance with relevant government and RCMP policies, regulations and agreements. Though the original timeframe that the audit was to cover was from the years 2001 to 2003, the audit concluded after a review of the 2002-2003 fiscal year because the audit team concluded that it had enough evidence of serious issues that needed to be addressed by senior management as soon as possible.

62 Auditor General of Canada, paragraph 9.45.

As discussed in the previous section, the RCMP internal audit found that, based on the contracts the audit reviewed, the Treasury Board's Contracting Policy was not complied with, specifically with regards to sole-source contracting and contract splitting. The results of the internal audit were shared with Commr Zaccardelli at the end of October 2003. At this time, Brian Aiken, the Director General of the Internal Audit Group, notified Commr Zaccardelli that Mr. Ewanovich, the Chief Human Resource Officer, had been dismissive of the findings of the audit.

After learning the results of the internal audit in October 2003, the Commissioner removed Mr. Ewanovich and Mr. Crupi from their positions as Chief Human Resources Officer and Director of NCPD, respectively. As Commissioner Zaccardelli told the Committee:

I did remove them immediately. I removed Mr. Ewanovich from his position. As I said, Barb George took over immediately that day in his former position. I then instructed her to remove Mr. Crupi.⁶³

However, as the Committee learned, neither Mr. Ewanovich nor Mr. Crupi was actually dismissed from the RCMP in November 2003. Mr. Ewanovich resigned from the RCMP in April 2004, and Mr. Crupi received various leave entitlements until he resigned from the RCMP in June 2005.⁶⁴

In addition to not being dismissed from the RCMP upon learning the results of the internal audit, the Committee heard testimony that both Mr. Ewanovich and Mr. Crupi received performance pay, or bonuses, for years that they were involved in contracting irregularities. Commr Zaccardelli, when asked whether bonuses were automatically given each year, stated that there is no such thing as a bonus. He continued by stating that:

You have to earn [the performance pay]. If the government authorizes the pay of a bonus or pay at risk to be paid to the public service — the EX categories — then we, the people in the organization, make a determination on who is to be paid, based on their performance, and what amount they will get. I make that final decision.⁶⁵

The Committee was appalled to learn that Commr Zaccardelli not only approved performance pay for Mr. Ewanovich and Mr. Crupi while they were engaged in unscrupulous contracting practices, but believes both had “earned” their performance pay. Deputy Commissioner Barbara George told the Committee that there is no mechanism for recouping past bonuses. She stated that:

63 Meeting 49, 5:30 p.m.

64 Dominic Crupi's resignation from the RCMP came one day after the Ottawa Police Service report concluded that there were grounds to dismiss Mr. Crupi with cause.

65 Meeting 49, 6:15 p.m.

You're always working on the past year, so if information comes to light that would have made a difference in that decision to pay it in the first place, there is no existing mechanism that I am aware of.⁶⁶

In addition to receiving a performance bonus, the Committee learned that Mr. Crupi also received letters of recommendation from RCMP staff for a new position at the Communications Security Establishment (CSE), a highly sensitive government organization involved in monitoring foreign communications. That Mr. Crupi managed to obtain a position at CSE meant that his security clearance was in no way damaged by his actions at the RCMP. The Committee was shocked that despite the findings of wrongdoing against him, Mr. Crupi was able to receive letters of recommendation and was able to maintain his security clearance levels. The Committee believes this to be entirely inappropriate, and as such recommends that:

Recommendation 22

The *Public Service Labour Relations Act* and Treasury Board policies be amended to provide that a public servant dismissed for misconduct will: a) have his or her security clearance revoked; and b) be disentitled to a reference or recommendation for other employment within the public service.

The Committee was shocked to learn that two individuals who had been found to be in gross violation of Treasury Board policies were not automatically fired from their positions in the RCMP. By not dismissing those responsible for malfeasance in the administration of the pension and insurance funds, the RCMP sent a very poor message to those who risked their careers to bring the malfeasance to light. As Staff Sergeant Steve Walker told the Committee concerning the results of the Ottawa Police Service investigation,

This investigation and the outcomes are nothing short of sickening to any loyal and dedicated employee of the RCMP. My observations during this investigation and the evidence collected have led me to believe that actions or lack thereof should have resulted in the removal from management of a host of individual employees, and at the very least, quick internal sanction to ensure accountability. This should have been done to send a loud and clear message to all levels of management that corrupt conduct will be swiftly and severely dealt with in our national police service. The public expects this, and so do the employees and members of the Royal Canadian Mounted Police.⁶⁷

66 Meeting 41, 4:30 p.m.

67 Meeting 46, 3:55 p.m.

Commissioner Zaccardelli defended his inability to fire Mr. Ewanovich and Mr. Crupi in front of the Committee by stating that:

In providing due process to people, the fact that you remove them from their jobs does not mean they are automatically off the books. People have leave, there are certain entitlements. That's part of due process that everybody's allowed, and that's what Mr. Ewanovich and Mr. Crupi were given.⁶⁸

The Committee is concerned at the conclusions that can draw from this situation. When wrongdoing has found to have been done, one expects that the wrongdoers face consequences for their actions. This does not appear to have been the case here.

Mr. Ewanovich's and Mr. Crupi's testimony before the Committee confirms that neither of the two actually left the RCMP when they were removed from their positions by Commissioner Zaccardelli. Mr. Ewanovich stated that, after he discussed the results of the internal audit with the Commissioner at the end of October 2003,

I agreed that I would step down from my position because of the seriousness of the audit. The next morning, I went to my colleagues on the senior executive team and I announced that I was stepping down because of the audit. I felt it had happened under my watch and that I was accountable, and the words that I used said I would be resigning. Subsequent to that, I resigned on April 2.⁶⁹

Mr. Crupi stated that:

First of all, I wasn't forced to leave, sir. I resigned on my own. ... I knew at the time there was no way I could continue working in the RCMP. I was being continually attacked and therefore I decided to resign.⁷⁰

That Mr. Ewanovich and Mr. Crupi were able to stay on the RCMP payroll well after they were found to be responsible for the malfeasance of the pension and insurance plans may diminish trust in the RCMP.

The current Commissioner of the RCMP, William Elliot, stated that "we should have a regime in which people who take actions — or fail to take actions — that justify dismissal should be able to be dismissed expeditiously."⁷¹ The Committee wholeheartedly agrees with this assessment; however, the Committee also understands that the legislation and

68 Meeting 49, 5:30 p.m.

69 Ibid., 5:00 p.m.

70 Ibid., 4:45 p.m.

71 Meeting 72, 10:00 a.m.

policies that govern the discipline of public servants and RCMP members does indeed make the process of dismissing an employee a difficult one.

Process for Dismissal

Currently, paragraph 12(1)(c) of the *Financial Administration Act* authorizes deputy heads in the public service to establish standards of discipline and to set penalties, including termination of employment, suspension, demotion to a position at a lower rate of pay and financial penalties, for breaches of discipline or misconduct. Section 12(3) specifies that disciplinary action may only be imposed for cause. The exercise of a deputy head's authority to establish standards of discipline and to set penalties is subject to any directives or policies issued by the Treasury Board. The current Treasury Board policy on discipline, entitled *Guidelines for Discipline*, specifies that management in the public service is responsible and accountable for the imposition of discipline; however, the level of management involved should be commensurate with the severity of the disciplinary measure.⁷² In increasing severity, the disciplinary measures that may be imposed are: an oral reprimand; a written reprimand; suspension or a financial penalty; demotion; and termination of employment.

Under the Policy, disciplinary termination — firing a public service employee for misconduct — is considered to be the most severe of disciplinary measures. The Policy stipulates that the decision to proceed with disciplinary termination should only be taken after careful consideration and when it is determined that the employee is no longer suitable for continued employment by reason of misconduct. Disciplinary termination may be imposed after a series of acts of misconduct where a culminating incident has occurred, or for a single act of serious misconduct.

Under section 208 of the *Public Service Labour Relations Act* (PSLRA), a person who is disciplined is entitled to present an individual grievance up to and including the final level. These levels are established internally in the department or agency where the person is employed. The *Public Service Labour Relations Board Regulations* (PSLRBR) provide that an individual grievance process cannot be more than three levels. The employer must notify each of its employees of the names or titles of the persons whose decision on a grievance constitutes a level in individual grievances. Note that the PSLRBR prescribes time limits for the presentation of grievances under the PSLRA.

The parties can also avail themselves of an Informal Conflict Management System (ICMS), established under PSLRA. When the parties agree to use the ICMS to resolve a grievance, the time limits prescribed in the Public Service Labour Relations Board

72 This Policy is available on the Treasury Board of Canada Secretariat's website at http://www.tbs-sct.gc.ca/pubs_pol/hrpubs/tbm_11b/discipline01_e.asp#_Toc90081442

Regulations or contained in a collective agreement are suspended until either party gives notice to the other in writing to the contrary.

Under section 209 of the PSLRA, an employee may refer to adjudication a grievance that has been presented up to and including the final level in the grievance process and that has not been dealt with according to the employee's satisfaction if, among other things, the grievance is related to a disciplinary action resulting in termination, demotion, suspension or final penalty. In such a case, one of three things will happen: (1) the parties may select an adjudicator; (2) a three-member board of adjudication may be established, upon the request of one of the parties, if the other party does not object within the time provided (composed of one member of the Public Service Labour Relations Board, who is the chairperson, and two other persons, each of whom is nominated by one of the parties); or (3) the Chairperson of the Public Service Labour Relations Board can designate an adjudicator from amongst the members of the Board.

If a grievance is heard by adjudication, the adjudicator must give the parties the opportunity to be heard. The adjudicator may, at any stage, assist the parties in resolving the difference by mediation, but only if the parties agree. If mediation is unsuccessful, the adjudicator may still continue the adjudication with respect to any matters that have not been resolved.

After considering a grievance, the adjudicator must render a decision and make the order he or she considers appropriate in the circumstances. The decision and order of an adjudicator are binding and final.

The Committee believes that the current policy on the dismissal of public servants for cause is complex and clumsy. Though the Committee understands the need for due process in the removal of an employee, it cannot understand how employees who have been found to be in gross violation of Treasury Board policies, such as Mr. Crupi and Mr. Ewanovich, were able to be given the "soft landings" they appeared to receive. In addition, the Committee recognizes that the inability to immediately dismiss a public servant for cause creates a poor picture of accountability and trust in the government by other government employees and by Canadians in general. Because the processes that need to be followed in order to dismiss an employee are so complex, and to better improve the mechanism for dismissal from the public service for cause, the Committee recommends that:

Recommendation 23

The Treasury Board Secretariat initiate a review of its policies on dismissing a public servant with cause so as to clearly allow for the immediate dismissal of any public servant who has engaged in misconduct; and

Recommendation 24

In order to speed up the process for dismissing a public servant for misconduct, the *Public Service Labour Relations Act* should be amended to provide that any grievance of the dismissal must be referred directly to adjudication within a prescribed time period.

Code of Conduct Time Limitation

In July 2005, soon after the Ottawa Police Service investigation report was provided to the RCMP, Deputy Commissioner George, the Chief Human Resources Officer, initiated a review of the report to establish who else was involved in the problems surrounding the administration of the pension and insurance plans and to determine if the RCMP's Code of Conduct was contravened. The Code of Conduct review could not examine whether Mr. Ewanovich and Mr. Crupi had violated the Code, because by the time the review was established, they had already left the RCMP. However, the review could examine the conduct of other RCMP members and employees to determine their role in the problems surrounding the administration of the pension and insurance plans.

