



House of Commons
CANADA

Standing Committee on Public Accounts

PACP • NUMBER 041 • 1st SESSION • 39th PARLIAMENT

EVIDENCE

Wednesday, February 21, 2007

—
Chair

The Honourable Shawn Murphy

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• (1530)

[English]

The Chair (Hon. Shawn Murphy (Charlottetown, Lib.)): I'd like to welcome everyone here.

I hope the decorum and rancour of today don't extend over to this committee meeting.

This meeting is called pursuant to the Standing Orders. We are looking at chapter 9 of the 2006 Auditor General's report, "Pension and Insurance Administration—Royal Canadian Mounted Police".

We are very pleased to have with us today, from the Office of the Auditor General, Hugh McRoberts. He's accompanied by Gordon Stock, principal, and of course we know Hugh is the Assistant Auditor General. Welcome, Mr. McRoberts and Mr. Stock.

From the Canadian Mounted Police we have the new commissioner, Beverley Busson. Welcome, Commissioner, and congratulations. With her is Barbara George, the Deputy Commissioner, Human Resources; Paul Gauvin, the Deputy Minister of Corporate Management and Comptrollership; and Brian Aiken, the chief audit executive.

We also have with us the chief of police for the city of Ottawa, Chief Vince Bevan. From Treasury Board Secretariat we have Paul Charko, assistant secretary, pensions and benefits sector.

I understand that the Office of the Auditor General, the commissioner, and the chief have opening statements. I will call for the opening statements, but before that, I do remind witnesses that this is a rather complicated issue. I want to ask members to keep their questions short and to the point, and I ask witnesses to keep their answers brief and focused on the questions. This committee has zero tolerance for any long-winded, irrelevant answers.

I should point out to members, before I turn it over for the opening statements, that I'm going to suspend at the end to present the minutes of the steering committee, which was held on Monday. However, if there is a vote, I would like to seek the committee's indulgence to put that over until Monday to accommodate Mr. Christopherson, who may have to rush to catch a plane.

Having said that, I'm going to call upon Mr. McRoberts for his opening statement.

Mr. Hugh McRoberts (Assistant Auditor General, Office of the Auditor General of Canada): Thank you, Mr. Chair, for inviting me to discuss the audit of the RCMP pension and insurance administration. With me today is Gordon Stock, principal of the public safety team, who is responsible for this audit.

I'd like to take this opportunity to provide committee members with an overview of our findings related to the RCMP's response to the abuses in the administration of its pension and insurance plans.

In 2003, allegations of fraud and abuse in the management of the RCMP's pension and insurance plans came to the attention of the commissioner of the RCMP, who then triggered an internal audit. Following this internal audit, the Ottawa Police Service carried out a criminal investigation.

In June 2005, the Ottawa Police Service reported to the RCMP that it had found abuses of the pension and insurance plans, nepotism, wasteful spending, and overrides of controls by management. Two senior officials resigned and the RCMP considered disciplinary action against others.

[Translation]

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.

[English]

We concluded that the RCMP had responded adequately to the findings and recommendations of its internal audit and of the OPS investigation by addressing issues directly connected to the abuses. In particular, the RCMP reimbursed or credited about \$4.3 million that had been improperly charged to the pension plan. It also took steps to prevent future inappropriate charges to the pension plan and it strengthened staffing and contracting controls. However, we found that the internal audit and criminal investigation raised additional issues that remained unresolved.

Perhaps the most significant issue was the question related to the independence of the criminal investigation itself. We received complaints that the investigation lacked independence. 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.

We also found that while the RCMP had reimbursed or credited inappropriate charges made to the pension plan, it had not completely reimbursed or credited the plans for wasteful and unnecessary expenditures charged to them. We estimated that about \$1.3 million was charged to the plans for work of little value and that only about \$270,000 of that had been reimbursed or credited to the pension plan. We understand that the RCMP has reviewed our estimate, refined it, and made additional adjustments to the plans since the end of our fieldwork.

We found that the pension outsourcing initiative, the project that led to most of the abuses, had not been supported by an adequate business case, and that the cost estimates had not been complete and had greatly underestimated the cost of outsourcing. The RCMP finance branch did not challenge the numbers presented by the National Compensation Policy Centre for inclusion in the RCMP's Treasury Board submission. The branch told us it had relied entirely on the advice and decisions of the sponsoring managers. We recommended that as part of its internal review process, the RCMP challenge all important program changes.

[Translation]

Just prior to the publication of our report, the RCMP informed us that it was no longer considering disciplinary action against RCMP members about whom allegations of misconduct had been received. This was because the RCMP had elected to begin its internal disciplinary processes after the criminal investigation was completed instead of at the same time.

During the intervening period, a court decision in another case clarified that the time limit on internal discipline should have started when the appropriate officer knew of the alleged offence and the identity of the member involved—well beyond the time allowed in the RCMP Act had elapsed. In its internal disciplinary investigation, the RCMP identified that disciplinary action was warranted against four of its members.

• (1535)

[English]

We did not make a recommendation on the management of internal investigations and disciplinary proceedings by the RCMP. It is evident, however, that these need to be clarified.

Mr. Chair, that concludes my opening statement. Thank you for the opportunity to discuss this chapter. I will be happy to respond to the committee's questions.

The Chair: Thank you very much, Mr. McRoberts.

We are now going to go to Commissioner Busson for her opening statement.

[Translation]

Commr Beverley Busson (Commissioner, Royal Canadian Mounted Police): Thank you, Mr. Chairman.

My colleagues and I are pleased to appear before this committee today to discuss chapter 9 of the Auditor General's report on RCMP pension and insurance administration.

[English]

With that in mind, I wish to recognize and acknowledge the importance of the Auditor General's work and to thank her for her indulgence with respect to this matter.

I would also like to extend my thanks to Chief Vince Bevan for the professional manner in which the Ottawa Police Service performed its investigation into allegations of fraud and mismanagement in the administration of the RCMP pension and insurance plans.

I am accompanied today by Deputy Commissioner Barbara George, Human Resources; Mr. Paul Gauvin, Deputy Commissioner of Corporate Management and Comptrollership; and Mr. Brian Aiken, chief audit executive of our audit and evaluation branch.

As you are no doubt aware, I have only recently been appointed commissioner, and I have been briefed on this file by those who have been directly involved in implementing corrective actions. While I cannot provide you with firsthand knowledge of these events, I am confident that the questions put forward by this committee can be responded to by those present today.

It's important to note that the OAG audit was in fact one of four important reviews conducted during the past four years to examine allegations of mismanagement in the administration of the pension and insurance plans. After a 2003-04 internal audit identified issues related to the expenses charged to the RCMP pension plan, and the Government of Canada and the RCMP policies and procedures for contracting and staffing practices, the RCMP requested that the Ottawa Police Service lead an investigation into this matter to ensure transparency and openness.

At the outset of the investigation it was agreed that the RCMP would provide and facilitate access to the required information and personnel within the RCMP to the Ottawa Police Service. After completing its independent investigation in June 2005, the Ottawa Police Service informed the RCMP that no criminal charges would be laid in this case, as the provincial crown attorney's office advised that there was no reasonable prospect of conviction on criminal charges. The Ottawa Police Service investigation thus corroborated the results of our own internal audit that determined that the irregularities identified were administrative.

In June 2005, the RCMP was then able to review the OPS investigation. After carefully studying the report, the RCMP conducted a third probe, an internal investigation under part IV of the RCMP Act. Under the act, this investigation was to determine whether a disciplinary hearing should be conducted to decide if any members had breached the code of conduct. As the Auditor General has observed, it was not possible to proceed with a formal hearing in this regard because the prescribed one-year limitation period had lapsed. This is something the Federal Court of Appeal clarified in February 2006, after the investigation had been initiated. I would like to advise this committee that we have taken a number of steps to ensure the timeliness of future disciplinary proceedings.

In September 2005, the OAG commenced a fourth review of this matter. This OAG report was tabled in the House of Commons on November 28, 2006. Chapter 9, while recognizing the RCMP had already acted in response to the issues raised in the internal audit and the OPS investigation, also provided recommendations to further strengthen the administration of the RCMP pension and insurance plans.

It was and remains an RCMP priority to take corrective action to address each issue raised through both the internal audit and the Ottawa Police Service investigation. In her report, the Auditor General noted that the RCMP had indeed responded adequately to the findings of the internal audit and to the Ottawa Police Service investigation.

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. I would like to emphasize that the RCMP pension plan is not, and was never, at risk.

Our primary goal is to administer the pension and insurance plans in the most efficient manner, ensuring that all current and retired members are provided with the highest possible levels of service. The RCMP has demonstrated its commitment to achieving this goal by acting on the recommendations of its own internal audit as well as those of the Auditor General.

I might also add that we received only last week the results of the Auditor General's audit of the pension administration plan for the year ended March 31, 2006. The OAG provided the RCMP with a clean and unqualified report and commended the RCMP for the administration of the pension plans.

• (1540)

Thank you for your attention. I hope we will be able to respond to your questions. Thank you very much.

The Chair: Thank you very much, Commissioner Busson. *Merci beaucoup.*

We're now going to hear from Chief Vince Bevan.

[*Translation*]

Chief Vince Bevan (Chief, Ottawa Police Service): Thank you, Mr. Chairman.

Members of the Standing Committee on Public Accounts, I am pleased to appear before you as a part of your consideration of the

2006 report by the Auditor General of Canada to the House of Commons.

[*English*]

In 2002, internal complaints were voiced within the RCMP about the management of the force's pension fund. Following an internal audit, the RCMP contacted the Ottawa Police Service to conduct an investigation into activities surrounding the administration of the force's pension fund. This was a criminal investigation.

A major case management model was used to manage this investigation. There are many aspects to that model. In this case it means that a crown attorney was consulted regularly at all stages of the investigation. The investigation itself was exhaustive. It included 238 interviews, including Commissioner Zaccardelli himself, and produced an investigative report the size of a banker's box, along with an additional 75,000 pages of supporting documents.

The Ottawa police investigation also ordered a third-party independent forensic audit as part of their work. Ultimately, the Ottawa Police Service, in consultation with the provincial crown attorney, concluded that the issues uncovered, while serious, were administrative in nature rather than criminal and that there was no reasonable prospect of conviction on criminal charges.

I would like to draw to your attention that after a comprehensive review by the Office of the Auditor General, we received compliments to the investigators on the thoroughness and professionalism of their work.

I respect the important mandate of this committee, and I am pleased to extend my full cooperation to these deliberations and to answer all of your questions.

Mr. Chair, I have Vince Westwick from the Ottawa Police Service with me today. He is here to provide me with advice.

Earlier I realized my staff indicated to the clerk that I would have to leave after the hour that had been set aside. I recognize the importance of the deliberations today, and I am prepared to stay until released, Mr. Chair.

Thank you very much.

The Chair: Thank you, Chief Bevan, and thank you, Mr. Westwick, for coming.

We are now going to the first round.

I remind witnesses that under the Standing Orders you're deemed to be under oath.

Mr. Wrzesnewskyj, eight minutes.

Mr. Borys Wrzesnewskyj (Etobicoke Centre, Lib.): Thank you, Chair.

Millions of dollars of rank-and-file RCMP officers' pension and life insurance funds were, in the words of the Auditor General, misused "due to management overriding controls". Much of these funds have still not been repaid. This appears to be a tale with no best-case scenario and the worst case of fraud, obstruction of investigations, of whistle-blowers and investigators punished and constructively dismissed, of criminal investigations suspended, evidence buried, and of wrongdoers rewarded with fraudulent leave payouts.

Deputy Commissioner of Human Resources, Ms. George, during the criminal investigation of the RCMP insurance outsourcing project, Staff Sergeant Mike Frizzell was the lead investigator. Staff Sergeant Frizzell has over 15 years of criminal investigative experience and an impeccable track record. On June 19, 2005, two superintendents arrived at his office. He was physically removed and his computer and files were seized. The 15-month Ottawa police criminal investigation was terminated the following week.

Did you or Mr. Zaccardelli order that Staff Sergeant Frizzell be removed, and was it you or Mr. Zaccardelli who ordered that the investigation be shut down?

• (1545)

D/Commr Barbara George (Deputy Commissioner, Human Resources, Royal Canadian Mounted Police): I can state with absolute finality that it was neither Commissioner Zaccardelli nor me who had anything whatsoever to do with, as you say, the removal of Sergeant Frizzell.

Mr. Borys Wrzesnewskyj: Can you tell us who it was?

D/Commr Barbara George: No, I'm not aware of who it was. The best I can state is that when Sergeant Frizzell left, I understood he returned to his home division, which was "A" division. I'm being careful with regard to the privacy concerns here, but I understood it was for health reasons.

Mr. Borys Wrzesnewskyj: Well, in that case, over to you, Police Chief Bevan.

The so-called independent Ottawa police investigation was based at RCMP Headquarters, also working out of the RCMP Orleans facility. Of 20 people involved in the investigation, only two were Ottawa police. Reports went to RCMP Assistant Commissioner Gork.

As well, I have a gag order here on RCMP letterhead and signed by RCMP Assistant Commissioner Gork, which was designed to silence investigators and that your officers presented to those being investigated. These facts do not support the claim of independence and non-interference by top RCMP officials in this criminal investigation. Do you agree?

Chief Vince Bevan: No, sir, I do not agree. I can tell you the investigation was housed in the RCMP facility because they had the space. I didn't have the space to house 20 investigators. I had conversations with Deputy Commissioner Loeppky about where it would be housed. We looked at putting it off-site, but they had space to accommodate it. As long as the security of the investigation and the security and integrity of the files that were being gathered and managed was adequate, I was satisfied it could be conducted and housed safely within an RCMP facility.

Mr. Borys Wrzesnewskyj: Mr. Bevan, it seems to indicate this gag order was signed by the Assistant Commissioner, Mr. Gork. That seems to indicate he was the decision-maker when it came to these particular issues as opposed to you. Was it the Ottawa police or was it the RCMP making these sorts of decisions?

Chief Vince Bevan: It was the Ottawa police. If an administrative gag order was in place, it may have been for RCMP administrative purposes, about information that was being released out of the investigation, which was one of the concerns I shared. That's why we were so concerned about having adequate security measures in place around the investigation itself and the files.

Mr. Borys Wrzesnewskyj: Mr. Bevan, are you familiar with the letter from that time, from the lead investigator, that reads as follows:

Chief Bevan was right when he said that we should be moved out of here and set up independently from the RCMP. I was too naive then to realize just how right he was.

Because of time limitations, I'd like to move on to Deputy Commissioner Paul Gauvin, Corporate Management and Comptrollership.

Deputy Commissioner Gauvin, I understand some of your staff were charged criminally, some under the RCMP Act, and others resigned as a result of an OPP investigation. Were you disciplined under the RCMP Act in November 2002 for failure to act in dealing with staff receiving privileges? Were you and former Deputy Commissioner Ewanovich compelled to take one day of ethics training, and did Mr. Ewanovich even have to forgo the Queen's Jubilee Medal?

D/Commr Paul Gauvin (Deputy Commissioner, Corporate Management and Comptrollership, Royal Canadian Mounted Police): Mr. Chairman, under the Privacy Act I'm not sure I can answer that. I'll rely on your judgment.

• (1550)

The Chair: You're invoking the Privacy Act?

D/Commr Paul Gauvin: He asked me about Mr. Ewanovich. I don't know whether I can talk about him.

The Chair: He should answer the question unless it's a criminal prosecution.