The internal review of Code of Conduct violations found that several members of the RCMP were in contravention of subsection 39(1) of the Code of Conduct which states that a member shall not engage in any disgraceful act or conduct that could bring discredit to the RCMP. However, as the Office of the Auditor General learned towards the completion of the audit, the RCMP was no longer considering disciplinary action against members about whom allegations of misconduct had been made. The *RCMP Act* requires that a formal disciplinary hearing take place within one year of an appropriate officer learning of a possible contravention of the RCMP Code of Conduct.⁷³ According to the Auditor General's report, the Ottawa Police Service investigation report identified nine regular and civilian members who had contravened the RCMP Code. The RCMP found that disciplinary action was justified against four of the nine members; however, too much time had elapsed for any *formal* disciplinary measures to be taken.

The Code of Conduct states that a member of the RCMP shall promptly report any contravention of the Code. Ron Lewis and Chief Superintendent Fraser Macaulay did indeed report what they saw as violations of the Conduct to their superior officers, including the Commissioner. This occurred in May and June of 2003. It is hard to understand, then, why a Code of Conduct review was not initiated sooner than July 2005, over two years after the original complaints, and a year and a half after the RCMP's internal audit confirmed that contracting practices were in violation of all established policies, especially given that the one year time limit set out in the *RCMP Act*. The RCMP told the Office of the

73 *Royal Canadian Mounted Police Act*, R.S., 1985, c. R-10, s. 43(8).

Auditor General that it was following the practice of waiting to begin the Code of Conduct review until after the conclusion of the criminal investigation. However, the Committee heard no compelling evidence explaining why the Code of Conduct review did not begin as soon as the internal audit had been given to the Commissioner in October 2003.

The Office of the Auditor General's report on this issue made no recommendations on the issue of the lack of disciplinary action against RCMP members. As Hugh McRoberts of the Auditor General's office stated, while the Office did not make a recommendation on the management of internal investigations and disciplinary proceedings by the RCMP, it was "evident, however, that these need to be clarified."⁷⁴ The Committee is willing to go further on this issue and recommend that, in order to avoid such situations in the future,

Recommendation 25

The Government of Canada amend section 43(8) of the *Royal Canadian Mounted Police Act* to compel the Appropriate Officer to take action upon learning of any contravention of the Royal Canadian Mounted Police Code of Conduct within one year or else be subject to sanctions.

EXTERNAL REVIEW

Given their significant powers, it is important that the police are subject to high standards of propriety. When there are questions or concerns about the behaviour of members of the RCMP, those concerns must be investigated in a timely and independent fashion. However the criminal investigation in this case was neither timely nor independent. More effective independent review mechanisms would help to ensure that RCMP members are held accountable for their actions.

Criminal Investigation

In June 2003, Commissioner Giuliano Zaccardelli shut down a criminal investigation begun by "A" Division and ordered an internal audit into allegations of wrongdoing in the administration of the pension plan. (Staff Sergeant Ron Lewis told the Committee that Commr Zaccardelli had asked him to launch the initial criminal investigation, but Commr Zaccardelli denied this claim.) In late October 2003, the internal audit concluded and its findings were presented to management. The audit states, "[V]arious activities related to pension administration could not withstand the scrutiny of the Canadian public or that of RCMP members contributing to the Pension Plan."⁷⁵ Even though the audit found evidence

74 Meeting 41, 3:35 p.m.

75 Royal Canadian Mounted Police, *Pension Plan and Administration Audit*, October 2003, page 3.

of significant improprieties, it was not until March 2004, after much persistence by S/Sgt Lewis, that another criminal investigation was launched.

This delay should not have occurred. In his report, David Brown concluded that, “It is clear that the findings of the internal audit group should have led Commr Zaccardelli to conclude that further investigation (whether criminal or internal) was appropriate.”⁷⁶ Moreover, Assistant Commissioner John Spice, the former Ethics Advisor, suggested that if proper procedure had been followed, the criminal investigation would have been started much sooner. He said he had discussions with the Director of Internal Audit, Brian Aiken, and “We went over the fact that should he find anything criminal while doing the audit, he would then suspend the audit and call for a criminal investigation, which was the process at the time.”⁷⁷

Yet, Commr Zaccardelli did not start a criminal investigation for many months. Further, while two people, Jim Ewanovich and Dominic Crupi, were removed from their positions, no internal disciplinary proceedings were begun, even though it was evident that others were involved in the improprieties. It would not be appropriate for the Committee to speculate as to Commr Zaccardelli’s reasoning for not commencing immediately with internal disciplinary proceedings or a criminal investigation. However, there is at the very least the appearance of an unwillingness to investigate wrongdoing when it may damage the RCMP’s reputation or implicate senior members of the RCMP.

There were problems not only in the timing of the criminal investigation but also with its degree of independence. The Office of the Auditor General concluded that the structure of the investigation made it difficult for the RCMP to respond to allegations that the investigation was not independent and unbiased. Hugh McRoberts described their findings:

We found that the RCMP does not have a policy on the conduct of external investigations of itself. While the RCMP had signed a formal memorandum of understanding with the Ottawa Police Service for this investigation, we noted that in previous investigations it had not. The memorandum with the Ottawa Police Service was signed 10 months after the start of the investigation. We found that the organization of the investigation, with the lead investigator reporting to an RCMP assistant commissioner, compromised the appearance of independence. The RCMP justified this arrangement as being the best way to provide administrative support to the investigation, and the Ottawa Police Service told us it had not been directed or influenced by the RCMP. Our recommendation was that the RCMP develop and institute a policy for such investigations to ensure that future investigations are independent in both substance and appearance.⁷⁸

76 Brown Report, section 2.4.2.

77 Meeting 71, 9:20 a.m.

78 Meeting 41, 3:30 p.m.

David Brown went even further than the Auditor General. He said, "The Auditor General has already concluded that the OPS investigation lacked the appearance of independence. With a broader mandate and different resources, I am prepared to go beyond that and state that the OPS investigation was not independent."⁷⁹

The Committee agrees with Mr. Brown's conclusions. While the criminal investigation was purportedly led by the Ottawa Police Service (OPS), it quickly grew and was composed primarily of RCMP officers. It also relied upon the RCMP for administrative support. Assistant Commissioner David Gork of the RCMP was assigned to act as the administrative liaison for the investigation. In order to help clarify the relationship between the organizations, the RCMP and the OPS signed a memorandum of understanding (MOU), which stated, "Inspector Paul Roy will be assigned as Case Manager to the RCMP Investigation. For the duration of the investigation, Inspector Paul Roy will report directly to A/Commissioner D. Gork." This statement seems to undermine the claim of independence. Mr. Brown wrote in his report that he was told this was a typographical error. A/Commr Gork was quite dismissive about the MOU in general. He stated:

I was not involved in the writing of that MOU. That was done by legal services. I did not see that MOU. I did not sign off on that MOU. That MOU was finished almost at the end of the investigation. It had no bearing in reality up until the time when it was signed. By that time, I was packing my bags and heading off to Lyons.⁸⁰

If this is true, then the MOU was essentially useless and merely an administrative cover. It certainly did little to ensure that the investigation was independent.

Notwithstanding the muddled lines of authority outlined in the MOU, Insp Roy stressed that he was in charge of the investigation. He said:

I would like to emphasize that I was in charge of this investigation and reported to Chief Bevan, not to anyone in the RCMP. I only contacted Assistant Commissioner Gork when I had administrative matters to deal with. Nobody from the RCMP, at any rank, or indeed from anywhere else, attempted to influence me in any way.⁸¹

A/Commr Gork also stressed that he was not involved in the investigation itself. He said, "At no time did I direct the investigation or have access to information for purposes of subverting a thorough and diligent investigation."⁸² However, S/Sgt Frizzell claimed that he argued with A/Commr Gork about the mandate of the investigation. A/Commr Gork

79 Brown Report, section 2.4.3.

80 Meeting 66, 4:10 p.m.

81 Meeting 53, 4:20 p.m.

82 Meeting 46, 4:05 p.m.

strongly denied any involvement in the investigation.⁸³ (The Committee was unable to determine the extent of A/Commr Gork's involvement in the investigation, which should be more fully investigated.)

Regardless, having RCMP members on an investigation led by an outside police force resulted in complex lines of authority. This came to a head at the end of the investigation when it was decided that an order needed to be given to S/Sgt Frizzell to end his investigation into the insurance plan. While Insp Roy was the lead investigator, S/Sgt Frizzell was under the authority of A/Commr Gork. As the MOU stated, "RCMP [members] shall have supervisory control through A/Commr Gork and be empowered to provide such specific directions as may be necessary for carrying out the purposes of the Investigation." Consequently, Insp Roy had to advise A/Commr Gork, who was at this time in France, on the proper course of action.

This complicated reporting relationship was exacerbated when Deputy Commissioner Barbara George started calling senior RCMP officers to complain about S/Sgt Frizzell's behaviour with respect to one of her employees. S/Sgt Frizzell, believes that D/Commr George wanted him removed for investigating ongoing problems with the insurance plan, which was under her direction. It is unclear the extent to which D/Commr George's involvement led to the written order for S/Sgt Frizzell to cease his investigation, but it is clearly problematic to have RCMP members investigate matters involving senior RCMP officers. Moreover, several officers contacted by D/Commr George testified that she was seeking to have S/Sgt Frizzell removed from the investigation.

One perspective is that the investigation was shut down early in order to ensure that certain issues were not looked at. Chief Superintendent Fraser Macaulay told the Committee:

The truth of the matter is that the investigation was shut down prematurely, preventing the investigators from being able to link the numerous gains, promotions, performance pay, hiring of relatives, kickbacks, and prospects of future consulting work to the abusers of the pension fund.⁸⁴

On the other hand, it could be said that the investigators themselves were not impartial because they were looking into their own pension and insurance plans. The Chair of the Commission for Public Complaints Against the RCMP, Paul Kennedy, discussed the difficulty of having members of the RCMP investigate their own force:

There's a two-edged sword, though, with that particular investigation. I think an officer has to be impartial, and it's hard to be impartial when you're investigating what you

83 Meeting 66, 5:25 p.m.

84 Meeting 46, 3:45 p.m.

believe is a potential fraud against your own insurance or pension scheme. That's why it's always best to have someone outside who is acting as a police officer and not acting as an employee of an organization. ... There were a number of flaws, I think, that hurt the impartiality of that investigation.⁸⁵

In order to sort out the issue of the independence of the OPS investigation, Mr. Brown recommended that the Ontario Provincial Police (OPP) be asked to conduct a review of the investigation. Mr. Brown suggested that the OPP pay particular attention to whether the appropriateness of certain activities surrounding the insurance plans has been fully analyzed. The Minister of Public Safety, Stockwell Day, asked the OPP to conduct this review, but it is not clear when the review will be completed, or whether its results will be fully public.

Notwithstanding the results of the review by the OPP of this particular investigation, the RCMP needs to improve its process for conducting internal investigations. The Auditor General recommended that the RCMP develop a policy for the conduct of these investigations. While the Committee supports this recommendation, it is concerned that a policy is only as good as the willingness to follow the policy, and as this whole case indicates, there were many policies ignored or broken by the RCMP in its management of the pension and insurance plans. When things start to veer off track, it is necessary to have an external, corrective mechanism to ensure that things return to their normal course.

Civilian Review

In a democratic system it is essential that every public institution be answerable for its activities. This is especially important for police forces, as they have substantial powers that can profoundly affect the lives of Canadians. While the Commissioner of the RCMP is accountable to the Minister of Public Safety, who is politically responsible for the RCMP in Parliament, the RCMP have considerable operational independence in order to ensure that the police are not subject to political direction when conducting their investigations. However, it is important that those investigations are conducted appropriately — in conformity with the law and standards of propriety.