I would direct you to answer the question.

D/Commr Paul Gauvin: I was not criminally charged, but I had to take a day of ethics, yes.

Mr. Borys Wrzesnewskyj: Mr. Gauvin, you assisted Mr. Ewanovich, appointed by Mr. Zaccardelli. Mr. Crupi and six others were party to a golf game at the St. Andrews golf course in New Brunswick on August 26, 2001.

I have here an e-mail from an official hired by Mr. Crupi with instructions on how to bury this cost in pension fund expenses. This e-mail clearly shows the intent and the mechanism of how to commit fraud against RCMP pension funds. It reads in part:

I need to make an adjustment on the rate for the RCMP Pension Advisory Board.... The purpose of this is to hide the golf rates in the room rates and to expense the golf.

How often did senior RCMP officials use the RCMP pension and insurance funds to cover inappropriate living, hotel, recreational, and personal expenses?

D/Commr Paul Gauvin: I can't answer how often, but I can say this was done by individuals without our knowledge. It came out after the investigation that some of this had been built into the room rate, but we were not aware of that when that happened.

Mr. Borys Wrzesnewskyj: These instructions came from an individual hired and working out of Mr. Crupi's office. There seems to be a pattern here, because in another part of that same e-mail it states:

Also, can you make sure the golf club employees are aware of the payment arrangement. Last year they seemed a little confused....

D/Commr Paul Gauvin: I have no information on that, sir.

Mr. Borys Wrzesnewskyj: Mr. Gauvin, a consultant was hired by your St. Andrews golfing buddy, Mr. Crupi, to handle staffing for the pension outsourcing project. The Auditor General stated that this person circumvented staffing regulations and was paid \$443,000 for work over an 18-month period. Since the RCMP maintains its own staffing unit, why was this condoned by you and not reported by you to the Pension Advisory Committee?

D/Commr Paul Gauvin: Mr. Chairman, this was not in my area of responsibility. It was under HR. It was under Mr. Ewanovich at the time.

As I understand it after all these investigations, the reason they hired a consultant was that HR was overloaded and couldn't provide the service at the time. So the consultant was hired to provide staffing and classification services that normally would have been looked after within the organization. All those charges have been reversed and credited to the pension fund.

The Chair: Thank you, Mr. Wrzesnewskyj. Thank you, witnesses.

Mr. Borys Wrzesnewskyj: I referenced a couple of documents, so I'll pass those on to the clerk.

The Chair: We'll get them translated and circulated.

I just want to point out to members that if there are questions to which you think you're not getting fulsome answers from the witness, do not hesitate to ask the witness to provide the information from other sources within their departments or offices.

[Translation]

Ms. Brunelle, you have eight minutes, if you will.

Ms. Paule Brunelle (Trois-Rivières, BQ): Good afternoon, ladies and gentlemen.

Mr. McRoberts, you said that the RCMP charged about \$1.3 million to the pension and insurance plan for work of little value, but that only \$270,280 had been reimbursed or credited to the pension plan.

My first question is the following: In your view, why is that?

You've said that it is your understanding that the RCMP has reviewed your estimate, refined it and made additional adjustments to the plan since the end of the field work.

What should we make of that? That out of an initial charge for unjustified expenditures of \$1.3 million, only \$270,000 has been reimbursed? Did I understand correctly?

[English]

Mr. Hugh McRoberts: The amounts were an estimate that we generated based on our work. Tracing those amounts through and then providing a basis for how they should be returned to the appropriate fund was a difficult task. We in the RCMP, at the end of the audit, as indicated in exhibit 9.1 in the chapter, had been able to identify about \$270,000. We have been informed, as I indicated in our opening statement, that additional work has been done, and additional reimbursements have been made.

Perhaps the RCMP can identify specifically what they've done. We do not have detailed audit knowledge of that, unfortunately.

• (1555)

[Translation]

Ms. Paule Brunelle: Could the RCMP answer that question?

D/Commr Paul Gauvin: Up until now, we have reimbursed \$759,000 to the pension plan. That leaves a balance of \$373,781.

Ms. Paule Brunelle: Is that balance still being reviewed?

D/Commr Paul Gauvin: It is still being reviewed, but most of that amount represents funds that were paid to Public Works, to what is called Consulting and Audit Canada, for services provided to the pension plan administrators.

Ms. Paule Brunelle: Therefore, the review is intended to determine whether the services provided were appropriate, in terms of the expenses that should be charged to a pension plan.

D/Commr Paul Gauvin: Yes, that is correct.

Ms. Paule Brunelle: Mr. McRoberts, you then state in your report that disciplinary action should have been taken, but that had not been done because the time limit had elapsed. The RCMP has told us the same thing.

I am wondering whether this case should be dropped, once and for all. Is it too late to take disciplinary measures? Should we forget this case, or have a sufficient number of corrective measures been taken to prevent such a situation from occurring again?

[English]

Mr. Hugh McRoberts: We're comfortable that the RCMP's response to the recommendations or the matters raised by the internal audit and the OPS investigation was adequate. They have indicated that on the additional matters we identified, they agreed with us, and they will be acting to respond to those.

Will this prevent it from ever happening again? It will increase the likelihood that it won't. 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. That then becomes another area.

[Translation]

Ms. Paule Brunelle: What do you mean by ethics and values? To me, those seem like very philosophical words to talk about real money in a pension plan.

[English]

Mr. Hugh McRoberts: 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.

[Translation]

The Chair: You have three minutes remaining.

Ms. Paule Brunelle: I understand that sometimes standards are not applied, but your statement suggests that the RCMP had begun to review the insurance plan administration. Obviously, you can have all the rules possible, but there will always be people who, depending on their ethics and values, will try to break them or find ways to get around them. That is why it is so important for you, as an auditor, to prevent and warn us of such misconduct.

You have asked to review the outsourcing of the pension plan administration. Do you find that that was done correctly?

[English]

Mr. Hugh McRoberts: In the original business case that we referred to for the outsourcing of the pension and insurance administration, we were not satisfied, given the rapid escalation of costs after the initial business case, that there had been a proper challenge and review of that business case. As a result, we have recommended that all significant business cases in future should be subject to a stringent internal review by the RCMP before they go forward. They have agreed with that.

[Translation]

Ms. Paule Brunelle: Thank you.

The Chair: Thank you very much, Ms. Brunelle.

[English]

Mr. Williams for eight minutes.

•(1600)

Mr. John Williams (Edmonton—St. Albert, CPC): Thank you, Mr. Chairman.

This Auditor General's report is a serious indictment of the administration of the RCMP, which is there to uphold the laws of the land. When they don't even uphold their own laws, what confidence can the general public have in our institutions?

I'm looking at paragraph 9.23 of the Auditor General's report, Mr. Chairman, which says:

Human Resources staff claimed that because of work pressures, they allowed the NCPC Director to hire casual employees on his own rather than following the regular staffing process.

Basically, the rules don't need to apply just because the guy is busy. Is that an appropriate response, Ms. George?

D/Commr Barbara George: It certainly isn't, Mr. Chair.

We have to remember that these decisions and these actions occurred several years ago. I'll repeat again that two individuals resigned and have left. Since then, there have been no less than four probes of these matters—

Mr. John Williams: Madam George, I'm trying to get to the issue of administration at the senior levels of the RCMP. Canadians right across this country hold the RCMP in high regard and expect a high standard of ethics. When somebody says, "I'm busy, so the rules don't apply to me", and you say that's okay, what do you say to the Canadian people?

D/Commr Barbara George: I would never say that was okay. Again I'll draw your—

Mr. John Williams: Well, you did.

D/Commr Barbara George: No, I didn't. That was—

Mr. John Williams: Again:

Human Resources staff claimed that because of work pressures, they allowed the NCPC Director to hire casual employees on his own rather than following the regular staffing process.