The conduct of investigations is especially important when the police are investigating the police, because there is a strong potential for a conflict of interest and the perception of bias. In order to maintain the public's trust and confidence in their police force, investigations of allegations of wrongdoing by members of the force must be independent and above reproach. Unfortunately, as the foregoing discussion makes evident, the investigation into possible wrongdoing in the administration of the RCMP's pension and insurance plans had numerous flaws, which led Mr. Brown to conclude it was

85 Meeting 71, 2:40 p.m.

not independent. It appears that former Commr Zaccardelli was reluctant to even have a criminal investigation.

In order to provide civilian oversight of police activities, most police forces are subject to review by independent bodies. In the case of the RCMP, this is the Commission for Public Complaints Against the RCMP (CPC). Its mandate is to review public complaints about RCMP member's conduct. The current Chair of the CPC, Paul Kennedy, told the Committee that his organization could have examined the conduct of this investigation. He said:

Clearly, what would have been within our purview, even under the existing legislation, is the criminal investigation. In other words, once it got by the internal audit and there was a decision to do a criminal investigation, whether or not it unfolded and whether or not the investigation that unfolded was actually independent is something we could have looked at — an allegation of systemic cover-up, or something like that. That's where we would have gone in.⁸⁶

However, the CPC did not receive a complaint about the investigation noted above. Under its current mandate the CPC can only conduct reviews that are initiated by a complaint. There is also no provision for the Minister to ask for a special inquiry of a report. Mr. Kennedy noted that the mandate of CPC is quite out of date. He said, "What struck me when I ended up in the job was that in the whole structure of how we have improved public safety, what was remiss and left out was clearly the review mechanisms, and they were quite archaic."⁸⁷

Mr. Kennedy is not the only one who has identified shortcomings in the mandate of the CPC. The Office of the Auditor General noted that the CPC does not have the same level of access or ability to conduct reviews as other independent review bodies of security and intelligence agencies.⁸⁸ For example, the Security Intelligence Review Committee (SIRC) examines whether the Canadian Security Intelligence Service (CSIS) is complying with legislation, policy and ministerial direction in the performance of its duties.⁸⁹ SIRC conducts in-depth reviews of CSIS activities to ensure that they comply with the *CSIS Act*, policy and ministerial directives. SIRC also receives and inquires into complaints by any person about any action of CSIS. SIRC is given access to such information, reports and explanations as it deems necessary for the performance of its duties and functions.⁹⁰ No information, other than a Cabinet confidence, may be withheld from SIRC on any

86 Meeting 71, 2:40 p.m.

87 Ibid., 2:50 p.m.

88 Auditor General of Canada, November 2003 Report, Chapter 10, Other Observations, paragraphs 10.144-10.150.

89 Security Intelligence Review Committee, 2006-2007 Estimates, Part III — Report on Plans and Priorities, p. 3

90 Canadian Security Intelligence Service Act, R.S.C. 1985, c. C-23, s. 39(2)(a)

grounds.⁹¹ The SIRC may summon witnesses and compel them to testify, compel the production of documents, administer oaths, and receive and accept evidence, whether or not that evidence is or would be admissible in a court of law.⁹² SIRC may also, on request by the Minister or at any other time, furnish the Minister with a special report concerning the performance of its duties and functions.⁹³ The SIRC submits an annual report on its activities to the Minister, which is tabled in Parliament.

The powers of the CPC, however, are much more limited. The Office of the Auditor General noted that the legislative powers of the CPC fall short of the explicit powers given to the SIRC, which can access all information held by the CSIS and request explanations from staff; the CPC, on the other hand, only has access to “relevant material.” Unlike CSIS, the RCMP is not subject to reviews aimed at systematically determining its level of compliance with the law and ministerial direction. The Office of the Auditor General expected that intrusive powers would be subjected to a level of review proportionate to the level of intrusion.

Mr. Kennedy has proposed a new legislative model for enhanced review of the RCMP.⁹⁴ The new body would, like SIRC, have unfettered access, as of right, to all information, save for Cabinet confidences. It would monitor investigations to ensure their impartiality, investigate matters itself or refer them to another police force. It would make factual findings that are binding, subject to appeal to the Federal Court, and would share its reports with other review bodies and ministers responsible for policing, which is especially important in trying to prevent the repetition of mistakes in the future.

The powers of the new civilian review body would be much more extensive than those enjoyed by the CPC today. It would have subpoena and audit powers, and it would be an offence to obstruct or interfere with its functions. The review body would have a legal role similar to that of public inquiries in that there would be a legal obligation on law enforcement officers to account for their actions but any evidence provided to the review body would not be admissible in any other criminal, civil or administrative proceedings. The review body would also have the power and ability to produce special reports on issues referred to it by the Minister of Public Safety. Mr. Kennedy told the Committee that he has received no response from the government about his proposed legislative changes.

91 Ibid., s. 39(3)

92 Ibid., s. 50

93 Ibid., ss. 53-55

94 The legislative model is available on the Commission for Public Complaints Against the RCMP’s website: <http://www.cpc-cpp.gc.ca>

In his inquiry into the actions of Canadian officials in relation to Maher Arar, Justice Dennis O'Connor also concluded that the review powers of the CPC are insufficient.⁹⁵ Justice O'Connor recommended that the government restructure the CPC and expand its role to include national security.⁹⁶ This new body would be able to conduct self-initiated reviews, similar to those conducted by SIRC with respect to CSIS, for compliance with law, policies, ministerial directives, and standards of propriety. He noted that Australia, Belgium, Germany, New Zealand, Norway, Sweden, United Kingdom, and the United States all have independent bodies that have a self-initiated review capacity. The review body would also have extensive investigative powers, similar to those for public inquiries under the *Inquiries Act* to allow it to obtain the information and evidence necessary, including powers to subpoena documents and compel testimony. Unfortunately, the government has not clearly indicated whether it intends to implement Justice O'Connor's recommendations with respect to enhanced review capacity.

While the government may have not yet indicated its view, the Committee strongly believes that there is a need for strengthened review of the RCMP. The reputation of the RCMP is put at risk when investigations of members' behaviour are not above reproach. Independent, qualified, and transparent review helps avoid the perception or the possibility of a cover-up. The Office of the Auditor General, however, conducts only sporadic audits of the RCMP, and its mandate is limited. The powers of the CPC are simply not adequate. While it can respond to complaints, it does not have sufficient access to information to investigate those complaints fully. More importantly, the CPC is not able to initiate reviews, and it is not designed to probe the policies or professional practices of the force. Such reviews would ensure conformity with law, policy and standards of propriety. Independent review and oversight can help to ensure that investigations are conducted in a timely and appropriate manner, and are free from bias. Consequently, the Committee recommends that:

Recommendation 26

The Government of Canada strengthen the legislative authority of the Commission for Public Complaints Against the RCMP to enable it to conduct self-initiated reviews, as well as to guarantee it the full access to documents and persons that is included in the powers of subpoena.

95 Commission of Inquiry into the Actions of Canadian Officials in Relation to Maher Arar, *A New Review Mechanism for the RCMP's National Security Activities*, 2006.

96 A number of Justice O'Connor's recommendations are specific to national security concerns and thus are not relevant for the current discussions.

ACCESS TO INFORMATION

Under the *Access to Information Act*, Canadians can request documents held by federal government departments and agencies. The government has 30 days to inform the requester if access will be given, and if so, to provide the information requested.⁹⁷ The government may seek an extension if a large number of documents are requested or if consultations are required which cannot be completed in time. The government must then notify the requester of the additional time required, and the requester may lodge a complaint with the Information Commissioner about the extension.⁹⁸

Processing the Requests

In July 2005, the RCMP received a request from Staff Sergeant André Girard, an RCMP Staff Relations Representative, for access to any and all information relating to the audit of the RCMP pension plans concluded in 2004, including the investigation conducted by the Ottawa Police Service. A similar request was made in October 2005. The information was not released until May 2006, almost 10 months after the original request.

While the original request for information was received in July 2005, it was not until 13 October 2005 that the Officer in Charge of the Access to Information Branch, Superintendent Pierre Lavoie, wrote to Louis Alberti of RCMP Legal Services requesting a legal opinion on the proposed response to the requests for information.

On 9 March 2006, five months later, Mr. Alberti wrote to Supt Lavoie saying that the information could be released as long as certain passages were held back because they should be exempt from the request. Mr. Alberti told the Committee that the lengthy review time was due to a large case load. He said, "At the time, the Access to Information Office was processing between 60 and 80 cases which exclusively concerned access requests. So we had to set priorities."⁹⁹ Unfortunately, this request did not appear to be one of those priorities.

Shortly thereafter, the proposed release package was sent to the officers in charge of Human Resources and Corporate Management, Assistant Commissioner Barbara George and Deputy Commissioner Paul Gauvin. On 21 March 2006, D/Commr Gauvin wrote to Supt Lavoie to express his concerns. He wrote:

97 See Access to Information Act, section 7.

98 Ibid., section 9.

99 Meeting 65, 3:55 p.m.

I concur with the release of the Pension Plan Administration Audit in its current format. I am however, strongly opposed to the release of the Ottawa Police Service summary report on Project Probity. This document is full of personal information which is not subject to release under the Privacy Act. Release of this document as is, will in all likelihood, subject the RCMP to civil litigation and cause needless embarrassment to the organization.¹⁰⁰

The Committee believes it is important to note here that Supt. Lavoie had at one point worked with D/Commr. Gauvin. This calls into question the reasons why Supt. Lavoie felt the need to give D/Commr. Gauvin a “heads up” on this Access to Information request.

In response to this memo, Supt Lavoie called D/Commr Gauvin’s assistant, Inspector Paul McConnell, to say that the report would be released but D/Commr Gauvin could provide input to apply exemptions permitted under the law. This was then typed into a memo and delivered to Insp McConnell. The following day, Supt Lavoie’s superior, Assistant Commissioner Bernie Corrigan, sent the reports back to legal services for a second legal opinion.

At this point, Sergeant Keith Estabrooks, one of the access to information reviewers who had worked on the file, became exasperated, and he wrote a memo to his superior, Supt Lavoie, which stated, “It is my opinion that Mr. Gauvin is in a direct conflict of interest by having anything to do with the release of our proposed package as he is a key player in the pension matter. Just the fact that he has access to the documents is a conflict and unethical.”¹⁰¹

Sgt Estabrooks also expressed his frustration to the Committee with the delay in the release of the documents:

I don’t know if you should say interference, but we had a lot of “heads up” going out. We had things like legal opinions, where it went to legal for approximately six months and it sat there. It was returned after the six-month time period. It came back down and I think it stayed in our office approximately a week and it was sent back for a second legal opinion. Surely one legal opinion would suffice on 50 pages. But it just seemed that everything was a stall tactic from the beginning, when it started.¹⁰²

100 Memo from D/Commr Paul Gauvin to the Officer in Charge of the Access to Information Branch, Subject: Access to Information Act, 21 March 2006.

101 Memo from Sgt Keith Estabrooks to Supt Pierre Lavoie, Subject: RCMP Pension File Ottawa Police Service Report, 23 March 2006.