D/Commr Barbara George: Mr. Chair, those were actions taken by individuals who are no longer with the RCMP. Again, that was several years ago. This should never have happened.

Mr. John Williams: I'm glad you said it should never have happened, but you can't blame....

It's the institution, Mr. Chairman. These people are working for the RCMP. They are employed by the RCMP. They are wearing the uniform of the RCMP. To say it was individuals who broke the rules is not satisfactory, in my opinion.

I'm also looking at paragraph 6 of the opening statement of the Assistant Auditor General. He says in here:

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 OPS investigator reporting to an RCMP Assistant Commissioner, compromised the appearance of independence.

I can't imagine, Mr. Chairman, that the RCMP and the Ottawa police, when they investigate a crime, an alleged crime, or what is perceived to be a crime, would not keep all the people who were alleged to be involved up to speed and report to them on their investigation.

Why would the OPS be reporting to an assistant commissioner of the RCMP when they were investigating the RCMP, Mr. Bevan?

Chief Vince Bevan: Mr. Chair, they were not on operational matters. They were on administrative matters. I will admit that the wording of the MOU leaves a lot to be desired, and I appreciate the fact that the Office of the Auditor General has drawn that to our attention.

I can tell you that it was an unusual situation. As Mr. McRoberts said earlier, this was the first time any such MOU had been in place between the Ottawa Police Service and the RCMP. We have had other occasions when we have investigated the RCMP. The situation in this particular case was that we didn't need an MOU at all to go in to exercise our jurisdiction.

We had the jurisdiction to conduct this investigation. What we needed was support to get the resources and to get access to documents. That was the purpose of having Assistant Commissioner Gork in place. He was to facilitate that.

The other thing is that under the Police Services Act of Ontario right now, whenever the Ottawa police go to another Ontario jurisdiction to do an investigation, we expect to be compensated for our costs. We needed the MOU in this particular case because we anticipated that we were going to do an independent audit, a forensic audit, which would be very expensive. We knew there was going to be travel involved, and I was also concerned, in the very early days, that a number of improprieties were identified. Initially we thought this would be a three-month investigation, and I was concerned that the lead investigator, the inspector from our criminal investigative services who was assigned to lead this investigation, was going to be retired before it was completed and had ultimately gone through court.

Mr. John Williams: Mr. Chairman, this is bizarre. It is bizarre that the OPS, investigating a crime in the province of Ontario, needs an MOU with the alleged victim or perpetrator, to say, "Can we come in and take a look at your books?" I thought search warrants were normally the way they would do these things. And then they turn around and say they're going to bill the client, the alleged criminal organization, for the work they have done investigating. This is bizarre. I've never heard of this kind of stuff before, Mr. Chairman.

• (1605)

The Chair: It doesn't happen on *Law & Order*, does it?

Mr. John Williams: No, it doesn't, and it shouldn't happen in the RCMP.

Chief Vince Bevan: It's written into the statute in the province of Ontario.

Mr. John Williams: Well, we had better take a look at these statutes, because when it comes down to criminal investigations, a criminal investigation is a criminal investigation. It doesn't matter if it's in the upper echelon of the RCMP, down in skid row, or in the mafia. A criminal investigation should be followed through appropriately, with search warrants and with the full force of the law.

Then we find out that because of a court case, the whole thing falls apart and nobody gets prosecuted. Everybody walks away here, Mr. Chairman. I find that very disconcerting.

I have one final point, but I don't suppose I have too much time left.

The Chair: You have a minute and a half, Mr. Williams.

Mr. John Williams: Madam Commissioner, in your report you mention "that the RCMP had indeed responded adequately to the findings of the internal audit and to the Ottawa Police Service investigation", yet the Office of the Auditor General is saying that they estimate that \$1.3 million was charged for work of little value and only \$270,000 has been reimbursed. That leaves another \$1 million outstanding. Are you going to pay that back?

Commr Beverley Busson: Mr. Chairman, that is one of the recommendations that is ongoing. We are looking to determine how much of the work of little or no value that was invoiced needs to be returned, through Public Works, to the office that charged it.

There is more than \$270,000 paid back. Could I ask my colleague from our CMO's office to describe again exactly how much?

D/Commr Paul Gauvin: Mr. Chairman, the amount identified was \$1.3 million in the Auditor General's report. After further review, since we got the report, we have now actually either recouped or reimbursed \$759,000. That leaves a balance of \$373,000, which we are still looking at.

A big part of that is an amount that was paid to Consulting and Audit Canada for consultants who worked on this particular project. They were hired by the people who were doing the outsourcing project at the time.

Mr. John Williams: I just want to ask something of Mr. McRoberts, Mr. Chairman.

Mr. McRoberts, are you quite clear that the \$1.3 million is owing?

Mr. Hugh McRoberts: Mr. Chair, this is an estimate that we developed in looking at the books. We believe it is owing, to the extent that ultimately the charges can be validated.

The Chair: Thank you very much, Mr. McRoberts.

Thank you, Mr. Williams.

Mr. Christopherson for eight minutes.

Mr. David Christopherson (Hamilton Centre, NDP): Thank you very much, Chair. My thanks to all for presenting today.

I want to follow up on Mr. Williams' concerns about the relationship between the Ottawa Police Service and the RCMP. I think both of you will agree—I'll give you an opportunity to disagree if you wish—that in performing your duties in your respective services, you not only have to be fair and just, but you have to have the appearance of being fair and just. The concern here is that this relationship does not look very good.

As a former Ontario Solicitor General who has called in the RCMP when I had issues with the OPP, I can say that the important thing is the whole arm's-length relationship. Otherwise it doesn't work. The whole point of it is to make sure there isn't this kind of overlap.

Chief, I just want to get back to this issue. You were talking about the reporting mechanism being on the operational side. Has that been standard any other time you've gone into other police services?

Chief Vince Bevan: To separate the operational issues? Yes.

Mr. David Christopherson: And to be reporting directly to an officer within that police service.

Chief Vince Bevan: For administrative purposes.

Mr. David Christopherson: Is that standard?

Chief Vince Bevan: Yes, and I can give you other examples. Probably the highest-profile one was the one in which there was an RCMP lead on an internal investigation into Toronto a few years ago, regarding the drug section.

Mr. David Christopherson: Unless someone shows me the contrary, I'll take your word, Chief.

I wanted to ask this, though. It has come to my attention that in the number of police officers assigned, there were actually some RCMP officers involved as part of that team.

•(1610)

Chief Vince Bevan: That's correct.

Mr. David Christopherson: Can you explain that to me, please?

Chief Vince Bevan: There were about 15 on the team. Full-time, there were two Ottawa Police Service investigators. The rest were RCMP investigators. It became a much larger investigation than was initially intended, and it was through the cooperation and liaison with Assistant Commissioner Gork that other RCMP investigators were assigned from different divisions across the country.

Mr. David Christopherson: Let me get this straight now. The team resided out of the RCMP offices?

Chief Vince Bevan: That's correct.

Mr. David Christopherson: The deputy commissioner had authority over operational matters and, on top of that, over the administrative matters. On top of that, we had only two of your officers full-time and all the rest were RCMP.

Chief Vince Bevan: RCMP.

Mr. David Christopherson: This is the problem. Would you not agree that it doesn't look very arm's-length?

Chief Vince Bevan: I think the opportunity to explain that fully, Mr. Christopherson, is necessary. I don't find it particularly unusual. I look to the Toronto example.

I can tell you that for administrative purposes it was necessary to have a senior liaison person within the RCMP to provide the resources, get the space, the cars, the computers, all of the things that make the investigation run. But when there are operational questions, the lead investigator comes to me.

That's why a crown attorney was assigned. We distanced ourselves from the federal Department of Justice. We went to the local crown attorney and used them. We didn't rely on the RCMP audit. We went out and obtained another independent forensic audit. That forensic audit came to the same conclusion that our investigators and the crown attorney came to about the threshold for criminal charges.

Mr. David Christopherson: I would still be of the opinion, though, that it doesn't look very good. I haven't yet heard anything, but it may yet come out—

Chief Vince Bevan: Point taken.

Mr. David Christopherson: It doesn't look good, and I would hope both you and others will take that into account.

Over to you, Commissioner. Your predecessor, after initiating a criminal investigation, cancelled it two days later. Why?

Commr Beverley Busson: My understanding around that—and I'm repeating this from a briefing—is that he felt an internal audit was a more appropriate way to begin to broach the situation.

Mr. David Christopherson: Why? Obviously he felt that way, because he made the decision. Somebody has to give me that answer, Commissioner.

D/Commr Barbara George: May I?

The internal audit branch stands ready at all times to go into a sector or unit and initiate a very in-depth audit that will look at any alleged irregularities. When the first investigation was called for, the

commissioner of the day felt that rather than going in with a narrow focus, he wanted to know exactly what was going on. He wanted to know the depth, the scope, and the breadth of what was going on. He wanted to have it spelled out by professionals.

Our internal audit branch, as I said, went in and did a very exhaustive internal audit. When that report was tabled shortly thereafter, a criminal investigation was requested of the Ottawa Police Service.

Mr. David Christopherson: I'm going to get into that in a moment. However, I would still say that at the end of the day, it would look like that was the wrong call, given that criminal investigations, at least at another point, were started up again. Maybe they should have continued, because the timing here was a real problem. We ran out of time because there was no internal audit started at the same time as the criminal one, as I understand it. That decision was very problematic. For those who are alleging that there was something untoward behind these things, this is just another example of how even if everything is 100% okay, sometimes it doesn't look good in hindsight.

This question is for either one of you or anyone who can answer it. At the end of the day, the RCMP have said there was administrative wrongdoing, not criminal wrongdoing, and yet they called them criminal investigations from the start. These things Mr. Williams has raised here—allegations of kickbacks, even though they found nothing substantive on that one, hiring practices, management overrides—are all just administrative? Somebody hired their whole family at twice the rate that everybody else was paid and that's administrative? Somebody help me.

Chief Vince Bevan: Mr. Chair, I can speak to that, if I may. Certainly the threshold for criminal responsibility and accountability is different from that for unethical behaviour, mismanagement, those kinds of very serious conduct. But we relied on the forensic accounting report and the opinion of the crown attorney who looked at all of the evidence, who met regularly with the team, who went to the investigator's offices and spoke with them and came to the conclusion that there was no reasonable prospect of conviction for criminal offences in all of the things you've described.

•(1615)

Mr. David Christopherson: But that's not to say they weren't criminal. They just couldn't prove it.

Chief Vince Bevan: There was no conduct there that was chargeable to bring before a court in which people would be convicted of it.

Mr. David Christopherson: But who would have made that decision? Now I realize it would have been a recommendation from the Crown, or does the Crown actually decide that?

Chief Vince Bevan: Well, the crown attorney determines, by the threshold used in Ontario, that there is no reasonable prospect of conviction. The police could go ahead and lay a charge, but the Crown, as we have found in the past, is the one responsible for prosecuting it, and if they don't see a reasonable assurance of conviction, they're not going to prosecute it.

Mr. David Christopherson: I didn't even mention the fact that there were contracts let out for work that was either of little value or no value, which, if you recall, is what sparked the sponsorship scandal. That was the opening shot. That one ended up being criminal. But again, all of this seems to fit nicely on the administrative side and doesn't cross over. This becomes problematic, especially given the fact that two people seem to have resigned over it. You wanted to take internal action, but then you were prohibited by that. Did nobody sit down and scope out the timeframes involved and the legalities so that you wouldn't be in this situation? Again, as was pointed out, we have all these...let's call them irregularities. People have resigned, but nobody has been held accountable.

I say to the chief and to the commissioner—more to the commissioner, I guess, but to both of you—who is going to be accountable for all this?

Thank you, Chair.

Chief Vince Bevan: Mr. Chair, the clock started on the one year when we tabled our report with the RCMP. That's when the commissioner officially became aware of all of the allegations, because our report indicated all of this mismanagement and other information. It was all contained in there, together with the report that the conduct that was uncovered fell short of the criminal standard.

The Chair: Thank you very much, Mr. Christopherson.

We'll go back to Mr.—

Mr. John Williams: I thought the commissioner had something to say on that.

The Chair: Oh, I'm sorry. Did I interrupt you? Sorry, that was my fault.

Commr Beverley Busson: Sorry, Mr. Chairman. I just wanted to add to that. We had been struggling with a number of issues around the statute of limitations as it applies to discipline in the RCMP Act for a period of time, with different interpretations at different levels of court. The clock may have started ticking at that time or prior, but certainly it wasn't until 2006 when a decision out of the Federal Court solidified or clarified that point to such a degree that we realized there was really no place to go with it for the time being.

The Chair: I just have one quick question following up on that answer. If you say the clock ticked on the internal RCMP sanctions, and if you missed the one-year limitation, what about suing them civilly? You have a situation here of \$3.4 million being wasted, and I would think that these people would probably be liable civilly, because the threshold of proof is totally different. It's not beyond a reasonable proof; it's just on a balance of probabilities. Was there any consideration given to suing these two people who were allowed to resign with no sanctions, for return of the money? Just as an aside to that, you're saying we returned the money to the pension fund, but really what you're saying is the Canadian taxpayers returned the money to the pension fund.

Commr Beverley Busson: I wasn't privy to the discussions or the decisions around how this was dealt with, but I don't know that there was ever any consideration around taking a civil action.

I would ask Mr. Gauvin to clarify this to a much more definitive degree from the accounting perspective, but my understanding is that the vast majority of those funds were administratively ledgered improperly rather than stolen, if that's the word I might use. I'll ask Mr. Gauvin to clarify this.

D/Commr Paul Gauvin: Some moneys were charged to the pension fund that really should have been charged to appropriations. The work was done. When you work with this, there is very little difference between pension, life insurance, and HR. So if you go to a conference, for example, and they talk about all three of them, where do you charge it?

After we went back we looked at every transaction over \$50,000 and reversed a lot of charges that we thought should have been charged to appropriations, as opposed to the pension fund. So that was part of the reversal.

• (1620)

The Chair: Mr. Wrzesnewskyj.

Mr. Borys Wrzesnewskyj: Thank you, Chair.

Mr. Bevan, you stated that Assistant Commissioner Gork hired the RCMP officers of the so-called Ottawa police investigation. Is that correct?

Chief Vince Bevan: I wouldn't say he hired them. He made sure that officers were assigned as required. Typically they came from other divisions and had the expertise and background for this kind of investigation.

Mr. Borys Wrzesnewskyj: So he was the one choosing who would be doing the investigation.

Chief Vince Bevan: I'm not sure I would agree with you that he was choosing. He was facilitating that to be done.

Mr. Borys Wrzesnewskyj: So who was making that decision?

D/Commr Barbara George: From what I understand, when it became clear that the scope of this investigation was overwhelming for two investigators, Assistant Commissioner Gork went to the other regions and asked other deputies if they could find some qualified investigators who were able to come to Ottawa to take up this investigation. So he didn't pick or choose anybody; they were the people in the regions who were seen to have the skill sets necessary and could be let go to come in to do this.

Mr. Borys Wrzesnewskyj: So there was a process, but it appears that Assistant Commissioner Gork was in charge of that process to find the RCMP officers in charge of the Ottawa police investigation.

Chief Vince Bevan: That's correct.

Mr. Borys Wrzesnewskyj: Who makes the decision to remove someone? Staff Sergeant Mike Frizzell was physically removed and his computer and files were seized. Did you give that order?

Chief Vince Bevan: I didn't give that order, but I was aware that there was an issue.