102 Meeting 53, 5:15 p.m.

Sgt Estabrooks also said it was unusual to ask for comments from people named in the documents. He said, "It's very unusual to have someone who is named in a report be able to read what we're going to release or send out and be able to comment on it."¹⁰³

Supt Lavoie did not agree with Sgt Estabrooks. When he appeared before the Committee, Supt Lavoie said:

In my opinion, even though it does not happen often, there is nothing to prevent a manager from taking part in the processing of an access to information request involving the RCMP and making recommendations. RCMP managers have the right, if not the legitimate duty, to speak out in defence of the interest of the public and of the organization when any final decision is being taken by the coordinator to deny access or to release information in full or in part. So there is nothing illegal or unethical about this type of consultation.¹⁰⁴

While it may not have been illegal to send the report to D/Commr Gauvin to ask for his input on its release, the Committee believes that it was highly inappropriate.¹⁰⁵ D/Commr Gauvin was discussed in the summary police report and thus would have had a personal stake in whether or not it was released. Given the sensitive nature of the report and that it was requested by an RCMP Staff Relations Representative, the RCMP should have taken more care in how they processed the report and ensured that it was processed in a timely manner. It is essential to avoid any conflict of interest or obstruction in the release of information.

Unfortunately, it is not just the RCMP's handling of this access to information request that is troubling. Instead, it seems that the RCMP does not take access to information requests in general seriously. In his latest Annual Report, the Information Commissioner gave the RCMP a rating of "F", because 67% of requests received by the RCMP were deemed refusals.¹⁰⁶ The Commissioner wrote, "[The RCMP] does not have a coherent plan in place with specific deliverables and target dates. It is experiencing resourcing difficulties in recruiting, training, and retaining qualified analysts."¹⁰⁷ In his 2006-2007 report card on the RCMP, the Commissioner notes that the RCMP has allocated an additional 20 positions to the Access to Information Branch; however, as of December

103 Ibid., 5:20 p.m.

104 Meeting 57, 4:00 p.m.

105 The Committee also heard testimony surrounding other alleged improprieties committed by Mr. Gauvin in relation to Access to Information requests. There was some discussion during Meeting 65 that Mr. Gauvin called an access to information analyst, Michel Joyal, into a meeting in the Commissioner's boardroom and requested that a proposed access to information release be replaced with a summary document.

106 The *Access to Information Act* establishes mandatory response deadlines and deems a request to have been denied if the answer is late. Office of the Information Commissioner, 2006-2007 Annual Report, page 25.

107 Ibid., page 27.

2006, none of these positions were staffed. In his previous report card, the Commissioner made 19 recommendations, but the RCMP only followed 3 of them. The Information Commissioner concluded that the reason for continuing poor performance was a lack of senior management leadership.

Indeed, Supt Lavoie told the Committee that he had difficulty meeting access to information requests because he did not have sufficient resources. He said:

[D]uring my time as coordinator, I was faced with a very difficult task because there was far too much work and too few resources. Because of a severe shortage of staff, we simply could not keep up. Every month the backlog of access to information and privacy requests increased. This was due solely to the lack of human resources. It caused me enormous frustration because I could not fulfil my mandate under the two acts.¹⁰⁸

Access to information held by government departments in a timely fashion is an important right in free and democratic governments. However, the RCMP does not seem to believe that it needs to provide its Access to Information Branch the resources and support needed to fulfill its mandate. As the Committee believes that the Information Commissioner is better placed to make recommendations about how the RCMP can improve its access to information practices and policies, the Committee recommends that:

Recommendation 27

The Royal Canadian Mounted Police provide the Public Accounts Committee with an action plan by May 31, 2008 on how to implement the Information Commissioner's recommendations.

Recommendation 28

The Royal Canadian Mounted Police provide the additional resources needed by the Access to Information Branch to allow it to fulfill its mandate.

ETHICS

The RCMP has earned the trust of Canadians and has built its international reputation as a model police force by setting high standards of ethical behaviour for its members. However, as this case demonstrates, these standards were repeatedly violated and a culture developed that rewarded wrongdoers while punishing those who spoke out against them. While the RCMP does have an Ethics Advisor, this person has neither the

108 Meeting 57, 4:00 p.m.

independence nor the authority to ensure that senior executives uphold and maintain the RCMP's high ethical standards.

Ethical Culture

Leadership in an organization is vital. It sets the tone and provides a model of behaviour for others to follow. Professor Linda Duxbury, an expert in organizational culture, related the importance of leadership to setting and changing an organization's culture:

[L]eadership does matter, especially with respect to cultural change, because the leader sets the culture by his or her own behaviour. The leader also has access to the resources and the levers needed for this kind of change, such as changing the accountability framework, changing reward structures, and so on.¹⁰⁹

Unfortunately, the leadership style of Commr Zaccardelli was not conducive to creating a healthy ethical culture within the RCMP. David Brown described Commr Zaccardelli as having an autocratic leadership style, and it was perceived that displeasing Commr Zaccardelli would be career limiting. He was the boss and everyone had to follow his lead, which was clear when he said to the Committee, "When I make that decision, everybody else has to fall in line. That's my position."¹¹⁰

It should be no surprise, then, that Commr Zaccardelli did not take action when S/Sgt Ron Lewis raised allegations in 2002 about harassment and abuse of authority by Jim Ewanovich. As David Brown put it: "The problems created by Commr Zaccardelli's own management style were exacerbated by the fact that he did not object to similar management styles among some other members of his management team."¹¹¹

It did not take long for a culture of impunity and a lack of trust to develop within the RCMP. This is due, in part, to other RCMP senior managers, such as Mr. Ewanovich and Mr. Crupi, creating a poisoned work culture through intimidation. Members and employees learned that they should not rock the boat, because if they did, they would face punishment. S/Sgt Lewis described the situation: "A culture was created by several senior executives where it became very dangerous for employees to report wrongdoings. The risk to their careers and financial well-being was high."¹¹² The actions taken against those who did step forward set an example for others, as was described in the section on the disclosure of wrongdoing.

109 Meeting 72, 10:55 a.m.

110 Meeting 49, 6:25 p.m.

111 Brown Report, section 7.3.1.

112 Meeting 46, 3:30 p.m.

The Committee was deeply disappointed in the actions of several senior RCMP employees who either engaged in unethical behaviour or permitted it to exist. Consequently, the Committee recommends that:

Recommendation 29

The House of Commons denounce the behaviour of all senior Royal Canadian Mounted Police employees who tarnished the credibility of the force through negligence, partiality, or dishonesty: namely, Dominic Crupi, Jim Ewanovich, Paul Gauvin, and Barbara George.

Establishing an appropriate ethical culture is essential because internal controls can only accomplish so much. If senior managers are determined to break the rules, there is little that can stop them. Assistant Auditor General Hugh McRoberts outlined the problem:

At the end of the day, however, when we are dealing with matters that involve management override, I think one goes beyond the realm of controls and goes into the realm of ethics and values... The issue that arises here is that you can control so many things, but if the ethics and values of senior management are not sufficient so that they control themselves from overriding those controls, then, in essence, no matter how many locks we put on the treasure chest, eventually they'll get in.¹¹³

Further, if the culture within the RCMP had been different, the improprieties might have been uncovered and addressed much sooner. David Brown wrote: "[T]he chain of events that led to this report could have been broken at various points, if the culture had supported those who complained of the misconduct."¹¹⁴

The source of the ethical problems, according to A/Commr John Spice, the former Ethics Advisor, was a form of low level corruption, where managers believed that it was okay to circumvent the rules in order to meet certain goals. A/Commr Spice said:

The unethical behaviour of certain individuals created this situation, in my view, because of the phenomenon of Noble Cause Corruption. Noble cause corruption is simply the belief that the end justifies the means. When employees do not see people held accountable for unethical behaviour, or they witness unethical behaviour that goes unchecked, they then sometimes begin to model the behaviour.¹¹⁵

The goal was to outsource the administration of the pension plan as quickly as possible, even if that meant bending a few rules. However, the rules were not just bent;

113 Meeting 41, 3:55 p.m.

114 Brown Report, section 7.5.3.

115 Meeting 57, 5:15 p.m.

they became distorted, with extensive nepotism and widespread contracting irregularities. The managers needed to be reminded that the means used do matter, especially since unethical behaviour just breeds more unethical behaviour, which may slowly slide into criminal conduct.

The results of not establishing an appropriate ethical culture and dealing with these issues early on have been devastating for the RCMP. Not only has the RCMP's public reputation suffered, the RCMP appears to be facing an internal crisis of confidence of regular members in senior management. Staff Sergeant Steve Walker, who had been a member of the Ottawa Police Service criminal investigation, described his disillusionment:

I can now say, as a member of the Royal Canadian Mounted Police, that I am disappointed and disillusioned that both the criminal and internal processes have failed to bring any degree of accountability. I am devastated that every core value and rule of ethical conduct that I held to be true and dear as a rank-and-file member of the RCMP has been decimated and defiled by employees at the highest levels of the RCMP.¹¹⁶

The crisis of confidence in senior management appears to be substantial within the RCMP. Professor Linda Duxbury conducted an extensive survey of RCMP members, which found that regular members were frustrated by their managers. She described her findings:

What they were frustrated with was the top-down style of management, non-supportive managers who don't trust or respect their members, managers' inability to communicate effectively with staff, politically driven agendas, managers who are perceived to be careerists who are governed by their personal agendas, and managers who did not walk the talk.¹¹⁷

This situation is not sustainable. The RCMP needs to quickly re-establish a robust ethical culture and maintain strong ethical values if it is to restore its reputation and regain the confidence of regular members. Staff Sergeant Mike Frizzell expressed some hope for the future:

I believe that organizations are made up of people, and as such they will make mistakes. I believe the public will understand and forgive as long as they know that we are doing everything we can to avoid making mistakes in the first place, to learn from the mistakes we do make, and to make darned sure they never happen again. Our ethics and integrity must be beyond reproach.¹¹⁸

116 Meeting 46, 3:50.

117 Meeting 72, 9:15 a.m.

118 Meeting 46, 3:55 p.m.

Ethics Advisor

The RCMP does have a senior officer, the Ethics Advisor, who is responsible for promoting standards of ethical behaviour and ensuring that appropriate ethics and values are instilled within all RCMP members. The current Ethics Advisor, Assistant Commissioner Sandra Conlin, described her mandate and priorities:

The mandate of the RCMP's Office of the Ethics Advisor is to ensure our organization's shared mission, visions and values become ingrained in the day-to-day activities of all employees. ... Since I assumed my role as ethics advisor five months ago, one of my first priorities has been to build capacity in the Office of the Ethics Advisor in order to deliver on policy and programs that help drive a climate of meaningful accountability, control, values, and ethics. ... Another priority of the Office of the Ethics Advisor has been to study and understand how ethics and compliance issues fit into the RCMP's overall strategic direction.¹¹⁹

A/Commr Conlin also stated that her office is responsible for ensuring that members have appropriate training in ethics:

We also provide ethics education as part of our mandate. We have been working very closely with the RCMP HR learning and development section to ensure that the supervisory development course, the management development course, and the officer development course have an ethical component to them. We have a two-day ethical component.¹²⁰

The Ethics Advisor is undoubtedly an important part of developing an appropriate ethical culture within the RCMP. However, the Ethics Advisor does not have sufficient authority or independence to ensure that senior management upholds that culture.