Mr. Borys Wrzesnewskyj: Okay. Did the order come from the RCMP, sir?

Chief Vince Bevan: I was briefed on that issue by Inspector Roy, who was the lead investigator from the Ottawa Police Service. I was aware that there were issues. I don't know who gave—

Mr. Borys Wrzesnewskyj: Did the RCMP give that order? You're the chief of police, so obviously if it happened within the Ottawa police, you would know.

Chief Vince Bevan: I would know.

Mr. Borys Wrzesnewskyj: Ms. George, you said it wasn't yourself or Mr. Zaccardelli. Now we know that Assistant Commissioner Gork was in charge of finding the officers to lead this criminal investigation. Was it Mr. Gork who made the decision to have Mr. Frizzell removed?

D/Commr Barbara George: I can speculate, if you wish me to speculate. I wasn't involved in this criminal investigation.

Mr. Borys Wrzesnewskyj: Ms. George, I am stunned. Here you have a criminal investigation following up on a criminal investigation that was shut down by the commissioner two days into it. An internal audit recommended a criminal investigation. You have a criminal investigation, you're in charge of human resources, one of your officers who is the lead investigator on an investigation going on for 15 months is physically removed by two officers from his office, and nobody seems to know who gave that order?

D/Commr Barbara George: I never was and am not now in charge of the sergeant we are speaking about right now.

The Chair: If I can interrupt, Mr. Wrzesnewskyj, I don't want anyone to speculate at this hearing, but I suggest that the commissioner, assisted by Ms. George, undertake to provide us in writing the circumstances surrounding the so-called alleged dismissal of Sergeant Frizzell.

Mr. Borys Wrzesnewskyj: Let me see. I have the exact title. Yes, it's Staff Sergeant.

The Chair: Yes, Staff Sergeant Frizzell. We would like that within a week, Commissioner, because we will be writing a report.

Mr. Borys Wrzesnewskyj: Would it be possible to share the actual document? I would assume that if someone is being removed, there would be an actual document that would have to be served. So that document, with the signature of the individual who authorized this....

The Chair: With an explanation of the circumstances surrounding the removal.

D/Commr Barbara George: If such a document exists, we will get that and provide it to you.

Commr Beverley Busson: You have my undertaking.

Mr. Borys Wrzesnewskyj: Mr. Gauvin, you're the deputy commissioner for corporate management and comptrollership. Nepotism is a violation of section 30 of the Treasury Board conflict of interest guidelines. Why didn't you begin an investigation when the audit clearly identified that there was a rampant problem with nepotism within the department? Was it perhaps because the daughter of Mr. Ewanovich, your golfing buddy we mentioned earlier, was one of the people hired, and that the stepdaughter and

niece of your other golfing buddy, Mr. Crupi, were among those hired?

• (1625)

D/Commr Paul Gauvin: Sir, they were not my golfing buddies. We were all part of the Pension Advisory Committee. The chairman called a meeting at St. Andrews, and as part of that meeting there were golf games. They were not my golfing buddies; they never have been.

In terms of nepotism...it's not my area of responsibility; staffing is an area of HR. I'm sorry, I can't speak on that particular subject.

Mr. Borys Wrzesnewskyj: Sir, it seems everyone's passing the buck and nobody seems to know.

This was a serious investigation of criminality surrounding pension and insurance funds of rank-and-file RCMP officers. You're the chief corporate management and comptrollership officer. You're a deputy commissioner. There are very clear Treasury Board rules. You're sloughing this off to someone else.

Everyone seems to be passing the buck on this.

D/Commr Paul Gauvin: I'm sorry, Mr. Chairman. I'm not trying to pass the buck. I'm just trying to be real.

There was an internal audit. It brought out certain allegations. After that internal audit, it was mentioned there was a criminal investigation and from that they determined, totally independently, whether charges should be made. They came to the conclusion it was administration.

But the staffing was not my area of responsibility.

Mr. Borys Wrzesnewskyj: Ms. George, Dominic Crupi was one of that group of nine who was playing golf at St. Andrews. He was also the individual who hired the consultant to bypass normal procedures and regulations in hiring people.

The so-called Ottawa police investigation determined that 49 of 65 people hired were family and friends, including Mr. Crupi's own family and Mr. Ewanovich's own family. All of these details came out. And what happens with Mr. Crupi? I understand he got 18 months of leave with pay. Is that correct?

D/Commr Barbara George: Mr. Crupi was suspended.

Mr. Borys Wrzesnewskyj: With pay?

D/Commr Barbara George: Yes.

Mr. Borys Wrzesnewskyj: For 18 months?

D/Commr Barbara George: There was a certain period of that time when there were health concerns, after which he resigned.

Would you like me to speak on the hiring practices? I could speak to those rather than my colleague here.

Mr. Borys Wrzesnewskyj: No, I think I'd prefer to go elsewhere.

The Chair: No, we're out of time, Mr. Wrzesnewskyj.

Perhaps I'll give you 15 seconds, Ms. George, to talk on this.

D/Commr Barbara George: The RCMP agrees that there were hiring misfortunes. There were certain policies that were definitely worked around. The allegations of nepotism, that certain direct relatives were hired and that the staffing policies in place were, again, circumvented, certainly appeared to be fact. The RCMP agrees to that.

The people who were responsible for those actions are no longer with the RCMP. We have taken every control and every mechanism to, as far as possible, ensure that these anomalies don't occur again.

The Chair: Thank you very much, Mr. Wrzesnewskij.

Mr. Fitzpatrick, eight minutes.

Mr. Brian Fitzpatrick (Prince Albert, CPC): Thank you very much.

I agree with Mr. Christopherson. This doesn't look good. This is the second situation that's cropped up. Something that didn't look good a few years ago is this sponsorship scandal, when it was shown there was money in a separate bank account and no clear mandate what happened to it. I think it ended up buying horses or something at the end of the day. But it didn't look good to me, and I don't think it looked good to the public.

I reiterate what Mr. Williams says, that the public have to believe that the senior levels of our police force and our criminal justice system are people who live by the highest standards of conduct in society. So in that sense, it just doesn't look good.

The people who were disciplined—I want to be clear on this because it seems we're talking about misconduct and about administrative problems and so on. Am I correct in assuming that their major sin was that they were more on the incompetent end as far as managing and administering things, or was it a question of people crossing the lines in terms of what I'd call the ten commandments?

•(1630)

Commr Beverley Busson: Are you addressing the questioning—

Mr. Brian Fitzpatrick: Yes.

Commr Beverley Busson: Thank you very much.

In this circumstance, I've been advised that Chief Bevan may be better able to answer that question, specifically with regard to—

Mr. Brian Fitzpatrick: Okay, maybe I could have him do that then.

Chief Vince Bevan: Certainly, our investigation indicated that although the criminal standard was not met, the rules were breached. There was serious conduct going around the rules and playing fast and loose within the systems, if I may describe it that way.

Mr. Brian Fitzpatrick: So if they were purely administrative problems, sending people to an ethics course to teach the difference between right and wrong wouldn't really resolve that problem. It has to be something more than an administrative oversight. It involves inappropriate conduct on the part of individuals. Am I correct in that assumption?

Chief Vince Bevan: The report that I took to the commissioner in June 2005 identified areas of misconduct.

Mr. Brian Fitzpatrick: Right.

I understand two employees resigned in 2003 because of this situation. In the same year—maybe the commissioner could confirm this—did these two individuals receive bonus payments from the RCMP?

Commr Beverley Busson: As to the timing of that, I'll have to defer to Deputy Commissioner George.

D/Commr Barbara George: To the best of my knowledge with regard to the bonus pay, bonus pay, as you know, is always for the past year. For 2003, I believe bonus pay may have been paid for work done. For anything after that, there was no bonus pay.

Mr. Brian Fitzpatrick: It seems to me I've seen something to the effect that one of them may have received a bonus payment of up to \$13,000. They weren't asked to repay any of this bonus money?

D/Commr Barbara George: Mr. Chair, there is no mechanism. Once bonus pay has been paid, there is no mechanism to recoup those moneys. 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.

Mr. Brian Fitzpatrick: I'm going to bring up Mr. Murphy's point, and I think it's a valid point too. Maybe it doesn't meet the standard for a criminal prosecution, but when you take property without colour of right—and I think every one of you would know that—on a balance of probabilities, I think we could probably meet that standard in this particular case. If you are disciplining people and sending them to ethics courses, that standard at least has been met, and in a civil court of law they would be found liable and be required to repay the money. The limitation period on that thing I know for sure is a lot longer than one year.

Has the RCMP given any thought to bringing these wrongdoers before a civil court to repay this money? I don't think it's fair that the taxpayers are on the hook to replace the money that wrongfully disappeared from the accounts.

Commr Beverley Busson: I think at the end of the day we will definitely...I believe you're right, that it hasn't been considered. We will have a look at that.

My estimate of the money that is still outstanding is around \$300,000. My understanding is that it is still being considered whether or not that money ought to be paid back, but we will certainly look at the civil avenues.

Mr. Brian Fitzpatrick: Commissioner, if the taxpayer, let's say, had already paid \$700,000 or \$800,000 on this thing, and there's \$700,000 that you're still looking at recovering, I think the taxpayer has been wrongfully hung with the bill on this thing. So the amount could be more significant than \$300,000.

Commr Beverley Busson: We will have a look at it, but my understanding is, again, that the money never went missing or that it was never taken. It was vouchered in the wrong place in the government accounts. But certainly I take your advice, and we will have a look at that.

Mr. Brian Fitzpatrick: This is the other thing I'm wondering about. You're into the RCMP investigation for two days, which isn't very long. It's terminated, and an internal audit is initiated. I'm not quite clear on the operations and processes that go on here, but it seems quite clear to me: why couldn't these two investigations coincide and carry on at the same time? Why would the commissioner, whoever it was at that time, terminate something two days into the investigation?

There certainly are, to me, a lot of lights flashing on this thing. It certainly wouldn't smell very good to any experienced police officer looking at this thing, I don't think. Could you give us some reasonable explanation of how this occurred?

• (1635)

Commr Beverley Busson: I would not try to get into the decision-making process of the commissioner of the day. I don't think that would be helpful.

Mr. Brian Fitzpatrick: As an experienced police investigator, wouldn't you find this rather strange?

Commr Beverley Busson: I'm not sure what he used to make that decision, and it's difficult to say one way or the other. Certainly, to do two things at the same time can be difficult, but under those circumstances—

Mr. Brian Fitzpatrick: I wonder, Chief Bevan, with your experience—you've had a long career—if you would find that rather strange. We're sitting back here, and here's an investigation. They're two days into it, and lo and behold, somebody says to terminate it and we'll start an internal audit. Wouldn't it have made a lot more sense to carry the two things on together? I don't see why they would conflict or what the problem would be with carrying out both at the same time.

Chief Vince Bevan: Well, sir, I don't want to comment on what the RCMP may have been thinking, but in my experience, they both lead to the same place. So I would not necessarily find it unusual that they would have an audit done before they commenced a full-blown investigation and decided how to do it.

The Chair: Go ahead, Ms. Busson.

Commr Beverley Busson: It's my understanding as well that the whole scope of what went on wasn't clear until such time as the internal audit did its work.

The Chair: Thank you very much, Mr. Fitzpatrick.

Thank you, witnesses.

We're going to now go to the second round of five minutes each. But before I go to Mr. Wrzesnewskyj, I have just one question, perhaps to the commissioner and to you, Mr. Charko.

When I look at this audit, there certainly wasn't any problem with the rules. The rules were there, but the rules were not followed—Treasury Board guidelines were not followed. It's my understanding that senior RCMP have the right to override what I consider to be normal financial controls, and even despite the disturbing audit, they still want to retain that right to override normal financial controls. Is that an accurate statement, Mr. Charko, and if it is, does it not concern Treasury Board?

Mr. Phil Charko (Assistant Secretary, Pensions and Benefits Sector, Treasury Board Secretariat): I'm not convinced, from what I've heard this afternoon, that the RCMP, as an institution, is looking to override the normal controls of the Financial Administration Act, and so on. In fact, in looking at the corrective action that has been taken since the audit was found, as the Auditor General has indicated, they found that the corrective action has been taken and has generally been satisfactory.

The Chair: They still profess this right, this ability, to override financial controls. Do they or do they not? That's in the auditor's statement.

Mr. Phil Charko: No. I did not hear that.

Commr Beverley Busson: We very much adhere to the rules, and there are some fairly stringent sanctions for anybody who would ever go there.

The Chair: This is a quote from the audit: "...the problems we found were not due to an absence of controls but were due to management overriding controls".

Commr Beverley Busson: There's no policy that allows that, and again, that was one of the subjects of both the internal investigation and the criminal investigation. There is no permission, tacit or otherwise, to override Treasury Board rules. As a matter of fact, we are vigilant with regard to Treasury Board rules.

The Chair: Commissioner, you have given Parliament your undertaking as commissioner that you will not be overriding what I consider to be normal financial controls in the future.

Commr Beverley Busson: Absolutely not.

The Chair: Excuse me. I'm sorry, Mr. Wrzesnewskyj.

Mr. McRoberts has indicated that he wants a few seconds to correct the record on a point.

Mr. McRoberts.

Mr. Hugh McRoberts: Thank you very much, Mr. Chairman.

I apologize. But it's been drawn to my attention that in presenting the opening statement in paragraph 5, I apparently had a senior moment and indicated the amount was \$4.3 million. The correct amount is \$3.4 million, as stated in the chapter. I thought it was important that there be no confusion on the record about that important number.

Thank you.

The Chair: Mr. Wrzesnewskyj for five minutes.

Mr. Borys Wrzesnewskyj: Thank you, Mr. Chairman.

Ms. George, where is the original whistle-blower, Ms. Denise Revine, now?

D/Commr Barbara George: She is still an employee of the RCMP.

Mr. Borys Wrzesnewskyj: Where is she working ?

D/Commr Barbara George: She works within the NCPC. She's doing work on a specific file, and she continues to be an employee.

• (1640)

Mr. Borys Wrzesnewskyj: I understand she's working from home.

D/Commr Barbara George: Yes, she's teleworking, and she comes into the office when she is ready to bring in a certain amount of work.

Mr. Borys Wrzesnewskyj: She's actually been removed in a constructive way and is being paid, but she is sitting at home at this time. Her superior was Mr. Macaulay.

In August 2003 you transferred Chief Superintendent Fraser Macaulay from his position and seconded him to the Department of National Defence. Prior to that transfer, Mr. Macaulay confirmed allegations of wrongdoing regarding the RCMP pension outsourcing project in writing and in person with Commissioner Zaccardelli. Who ordered this transfer? Was it you or Mr. Zaccardelli?

D/Commr Barbara George: Mr. Chair, may I please make a point of correction in regard to Ms. Revine?

The Chair: Yes, you may.

D/Commr Barbara George: Ms. Revine had health issues. I believe that on her doctor's orders she has been precluded from working within the office, and I believe there are issues there. We have accommodated her, and, as I said, she has been working from home.

Mr. Borys Wrzesnewskyj: I find all these coincidental situations quite interesting. Staff Sergeant Frizzell is physically removed from his office, his files and computer are seized, and you said he had health issues. Ms. Denise Revine, the original whistle-blower, is removed and at home these days with health issues. Mr. Macaulay is removed after bringing to the commissioner's attention the wrongdoing that was going on. Could you please answer the question on who made the decision?

D/Commr Barbara George: I will certainly answer that question. If I may, I'll give you some context.