As mentioned in the section on the disclosure of wrongdoing, the Ethics Advisor is also the senior officer responsible for receiving and reviewing disclosures of wrongdoing. Several members went to the then Ethics Advisor, A/Commr Spice, to outline their concerns with wrongdoing in the administration of the pension plan. However, the Ethics Advisor did not have the authority to take action and to hold people to account. A/Commr Spice put it in the following way, "I was not in the position to hold people accountable. I was there to report upon wrongdoing. And in so reporting that wrongdoing, people ought to have been held accountable."¹²¹

As the RCMP Ethics Advisor is simply an advisor to the RCMP Commissioner and the Senior Executive Committee, the strength of the Advisor depends largely upon support

119 Meeting 71, 9:10 a.m.

120 Ibid, 9:35 a.m.

121 Meeting 57, 5:50 p.m.

from senior management, which is not always present. The former Ethics Advisor, A/Commr Spice, was told by Commr Zaccardelli that some senior RCMP officers were concerned that he was too active. A/Commr Spice relayed his conversation:

It went to a point that the commissioner spoke to me one day and said: “John, some of the [Commanding Officers] and the deputies think you’re being involved in too much, and they really don’t understand this role of the senior officer for internal wrongdoing in the workplace.”¹²²

Additionally, A/Commr Spice told the Committee that there was a stigma attached with going to see the Ethics Advisor. He said:

You have to understand my position as the Ethics Advisor. I was on the main floor of headquarters building and you would actually see people walk back and forth in front of the office until there was nobody in the hall, and then they would duck into my office. So there was a stigma attached to going to see the Ethics Advisor.¹²³

The current Ethics Advisor, A/Commr Conlin insisted that she has full confidence in receiving support from the current Commissioner, William Elliott, and senior management. She also insisted that her role was not to protect the RCMP but to make sure that behaviour is ethical and the RCMP does the right thing. However, in a command and control paramilitary organization, such as the RCMP, having the Ethics Advisor within the hierarchy of command leaves the possibility for conflicts to exist. Moreover, David Brown criticized the structure of the Office of the Ethics Advisor. He wrote, “The Ethics Advisor had no established role, very limited resources to support the function and no regional presence.”¹²⁴ The stigma attached to going to see the Ethics Advisor could only apply to employees working in headquarters, because for the many members working in the regions, there was no Ethics Advisor to visit.

A/Commr Spice told the Committee that the RCMP needed a more independent voice on ethical matters. He said, “The ethics office is critical to the organization, but I believe there is a need for an ombudsperson. ... There’s a necessity to have something outside to oversee those decisions and ensure that everything is as it should be.”¹²⁵ One of the primary reasons would be to provide oversight with regard to complaints against senior managers. According to A/Commr Spice, “the RCMP requires oversight as it relates to complaints about senior managers, EX levels to the commissioner. There is a need for an

122 Ibid.

123 Ibid.

124 Brown Report, section 7.4.1.

125 Meeting 71, 9:55 a.m.

ombuds role specific to the RCMP to ensure a level of accountability.”¹²⁶ Staff Sergeant Ron Lewis described why this kind of oversight is needed. He said:

[T]he senior executives of the RCMP have delegated authority, under the *RCMP Act*, for internal investigations and discipline. They determine if an investigation should be initiated, who conducts the investigation, who's to be charged, the type of discipline, and finally, they're involved in the appeal process. It's totally internal. Therefore, when allegations of wrongdoing are made against the senior executives, they are in a conflict of interest. The potential or even the perception of cover-up is real.¹²⁷

Given the clear conflicts that developed, the unwillingness to pursue timely investigations, and the lack of disciplinary proceedings resulting from the case under consideration, the Committee agrees that more independent ethics oversight is needed. The current Commissioner, William Elliott seemed receptive to this possibility. He said, “One of the options that I think should be looked at is the potential for an ombudsman with more defined authorities than we currently have for the Ethics Advisor.”¹²⁸ An independent ethics advisor would ensure that accountability is imposed by, and in some instances upon, senior management. He or she would also ensure that senior management establishes and maintains an appropriate ethical culture within the RCMP. Consequently, the Committee recommends that:

Recommendation 30

The Government of Canada amend the *Royal Canadian Mounted Police Act* to provide independent authority to the RCMP Ethics Advisor to enable him or her to conduct inquiries into whether allegations of ethical or criminal wrongdoing against RCMP members have been properly investigated. The Ethics Advisor should publish an annual report and have the authority initiate Code of Conduct investigations and to recommend that outside police forces conduct a criminal investigation when warranted.

GOVERNANCE

The Committee heard testimony over the 15 meetings on the RCMP pension and insurance issue that dealt with a wide variety of problems in the internal management of the RCMP. The Committee was shocked to hear about, among other things, the treatment of whistleblowers, the lack of discipline meted out to wrongdoers, the disregard for contracting rules and the lack of attention paid to adhering to the *Access to Information Act*.

126 Meeting 57, 6:15 p.m.

127 Meeting 46, 3:30 p.m.

128 Meeting 72, 10:30 a.m.

The testimony heard by the Committee seemed to indicate that the RCMP has a poor grasp on internal departmental management. The Committee believes that without good management, there cannot be good accountability.

The governance structure of the RCMP concentrates considerable authority in the hands of the RCMP Commissioner. This may have contributed to, or at least exacerbated, the problems surrounding the administration of the pension and insurance plans. David Brown, author of the report from the Office of the Independent Investigator into RCMP Pension and Insurance Matters, points out that

the powers vested in the Commissioner of the RCMP make the holder of that office much more powerful than any corporate CEO. Accordingly, the attitudes and demeanour of the Commissioner pervade the RCMP more fundamentally than would be the case in most corporate environments.¹²⁹

Part of the reason for the concentration of authority in the hands in the Commissioner is that the current governance model at the RCMP is a paramilitary one that relies on a chain of command and orders that must be followed. The Commissioner has total authority in the RCMP. Additionally, the principle of police independence, whereby the police are separated from political direction over operational matters, has meant that the RCMP Commissioner does not receive much direction or oversight into administrative matters. Mr. Brown writes that “the prerogative of the Commissioner to direct the operation of the policing function is subject to virtually no oversight”.¹³⁰

Mr. Brown points out in his report that the current RCMP paramilitary governance model

is not a governance model that investors in a \$3 billion business would accept... [because a] sophisticated business organization of this size cannot provide appropriate transparency and accountability within a command and control structure.¹³¹

As an alternative, Mr. Brown notes that Crown corporations have independent boards of directors that are accountable to the government. The Chief Executive Officers of these boards are appointed by the Governor in Council, but are nonetheless accountable to both the board of directors and to the government. Mr. Brown suggests that implementing such a governance structure on the RCMP would not compromise the command and control structure that typifies effective policing.

129 Brown report. section 7.3.1.

130 Ibid., 7.2.2.

131 Ibid.

As a board of directors is more appropriate to the corporate environment than to a government organization that must function within the framework of ministerial responsibility, the Committee believes that a police accountability board would be a better model for the RCMP. This sort of board could act as a buffer between the Public Safety Minister and the Commissioner in the sense that the Commissioner of the RCMP would report to the police accountability board, which would then would review the performance of the RCMP and recommend appropriate actions to the minister.

Many other provinces and municipalities have police boards that are responsible for oversight of the administration of their police forces. The Toronto Police Services Board, for example, has specific legislated responsibilities to determine objectives and priorities, establish policies for the effective management of the police service, establish guidelines for the administration of the public complaints system, and approve capital and operating budgets. This Police Services Board is accountable to both the community and to the Ontario Civilian Commission on Police Services (OCCPS).¹³²

British Columbia has a province-wide police board that sets the priorities, goals and objectives of its police department and develops the annual police department's budget. The police board is responsible for service and policy complaints related to its police department. It also receives complaints against the Chief and Deputy Chief Constables. According to the provincial government, the board strives for a fair and responsive interaction between police and the community.¹³³

The Committee believes that the type of governance oversight model typified by some provinces' and municipalities' police services boards could well serve the situation of federal policing. Having an accountability board to which the Commissioner of the RCMP would report could provide greater oversight to the substantial powers that currently reside with the RCMP Commissioner. If such a board was required to report publicly on the performance of the RCMP, its senior executive and its membership at large, there would be more of an onus on the Commissioner of the RCMP to act in such a way as befitted the RCMP. The composition of such a federal police accountability board is open to discussion, but given that a large part of the RCMP's work focuses on contract policing to the provinces, the Committee would expect that the accountability board would include provincial representation.

Given the current need to improve accountability and oversight in the RCMP, the Committee recommends that:

132 Toronto Police Services Board. *Frequently Asked Questions*. Available online at http://www.tpsb.ca/V/General/FAQ/What_exactly_does_the_Board_do?/

133 Ministry of Public Safety and Solicitor General, *Municipal Police Boards*, Available online at http://www.pssg.gov.bc.ca/police_services/boards/index.htm

Recommendation 31

The Government of Canada establish a Police Accountability Board that will provide third-party oversight of the Royal Canadian Mounted Police. The Commissioner of the RCMP would continue to report to the Minister, but would also report to the Board, which, in turn, would report to the Minister and publish a public annual report on the performance of the RCMP, which would be tabled in Parliament.

PUBLIC INQUIRY

Background

Shortly after it began this study, the Committee realized that it was not the best venue for a full investigation of the issues involved as the Committee does not have the organizational capacity, resources, or time necessary. Instead, the Committee believed that a public inquiry was necessary. On April 16, 2007, the Committee adopted the following motion: "That the Standing Committee on Public Accounts write to the Minister of Public Safety requesting that the RCMP Pension Plan Funds Investigation be made a full public commission of inquires under the Inquires Act."

The government has taken a different approach. On March 29, the day after several RCMP members appeared before the Public Accounts Committee to discuss their allegations of abuse in the administration of the RCMP pension plan, the Public Safety Minister announced an independent investigation into these allegations. On April 13, the Minister named David Brown, the former Chairman and CEO of the Ontario Securities Commission, to lead this investigation.

Mr. Brown was to provide a report to the Minister, which he did on June 15. In this report, he concluded that a more formal inquiry was not necessary. He wrote, "I see no reason for a process with greater powers than were provided to me to be established to revisit the issues I have discussed in this report. More than that, I see no reason for any process of any type to be established for the purpose of revisiting the issues discussed here."¹³⁴ However, Mr. Brown recommended the creation of a task force to study the appropriate governance structure and culture for the RCMP.

On July 16, the Minister for Public Safety, Stockwell Day, acted on Mr. Brown's recommendation and announced the establishment of this task force, led by Mr. Brown, which is to report to the Minister by the end of the year. On 13 August, Minister Day

134 Brown Report, chapter 6.

responded to the Committee's request for a public inquiry by reiterating the actions his government had taken: appointing Mr. Brown as an independent investigator and the creation of a task force on governance and cultural change in the RCMP. He also noted that Mr. Brown recommended that no formal inquiry was necessary.

Unresolved Concerns

The Committee heard conflicting evidence about a number of issues, but was unable to totally resolve them, namely:

- Who ordered the first criminal investigation and why was it shut down?
- Why did it take so long to start the second criminal investigation? Why wasn't the internal audit immediately stopped and a criminal investigation started when wrongdoing became apparent?
- Why was extensive nepotism allowed to take place within the RCMP and why was no one disciplined for it?
- Why weren't Jim Ewanovich and Dominic Crupi immediately dismissed?
- How was Dominic Crupi able to keep his security clearance and obtain another highly sensitive job?
- Why was Dominic Crupi able to contract through Consulting and Audit Canada, even after his contracting authority was removed?
- Was Staff Sergeant Mike Frizzell "removed" from the criminal investigation or was he sent back to his home unit because the investigation was over?
- To what extent was Assistant Commissioner David Gork involved in the conduct of the criminal investigation?
- As the insurance part of the criminal investigation was cut short, to what extent was the Ottawa Police Service investigation's report a full examination of the insurance issues?
- Who asked Morneau Sobeco to undertake the administration of the RCMP's insurance plans?

- Were the insurance committee meeting minutes that authorized the removal of money from the insurance fund to repay the pension fund altered?
- Why was Deputy Commissioner Paul Gauvin given a “heads up” on the access to information requests?
- Did access to information documents disappear from RCMP files? Why were some documents not entered into the RCMP’s access to information computer system?
- Who made the decision to declare Denise Revine surplus and why?
- Are there other RCMP whistleblowers who suffered reprisals?
- Are there other instances of wrongdoing within the RCMP that were suppressed?

Many members of the Committee continue to believe that a public inquiry would be necessary to properly investigate the allegations of wrongdoing in the administration of the Royal Canadian Mounted Police’s pension and insurance plans. While the Committee devoted considerable time and effort to studying this issue, it is limited in its capacity to conduct the kind of inquiry needed. The independent investigation conducted by Mr. Brown did not face this limitation, but most members of the committee are of the view that it was hampered by a narrow mandate and a lack authority and transparency. A public inquiry, on the other hand, would have greater powers of investigation, have access to additional resources, and be conducted in public.

However, the Committee recognizes that the government does not agree with this approach and has followed a different path. The Committee hopes that the government is committed to taking the kind of fundamental action required to address the numerous problems identified in this report in order to help restore the trust and confidence of Canadians and RCMP members in their national police force.

CONCLUSION

The Committee’s hearings on Chapter 9 of the Auditor General’s November 2006 Report, Pension and Insurance Administration — Royal Canadian Mounted Police, led to an unexpected series of meetings. What began as an examination of whether the RCMP had responded adequately to the findings of its internal audit and the investigation by the Ottawa Police Service quickly became an investigation of several issues that even the Office of the Auditor General did not touch on in its report. These issues included:

- the poor treatment of the RCMP members that disclosed wrongdoing;
- the circumvention of contracting policies and procedures in order to outsource of the pension and insurance plans;
- the lack of disciplinary measures meted out to those who committed wrongdoing;
- the failure to process access to information requests in a timely manner;
- the inability of the civilian oversight body to conduct an independent review; and
- the culture of fear and mistrust created by senior management of the RCMP.

The numerous investigations into this issue have not been able to satisfactorily lay to rest the issues surrounding the administration of the pension and insurance plans. To address the over-reaching themes that were raised by the various investigations, the report of the Independent Investigator into RCMP Pension and Insurance Matters included a recommendation to create of a Task Force to examine the issues of and make recommendations on the governance and organizational culture at the RCMP.¹³⁵ The Minister of Public Safety, the Honourable Stockwell Day, announced on 16 July 2007 the creation of the Task Force on Governance and Cultural Change and stated that it was to be chaired by Mr. Brown. The Task Force is mandated to review and consider the challenges faced by the RCMP as set out in the Brown report, and to make recommendations on the following issues:

- the internal management structure of the RCMP including committees and branches, and ways to better ensure they are properly mandated according to modern governance principles of accountability and transparency;
- means by which a challenge and oversight function could be introduced into the internal management of the RCMP, including how such functions could be effectively integrated into the structure and culture of a modern police organization;

135 Brown report, section 8.1.1.

- means to ensure that senior management is held appropriately accountable;
- identifying a process to better ensure that the Commissioner and senior management establish and maintain an appropriate ethical structure based on the RCMP's Mission, Vision and Values;
- ensuring that the RCMP's workplace disclosure policy is appropriate, that mechanisms are in place to ensure protection from reprisal, and that appropriate, clear and decisive corrective measures are taken;
- ensuring compatibility between an effective workplace disclosure policy and the process for reporting possible breaches of the Code of Conduct;
- ways to improve the accountability, timeliness and effectiveness of the RCMP disciplinary scheme in the RCMP Act and Regulations, including possible changes to the Code of Conduct and the one-year limitation period; and
- considering ways of fostering a constructive partnership between civilian and public service employees and regular members at the executive level of the Force;¹³⁶

The Task Force is required to report back to the Minister of Public Safety by the end of 2007.

The Committee is pleased to state that it was able to address most of the issues included in the mandate of the Task Force and that this report offers recommendations on how to improve the organizational culture and governance of the RCMP. The Committee hopes that the Task Force on Governance and Cultural Change in the RCMP will be able to make use of the work provided here.

The greatest challenge facing the RCMP now is to change its governance and culture so as to become the accountable, transparent and honest police organization that Canadians demand. The Committee heard testimony stating that this change would not be an easy task. Professor Linda Duxbury told the Committee that "the RCMP is definitely not change ready."¹³⁷ She continued, stating that:

136 Public Safety Canada, News Release and backgrounder: Minister Day announces new Task Force to Report on Governance and Cultural Change in the RCMP, 16 July 2007.

137 Meeting 72, 10:50 a.m.

Cultural change is the most difficult kind of change. The majority of cultural changes fail. We know that even if all the stars are aligned, it takes five to ten years for cultural change to occur. And not all the stars are aligned here, so I would just caution the committee that we have to give the RCMP a chance here. We can't expect miracles and overnight things to happen¹³⁸

The Committee understands Ms. Duxbury's recommendation for caution, but believes that the RCMP is committed to learning from its past and that it is ready to begin making the changes necessary to avoid a similar situation from happening in the future.

Lastly, the Committee would like to commend the courageous and tenacious members and employees of the RCMP who worked hard to bring the full issue of the administration of the pension and insurance plans to light. Staff Sergeant Mike Frizzell, Staff Sergeant Ron Lewis, Chief Superintendent Fraser Macaulay, Ms. Denise Revine, Staff Sergeant Steve Walker and Assistant Commissioner Bruce Rogerson all worked with incredible integrity. The Committee believes that the RCMP, and the public service in general, has become a better place to work given the commitment to the values and ethics of good governance displayed by these people.

In addition, the Committee would like to commend former Commissioner Beverly Busson. Commr Busson took on a very difficult job in the RCMP in her very short time as Commissioner. The Committee admires Commr Busson for her commitment to address the issues raised during Committee's hearings and for her drive to improve the overall management culture of the RCMP. Her tremendous leadership was exemplary, and the Committee hopes that the current Commissioner, William Elliott, will be able to continue the good work former Commr Busson began. The RCMP needs this sort of strong leadership in order to overcome the many challenges it now faces in restoring its reputation as one of the world's finest police organizations.

KEY FINDINGS

This section of the report discusses observations of the Committee that, while they do not fit into the larger narrative, are very important to add to the public record of the study of the administration of the RCMP pension and insurance plans.

- The Committee commends all RCMP members and employees who played a role in uncovering malfeasance in the administration of the RCMP pension and insurance plans. Without the courageous tenacity of the individuals discussed here, in addition to others who did not come

138 *ibid.*, 10:55 a.m.

forward to the Committee, the serious wrongdoings in the administration of the plans would not have been discovered.

- The Committee was disappointed to learn that several individuals involved in the serious issues discussed in this report were able to leave the situation in the RCMP and move to different government departments. Rosalie Burton was in no way reprimanded for her involvement in the reprisals against Denise Revine; indeed, she now works as a Director General for Agriculture and Agri-Food Canada. In addition, David Smith, who owned Abotech Inc, the consulting firm that acknowledged that it hired contractors to assist them in circumventing post-employment rules, now works at the Department of Indian and Northern Affairs. That these individuals can move freely through the public service despite having participated in questionable practices is perhaps indicative of the weak system of discipline in the public service.
- Deputy Commissioner Paul Gauvin received what the Committee believes was a “soft landing” for his involvement in the administration of the plans. The Committee is incredulous that the Chief Financial Officer of the RCMP was so ineffective in the management of the contracting authorities of RCMP staff who were knowingly violating the Contracting Policy. The excuse given by D/Commr. Gauvin that he had no responsibility over staff in a different branch of the RCMP rings hollow. The Committee hopes that RCMP, and all other government organizations, learns from this experience that the Chief Financial Officer is ultimately responsible for the financial management of his or her department.
- The actions of several contractors detailed in this report were appalling. Kim Casey, Pat Casey, Anthony Koziol, and Michael Onischuk all participated in contracts with the National Compensation Policy Centre, which was managed by Dominic Crupi, that were found to be in violation of the Treasury Board Contracting Policy. The Committee was greatly disturbed by the actions of these individuals, and sincerely hopes that they will be barred from receiving any more contracts from the federal government.
- Public Works and Government Services Canada did not discuss the questionable procurement practices of Consulting and Audit Canada in its Departmental Performance Report (DPR). Given the fact that the DPRs are one of the only ways to communicate departmental actions to parliamentarians, the Committee is distressed that something as important as the serious violations of the Contracting Policy at Consulting and Audit Canada could be so easily glossed over in PWGSC’s DPR. The Committee expects to see more balanced reporting in PWGSC’s DPR in the future.

- The Committee heard from 61 witnesses during its study of the administration of the RCMP pension and insurance plans. Throughout the study, the Committee heard conflicting testimony on quite an unacceptable number of occasions. Unfortunately, this indicates that some witnesses were not being fully truthful with the Committee. The Committee would like to stress that it takes the truthfulness of witnesses very seriously, and providing false or misleading testimony to a parliamentary committee could constitute contempt of Parliament.
- The Committee is discouraged and frustrated with the lack of authority and/or the unwillingness of the government to dismiss employees found guilty of gross misconduct.
- The Committee is concerned with the lack of respect paid to the *Access to Information Act* in the RCMP. The legislated time deadlines were ignored by various members of the RCMP, including D/Commr Paul Gauvin and Louis Alberti, with respect to the release of information concerning the various investigations into the administration pension and insurance plans. In addition, the Committee was not pleased to hear of the alleged serious improprieties committed by D/Commr Gauvin concerning the calling of an officer into the Commissioner's boardroom to switch documents related to an Access to Information release. The Committee sincerely hopes the RCMP will fully respect the *Access to Information Act* in the future so as to ensure the goals of transparency and accountability embodied by this Act are upheld.

LIST OF RECOMMENDATIONS

Recommendation 1

The Royal Canadian Mounted Police provide the Public Accounts Committee a detailed status report by March 31, 2008 on the implementation of the Auditor General's recommendations from the November 2006 Report, Chapter 9. This report should contain confirmation of whether those who participated in the golf game at St. Andrews by the Sea have reimbursed the RCMP pension fund for the benefit they inappropriately received.

Recommendation 2

The Royal Canadian Mounted Police review all transactions charged against the pension plan in the fiscal years 2000-2001 through 2003-2004, and reimburse any amounts that should have been more appropriately charged elsewhere.

Recommendation 3

The Royal Canadian Mounted Police commend Assistant Commissioner Bruce Rogerson for his efforts to put an end to the acceptance of gifts and hospitality by senior members of the RCMP; that the RCMP restore all people who were demoted or removed to their original positions as promptly as possible, if those who were demoted or removed so wish.

Recommendation 4

The House of Commons denounce the lack of leadership shown by former Royal Canadian Mounted Police Commissioner Giuliano Zaccardelli during the investigation into malfeasance in the administration of the RCMP's pension and insurance plans.

RECOMMENDATION 5

The Royal Canadian Mounted Police clarify the procedures for reporting breaches of the Code of Conduct pursuant to the RCMP Regulations and *Royal Canadian Mounted Police Act* and the procedures for disclosing wrongdoings pursuant to the *Public Servants Disclosure Protection Act*.

Recommendation 6

The Government of Canada should amend the *Public Servants Disclosure Protection Act* to allow a Royal Canadian Mounted Police member to file a complaint of reprisal with the Public Sector Integrity Commissioner, regardless of whether there are ongoing proceedings under the *Royal Canadian Mounted Police Act*. Furthermore, the Public Sector Integrity Commissioner and the Public Servants Disclosure Protection Tribunal should be provided with the full authority to deal with such complaints.

Recommendation 7

Any *Royal Canadian Mounted Police Act* proceedings against the member should be suspended until the complaint of reprisal has been dealt with under the *Public Servants Disclosure Protection Act*. Moreover, where the complaint is found to have merit, the Public Servants Disclosure Protection Tribunal should have the authority to dismiss or discontinue the RCMP Act proceedings.

Recommendation 8

Consequential amendments should be made to the *Royal Canadian Mounted Police Act* to ensure that the *Public Servants Disclosure Protection Act* prevails where an RCMP member files a complaint of reprisal with the Public Sector Integrity Commissioner.

Recommendation 9

The Government of Canada amend the *Royal Canadian Mounted Police Act* to provide the Royal Canadian Mounted Police External Review Committee with adjudication powers whose decisions are binding and final.

Recommendation 10

The Auditor General of Canada conduct an audit of the contracting practices at Consulting and Audit Canada during the past ten years.

Recommendation 11

All Royal Canadian Mounted Police members and employees with any level of contracting authority undergo specific training in the Treasury Board's Contracting Policy.

Recommendation 12

All Government of Canada contracts include a clause that states that the contractor must act in accordance with the Treasury Board Contracting Policy.

Recommendation 13

The Government of Canada investigate whether or not monies can be recovered from contractors or individuals who received inappropriate benefits.

Recommendation 14

The Government of Canada require all contractors and any subsequent sub-contractors to confirm that neither they nor any of their employees would be in violation of the post-employment rules as set out in the Treasury Board Contracting Policy if they were awarded a contract.

Recommendation 15

The Government of Canada permanently bar from future contracts a contractor who has been found to have engaged in misconduct while carrying out his or her duties, or who has colluded with a public servant in committing an act of misconduct.

Recommendation 16

The Government of Canada permanently bar from having contracting authority public servants who have been found to have engaged in misconduct in the performance of their duties or who have colluded with contractors in committing an act of misconduct.

Recommendation 17

The Treasury Board Secretariat ensure that departments comply with the departmental reporting Guidelines so as to make sure that the Departmental Performance Reports contain balanced reporting.

Recommendation 18

The Royal Canadian Mounted Police initiate a Code of Conduct investigation into the allegation that the minutes of the March 15, 2005 Insurance Committee meeting were altered.

Recommendation 19

The Government of Canada ask the Ontario Provincial Police to complete the investigation into the insurance plan, which should include a forensic audit, so as to fully examine the irregularities in the outsourcing of the administration of the insurance plan.

Recommendation 20

The Royal Canadian Mounted Police provide the Committee a status report by March 31, 2008 on the efforts to clarify the authorities in the administration of the RCMP's insurance plans.

Recommendation 21

The Royal Canadian Mounted Police open the contract to administer the RCMP insurance plans to competition when the current contract ends.

Recommendation 22

The *Public Service Labour Relations Act* and Treasury Board policies be amended to provide that a public servant dismissed for misconduct will: a) have his or her security clearance revoked; and b) be disentitled to a reference or recommendation for other employment within the public service.

Recommendation 23

The Treasury Board Secretariat initiate a review of its policies on dismissing a public servant with cause so as to clearly allow for the immediate dismissal of any public servant who has engaged in misconduct; and

Recommendation 24

In order to speed up the process for dismissing a public servant for misconduct, the *Public Service Labour Relations Act* should be amended to provide that any grievance of the dismissal must be referred directly to adjudication within a prescribed time period.

Recommendation 25

The Government of Canada amend section 43(8) of the *Royal Canadian Mounted Police Act* to compel the Appropriate Officer to take action upon learning of any contravention of the Royal Canadian Mounted Police Code of Conduct within one year or else be subject to sanctions.

Recommendation 26

The Government of Canada strengthen the legislative authority of the Commission for Public Complaints Against the RCMP to enable it to conduct self-initiated reviews, as well as to guarantee it the full access to documents and persons that is included in the powers of subpoena.

Recommendation 27

The Royal Canadian Mounted Police provide the Public Accounts Committee with an action plan by May 31, 2008 on how to implement the Information Commissioner's recommendations.

Recommendation 28

The Royal Canadian Mounted Police provide the additional resources needed by the Access to Information Branch to allow it to fulfill its mandate.

Recommendation 29

The House of Commons denounce the behaviour of all senior Royal Canadian Mounted Police employees who tarnished the credibility of the force through negligence, partiality, or dishonesty: namely, Dominic Crupi, Jim Ewanovich, Paul Gauvin, and Barbara George.

Recommendation 30

The Government of Canada amend the *Royal Canadian Mounted Police Act* to provide independent authority to the RCMP Ethics Advisor to enable him or her to conduct inquiries into whether allegations of ethical or criminal wrongdoing against RCMP members have been properly investigated. The Ethics Advisor should publish an annual report and have the authority initiate Code of Conduct investigations and to recommend that outside police forces conduct a criminal investigation when warranted.

Recommendation 31

The Government of Canada establish a Police Accountability Board that will provide third-party oversight of the Royal Canadian Mounted Police. The Commissioner of the RCMP would continue to report to the Minister, but would also report to the Board, which, in turn, would report to the Minister and publish a public annual report on the performance of the RCMP, which would be tabled in Parliament.

APPENDIX A LIST OF WITNESSES

| Organizations and Individuals | Date | Meeting |
|--|------------|---------|
| <p>Office of the Auditor General of Canada Hugh McRoberts, Assistant Auditor General Gordon Stock, Principal</p> | 2007/02/21 | 41 |
| <p>Ottawa Police Service Vince Bevan, Chief Vince Westwick, Consellor</p> | | |
| <p>Royal Canadian Mounted Police Brian Aiken, Chief Audit Executive Beverley A. Busson, Commissioner Paul Gauvin, Deputy Commissioner, Corporate Management and Comptrollership Barbara George, Deputy Commissioner</p> | | |
| <p>Treasury Board Secretariat Phil Charko, Assistant Secretary, Pensions and Benefits Sector</p> | | |
| <p>As an individual Ron Lewis, Staff Sergeant (Retired), Royal Canadian Mounted Police</p> | 2007/03/28 | 46 |
| <p>Royal Canadian Mounted Police Mike Frizzell, Staff Sergeant, Strategic and Operational Support, National Child Exploitation Coordination Centre David Gork, Assistant Commissioner Fraser Macaulay, Chief Superintendent Denise Revine, Public Service Employee Steve Walker, Staff Sergeant</p> | | |
| <p>As an individual Dominic Crupi, Jim Ewanovich, Ron Lewis, Staff Sergeant (Retired), Royal Canadian Mounted Police Giuliano Zaccardelli, Former Commissioner, Royal Canadian Mounted Police</p> | 2007/04/16 | 49 |
| <p>Royal Canadian Mounted Police Fraser Macaulay, Chief Superintendent</p> | | |

| Organizations and Individuals | Date | Meeting |
|--|-------------|----------------|
| <p>As an individual</p> <p>Rosalie Burton, former Director general of Human Resources, Royal Canadian Mounted Police</p> <p>Paul Roy, Ottawa Police Service (Retired)</p> <p>Royal Canadian Mounted Police</p> <p>Mike Frizzell, Staff Sergeant, Strategic and Operational Support, National Child Exploitation Coordination Centre</p> <p>Barbara George, Deputy Commissioner</p> <p>Fraser Macaulay, Chief Superintendent</p> | 2007/04/18 | 50 |
| <p>As an individual</p> <p>Reg Alcock, Former Minister, President of the Treasury Board</p> <p>Anne McLellan, Former Minister of Public Safety</p> <p>Heenan Blaikie LLP</p> <p>Ivan Whitehall, Lawyer</p> <p>Royal Canadian Mounted Police</p> <p>Mike Frizzell, Staff Sergeant, Strategic and Operational Support, National Child Exploitation Coordination Centre</p> <p>Paul Gauvin, Deputy Commissioner, Corporate Management and Comptrollership</p> <p>Fraser Macaulay, Chief Superintendent</p> | 2007/04/23 | 51 |
| <p>As an individual</p> <p>Garry Loeppky,</p> <p>Royal Canadian Mounted Police</p> <p>Beverley A. Busson, Commissioner</p> <p>Darrell LaFosse, Assistant Commissioner, Community, Contract and Aboriginal Policing Services</p> | 2007/04/25 | 52 |
| <p>As an individual</p> <p>Rosalie Burton, former Director general of Human Resources, Royal Canadian Mounted Police</p> <p>Keith Estabrooks,</p> <p>Paul Roy, Ottawa Police Service (Retired)</p> <p>Normand Sirois,</p> <p>Royal Canadian Mounted Police</p> <p>Mike Frizzell, Staff Sergeant, Strategic and Operational Support, National Child Exploitation Coordination Centre</p> <p>Barbara George, Deputy Commissioner</p> <p>Doug Lang, Criminal Operations Officer, Winnipeg</p> | 2007/04/30 | 53 |

| Organizations and Individuals | Date | Meeting |
|---|------------|---------|
| <p>Royal Canadian Mounted Police Fraser Macaulay, Chief Superintendent Denise Revine, Public Service Employee Bruce Rogerson, Assistant Commissioner, Technical Operations</p> | 2007/05/07 | 55 |
| <p>As an individual</p> | | |
| <p>Frank Brazeau, Dominic Crupi, David Smith,</p> | | |
| <p>KPMG</p> | | |
| <p>Greg McEvoy, Associate partner</p> | | |
| <p>Public Works and Government Services Canada</p> | | |
| <p>David Marshall, Deputy Minister Shahid Minto, Chief Risk Officer</p> | | |
| <p>Royal Canadian Mounted Police</p> | | |
| <p>Mike Frizzell, Staff Sergeant, Strategic and Operational Support, National Child Exploitation Coordination Centre Paul Gauvin, Deputy Commissioner, Corporate Management and Comptrollership Fraser Macaulay, Chief Superintendent</p> | 2007/05/14 | 57 |
| <p>As an individual</p> | | |
| <p>Bernie Corrigan, Assistant Commissioner Keith Estabrooks, Pierre Lavoie, Superintendent (Retired), Royal Canadian Mounted Police Ron Lewis, Staff Sergeant (Retired), Royal Canadian Mounted Police John Spice, Assistant Commissioner (Retired), Royal Canadian Mounted Police</p> | | |
| <p>Royal Canadian Mounted Police</p> | | |
| <p>Paul Gauvin, Deputy Commissioner, Corporate Management and Comptrollership André Girard, Staff sergeant, Criminal Intelligence & Analysis Section</p> | | |

| Organizations and Individuals | Date | Meeting |
|---|-------------|----------------|
| <p>Royal Canadian Mounted Police</p> <p>Mike Frizzell, Staff Sergeant, Strategic and Operational Support, National Child Exploitation Coordination Centre</p> <p>Fraser Macaulay, Chief Superintendent</p> <p>Kevin Mole, Acting Deputy Commissioner, Human Resources</p> <p>Tony Pickett, Officer in charge, Insurance Renewal and Modernization Project</p> | 2007/05/29 | 60 |
| <p>As an individual</p> <p>Frank Brazeau,</p> <p>Pat Casey,</p> <p>Kim Casey,</p> <p>Dominic Crupi,</p> <p>Anthony Koziol,</p> <p>Jeff Molson,</p> <p>Department of Public Works and Government Services</p> <p>François Guimont, Deputy Minister</p> <p>Shahid Minto, Chief Risk Officer</p> | 2007/06/04 | 62 |
| <p>Royal Canadian Mounted Police</p> <p>Fraser Macaulay, Chief Superintendent</p> | | |
| <p>As an individual</p> <p>Keith Estabrooks,</p> <p>Michel Joyal,</p> <p>Royal Canadian Mounted Police</p> <p>Louis Alberti, Legal Services, Department of Justice</p> <p>Ian Cowan, Inspector</p> <p>Paul Gauvin, Deputy Commissioner, Corporate Management and Comptrollership</p> <p>Pierre Lavoie, Superintendent (Retired)</p> <p>Paul McConnell, Inspector</p> <p>Christian Picard, Superintendent, former Officer in charge of the Access to information and Privacy</p> | 2007/06/11 | 65 |
| <p>As an individual</p> <p>Pat Casey,</p> <p>Dominic Crupi,</p> | 2007/06/12 | 66 |

| Organizations and Individuals | Date | Meeting |
|---|-------------|----------------|
| <p>As an individual Jeff Molson, Great-West Life Assurance Company Peter Foley, Jeff Kitchen, Frank Pattie, (retired) Morneau Sobeco Francine Pell, Royal Canadian Mounted Police Mike Frizzell, Staff Sergeant, Strategic and Operational Support, National Child Exploitation Coordination Centre David Gork, Assistant Commissioner Fraser Macaulay, Chief Superintendent Garry Roy, Senior Policy Analyst, Disability Program & Services</p> | | |
| <p>As an individual Hon. Anne McLellan Royal Canadian Mounted Police Sandra Conlin, Assistant Commissioner, Ethics Advisor John Spice, Assistant Commissioner (Retired) Royal Canadian Mounted Police External Review Committee Catherine Ebbs, Chair Commissioner for Public Complaints Against the Royal Canadian Mounted Police Paul Kennedy, Chair</p> | 2007/09/06 | 71 |
| <p>Public Safety Canada Hon. Stockwell Day Office of the Independent Investigator into RCMP Pension and Insurance Matters David A. Brown, Independent Investigator into RCMP Pension and Insurance Matters Royal Canadian Mounted Police William Elliott, Commissioner Beverley A. Busson, Commissioner (Retired) Carleton University Linda Duxbury, Professor, School of Business</p> | 2007/09/07 | 72 |

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant Minutes of Proceedings (Meetings Nos. 5, 6, 7 and 8) is tabled.

Respectfully submitted,

Hon. Shawn Murphy, MP
Chair

Bloc Québécois Supplementary Report

CALLING FOR A PUBLIC INQUIRY AND LEGAL RECOGNITION OF THE RIGHT TO ORGANIZE

It is obvious that the Royal Canadian Mounted Police (RCMP) has lost some of its traditional popular esteem and is suffering from both organizational and structural problems. The Bloc Québécois is therefore calling for a public inquiry under Part 1 of the *Inquiries Act*.

Fraud involving RCMP pension and insurance plans, the failed investigation into the destruction of Air India flight 182, the Maher Arar case – the problems putting the integrity, efficiency and transparency of the RCMP at issue are legion. They suggest an unhealthy culture of secrecy within the force, which fully justifies the Conservative government's ordering a public inquiry.

To restore the RCMP's credibility, the government should take as its model the Poitras Commission, which made possible a rewriting of Quebec's *Police Act*. The Act now imposes a whistleblowing obligation on every police officer. The Poitras Commission, set up following the Matticks case, made it possible to improve the transparency and accountability of all police forces in Québec. The Harper government should show the same firmness with the RCMP instead of excluding it from its transparency reform, a decision that can only reinforce the suspicions that are undermining the force's reputation.

The public inquiry must not focus on individuals, but on the RCMP's organizational structure. Everything must be looked into: solutions that will put an end to the culture of impunity within the RCMP, ways of promoting transparency and accountability, the timeliness of increased civilian oversight, even the possibility that criminal offences may have been committed. The Bloc Québécois firmly believes that the RCMP's mission must be re-examined and reformulated:

- the training provided to its members, whatever their rank, must be evaluated, both basic training and professional development;
- the administration and transparency of discipline must be reviewed. The circumstances in which internal investigations should be entrusted to other police forces should be the subject of recommendations;
- the nature of the RCMP's relations with other police forces and crime-fighting bodies, including CSIS, should be the subject of in-depth examination;
- its relations with the media should be clarified, to ensure that they respect principles such as the presumption of innocence and absolute non-involvement in political debate;
- the commission of inquiry should be able to study the extent to which and the reasons why the RCMP has given up or delayed investigating such areas of criminal activity as counterfeiting, cigarette smuggling, surveillance of land borders and various types of fraud.

The right to organize

It must not be forgotten that the RCMP still has not formally recognized the right of its members to form a union, as confirmed by the Supreme Court of Canada. A recognized association would give members a sense of strength in numbers that would facilitate whistleblowing.

The current hierarchical structure in the RCMP, based on a paramilitary culture, did not manage to avoid the scandals brought out in the Committee's proceedings regarding fraud in the administration of pension plans. Allowing unionization to go ahead would in the opinion of the Bloc Québécois be one of the ways to restore a certain balance of power among members of the force. It would also introduce more democracy into relations among the members, no matter what their rank, to the benefit of the people they serve.

For these reasons, the Bloc Québécois hopes that the Government of Canada will amend its legislation to give members of the Royal Canadian Mounted Police the right to form a union and bargain collectively.

Pursuant to Standing Order 108(3)(g), the New Democratic Party caucus on the Standing Committee on Public Accounts has the honour to present the

NDP Supplementary Opinion to the 2nd REPORT

1. The New Democratic Party has considered the Standing Committee's 2nd Report on Chapter 9 of the November 2006 Report of the Auditor General of Canada (**Pension and Insurance Administration – Royal Canadian Mounted Police**) and supports the findings and recommendations of the Report.
2. However, the New Democratic Party believes the Committee's Report is insufficient with regard to two areas: the need for a Commission of Inquiry under the Public Inquiries Act and the benefits to Canada if RCMP officers had access to a union.
3. With regard to a Public Inquiry, the NDP firmly believes that there has not yet been a full accounting of all of the elements of the administrative and legal issues surrounding this case. The Committee, for example, because of the constraints of time, the Committee structure and other resources, felt that it was unable to get to the bottom of issues such as problems within the RCMP Access to Information office; the role of various contractors and consultants in the cover-up; the role of the former Commissioner of the RCMP, etc.
4. Similarly, the limited terms of reference of the Government-appointed ad hoc Investigator, Mr. Brown, (who's work was done behind closed doors and without public scrutiny) prevented him from resolving these issues; the RCMP itself has been prevented from investigating these matters because testimony before the Committee is unavailable to them; and other police investigations were halted before they were able to succeed – a matter which itself demands further consideration.
5. In order to resolve these matters and help reinstate Canadians' faith in the Royal Canadian Mounted Police – one of our most cherished national symbols and a force steeped in history and professional pride – a full and public investigation must be carried out. This is consistent with the motion put forward by NDP Member of Parliament David Christopherson (Hamilton Centre) and passed unanimously by the Standing Committee on April 16, 2006: "That the Standing Committee on Public Accounts write to the Minister of Public Safety requesting that the RCMP Pension Plan Funds Investigation be made a full public commission of inquires under the Inquires Act. Therefore, it is the NDP's recommendation:

Recommendation 1

That the Government of Canada appoint a Commission of Inquiry under the Public Inquiries Act to investigate and report on all matters with regard to the problems in the Pension and Insurance Administration of the RCMP, including issues with the investigation and attempted cover-up of those problems.

6. With regard to the role a union could have played in this matter, it must be understood that members of the RCMP force are currently forbidden from engaging in collective bargaining by the Public Service Staff Relations Act of Canada. As a result, RCMP officers do not have the protections that are afforded members of labour unions, such as rights to representation at disciplinary hearings and legal arbitration of issues.
7. In this matter, disciplinary proceedings were carried out behind closed doors against whistle-blowers who have since been found to have been just and honourable.
8. This lack of protections for officers resulted in their being stifled by the weight of a management system intent on sweeping these allegations under the carpet. If they had the rights and protections of unionized public servants, this matter may have seen the light of day much earlier, and the Canadian public would have been saved a considerable amount of money. Furthermore, the deep morale problems affecting the RCMP rank-and-file – morale problems still continuing to this day – may have been addressed some years ago.
9. Therefore, it is the NDP's recommendation:

Recommendation 2

That the Public Service Staff Relations Act of Canada be amended to allow RCMP officers the democratic rights to collective bargaining, free association and the protections of union membership, should they wish.

Respectfully submitted by David Christopherson, MP (Hamilton Centre)

December 7, 2007

MINUTES OF PROCEEDINGS

Meeting No. 8

Thursday, December 6, 2007

The Standing Committee on Public Accounts met at 9:04 a.m. this day, in Room 536, Wellington Building, the Vice-Chair, David Sweet, presiding.

Members of the Committee present: David Christopherson, Brian Fitzpatrick, Mark Holland, Hon. Charles Hubbard, Mike Lake, Marcel Lussier, Hon. Shawn Murphy, Pierre Poilievre, David Sweet and Borys Wrzesnewskyj.

Acting Members present: Robert Bouchard for Jean-Yves Laforest, Cheryl Gallant for John Williams, Hon. Joe McGuire for Hon. Shawn Murphy, Hon. John McKay for Hon. Charles Hubbard, Louis Plamondon for Jean-Yves Laforest and Hon. Bryon Wilfert for Hon. Charles Hubbard.

In attendance: Library of Parliament: Lydia Scratch, Analyst; Alex Smith, Analyst.

Pursuant to Standing Order 108(3)(g), the Committee resumed consideration of Chapter 9, Pension and Insurance Administration - Royal Canadian Mounted Police of the November 2006 Report of the Auditor General of Canada.

It was agreed, — That the draft report, as amended, be adopted.

It was agreed, — That the report be entitled: Restoring the honor of the RCMP: Addressing Problems in the Administration of the RCMP's Pension and Insurance Plans.

It was agreed, — That the Chair, Clerk and analyst be authorized to make such grammatical and editorial changes as may be necessary without changing the substance of the report.

It was agreed, — That the Chair present the report to the House.

It was agreed, — That, pursuant to Standing Order 109, the Committee request that the Government table a comprehensive response to the report.

It was agreed, — That the Clerk of the Committee make the necessary arrangements for a press conference to be held on after the tabling of the Committee's report to the House on Restoring the honor of the RCMP: Addressing Problems in the Administration of the RCMP's Pension and Insurance Plans; and that Committee be represented by the Chair and representatives from the Conservative Party, the Bloc Québécois, and the New Democratic Party.

It was agreed, — That the Committee append to its report a dissenting or supplementary

opinion from the Bloc Québécois that it is no more than 2 pages in length and submitted electronically to the Clerk of the Committee, in both official languages no later than 4:00 p.m., on Friday, December 7, 2007.

It was agreed, — That the Committee append to its report a dissenting or supplementary opinion from the New Democratic Party that it is no more than 2 pages in length and submitted electronically to the Clerk of the Committee, in both official languages no later than 4:00 p.m., on Friday, December 7, 2007.

It was agreed, — That the Committee append to its report a dissenting or supplementary opinion from the Liberal Party that it is no more than 2 pages in length and submitted electronically to the Clerk of the Committee, in both official languages no later than 4:00 p.m., on Friday, December 7, 2007.

It was agreed, — That the Committee append to its report a dissenting or supplementary opinion from the Conservative Party that it is no more than 2 pages in length and submitted electronically to the Clerk of the Committee, in both official languages no later than 4:00 p.m., on Friday, December 7, 2007.

At 12:07 p.m., the sitting was suspended.

At 12:08 p.m., the Committee resumed sitting in public.

By unanimous consent, on motion of Borys Wrzesnewskyj, it was agreed, — That the Committee thank the researchers for the tremendous job they have done on this particular report, and that this motion be reported to their supervisors.

At 12:09 p.m., the Committee adjourned to the call of the Chair.

Justin Vaive
Clerk of the Committee