When these issues were in the air several years ago, I requested a meeting with Commissioner Zaccardelli. I actually requested that Chief Superintendent Macaulay accompany me to give a full explanation as to what his knowledge was of the allegations that were floating out there. He accompanied me and, at that time, he did have an opportunity to speak.

Mr. Borys Wrzesnewskyj: Who made the decision after the meeting to have him removed?

D/Commr Barbara George: At the meeting, it became clear that certain information or knowledge existed and it had not been brought forward to the commissioner in what was seen to be a timely fashion.

Mr. Borys Wrzesnewskyj: Who made the decision to have Mr. Macaulay removed? You're not answering the question.

D/Commr Barbara George: I will answer the question.

We have many opportunities in the RCMP for members and employees to go on secondments. It was felt at that time by the then commissioner—

Mr. Borys Wrzesnewskyj: I'm sorry, but we're not getting answers from you.

D/Commr Barbara George: I'm answering you.

It was felt at that time by the then commissioner that Chief Superintendent Macaulay would benefit from a secondment. He was actually given a short secondment with the military.

Mr. Borys Wrzesnewskyj: At that point, Mr. Zaccardelli made the decision that Mr. Macaulay would benefit by being removed from the RCMP, where he'd been for years. He'd worked hard, and he'd been a very dedicated RCMP officer, and he was removed. The original whistle-blower was removed, and Mr. Frizzell was removed.

I understand that Assistant Commissioner Gork didn't lead the Ottawa Police Service criminal investigation, although he decided which officers would be put on the investigation. Perhaps when we get the documents, we'll see that he was removing individuals. We have this important investigation, and midstream I understand he's removed to Lyon, France, to Interpol. Is that correct?

D/Commr Barbara George: He requested to have an opportunity to work in Lyons, France.

Mr. Borys Wrzesnewskyj: So everyone's requesting to leave.

D/Commr Barbara George: I can only speak to Assistant Commissioner Gork's request to partake of an opportunity to work in Lyons, France.

Mr. Borys Wrzesnewskyj: Thank you.

Mr. Bevan, you referred to criminal standard. I would assume if there's evidence that shows the mechanisms, the actual calculations, and it's a concrete document showing how to go about misappropriating funds for personal benefit, that would be criminal. Is that correct?

How would you feel if days-of-leave documents were provided that could be shown to have been adjusted after the fact?

• (1645)

Chief Vince Bevan: I would certainly like to look at those documents. I'm not aware of those documents. I can tell you that in the final analysis, what persuaded the Crown was that there was no evidence that any money had gone from any of the pension funds or the insurance system into any individual's pocket. That was very persuasive to the crown attorney after an extensive and thorough investigation. With all of the interviews, the 75,000 pages of support documents, and the forensic audit, they could not prove that any money had gone into any individual's pocket, which is the determining factor for misappropriation of funds.

The Chair: Thank you, Mr. Wrzesnewskyj.

Thank you, Chief Bevan.

Mr. Sweet.

Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC): Thank you, Mr. Chairman.

Chief Bevan, have you ever had to call a criminal investigation into any allegations in your own department?

Chief Vince Bevan: Yes, sir, we have.

Mr. David Sweet: Is that a hand-wringing, tough decision to make?

Chief Vince Bevan: It depends on the circumstances. Sometimes it's the easier decision to make, sir.

Mr. David Sweet: But you wouldn't make it lightly.

Chief Vince Bevan: Never.

Mr. David Sweet: I think I caught it correctly that Deputy Commissioner George said that after calling for an investigation, the then commissioner wanted to know what was going on. If you were going to call an investigation of criminal allegations in your own organization, you would have thoroughly thought through those things—that's why I asked you the question—would you not have, Chief?

Chief Vince Bevan: I'm not sure I follow.

Mr. David Sweet: In the case of a criminal investigation, you would think through the accounting things and all the ramifications.

Chief Vince Bevan: I agree with that point.

Mr. David Sweet: With that in mind, Commissioner, is it not odd—and wouldn't you think it's why my colleague is having a problem with this whole notion of not only having to be just but appearing to be just—that this investigation was called, it was cancelled, then an audit was called, there was a massive amount of delay before another criminal investigation happened, and then it was 18 months before the answer came about? During all this time, of course, the limitations of the RCMP Act were able to bleed out.

Would this not indicate to you, as an investigating officer, that there was more to be had here?

Commr Beverley Busson: It's difficult to analyze other people's decision-making. My understanding around the first criminal investigation was that it was not the commissioner who ordered that investigation but someone else. In his review of that, he turned it into an internal audit for whatever reason he felt was expedient. Again, it's a hindsight kind of question, and I can't get into his head to answer it.

Mr. David Sweet: For the record, though, any time you call for an investigation into your own department, I would think the protocol would be that the commissioner would be involved in that decision.

Commr Beverley Busson: I'm told so.

Mr. David Sweet: I'm certain you wouldn't want to come in tomorrow morning and find out that a criminal investigation was going on in the RCMP and you were never advised of it.

Commr Beverley Busson: Unfortunately, that happens all the time.

Mr. David Sweet: That happens all the time at the RCMP?

Commr Beverley Busson: I get a briefing note about it. I'm not necessarily part of the decision-making process for any number of things that happen across the vast RCMP. I'm not happy to say it's not a once-in-a-lifetime occurrence.

Mr. David Sweet: It has to be worrisome for you.

In your opening remarks you say there are four independent reviews happening about this one specific circumstance we're dealing with right now. You must wonder what you've walked into.

Commr Beverley Busson: I'm very interested in how all of this has transpired.

Mr. David Sweet: I'm a little concerned that you said the RCMP pension plan was never at risk. What did you mean by that?

Commr Beverley Busson: The money was never appropriated out of the fund to a point where the members of the RCMP would lose their benefits.

•(1650)

Mr. David Sweet: As the public accounts committee, we're concerned that although their pension plan wasn't at risk—and I'm glad of that—certainly the taxpayers' money was at risk through all of this.

On page 13 of the Auditor General's original report there is an exhibit 9.1, and there are four different circumstances. One of them is on the casual staff who were hired and the nepotism that was involved. But there is case after case of work that was done for very little value. One of my colleagues said that was exactly what began the whole sponsorship scandal. Money was hidden or transferred through invoices for work of very little value.

Did you find, Chief, any evidence in these cases where there was little value for work for which money was paid?

Chief Vince Bevan: In our report we identified all of the incidents like that where we found there were problems. We divided the investigation into three streams. One of those streams focused on exactly that: where people were hired contrary to the rules and it was of questionable value. That was included in the report and brought to the attention of the RCMP.

The Chair: Thank you, Mr. Sweet.

Monsieur Nadeau.

[*Translation*]

Mr. Richard Nadeau (Gatineau, BQ): Thank you, Mr. Chairman.

Good afternoon, ladies and gentlemen.

Under section 9.13 in chapter 9 of the Auditor General's report, it is written that \$3.1 million was inappropriately charged to the pension plan. A little earlier, we were told that part of the money had been reimbursed. That amounted to \$759,000. Apparently, that would leave a balance of \$373,781. But that does not add up, a lot of money is still missing.

When will you reimburse the total amount? How come that has not yet been done? What was the exact amount that had been improperly charged?

D/Commr Paul Gauvin: Mr. Chairman, we are talking about two different amounts: the first represents expenses that had been improperly charged to the pension plan.

Mr. Richard Nadeau: What is that amount?

D/Commr Paul Gauvin: In her report, the Auditor General indicates an amount of \$3.4 million. Following the internal audit, we reviewed all expenses of over \$50,000. When we found expenses that should not have been charged to the pension plan, we asked that they be reimbursed. The expenses were charged to the allocation of funds, because they are more directly related to human resources, and not the pension plan. Everything was taken care of.

Mr. Richard Nadeau: The \$3.4 million were completely reimbursed.

D/Commr Paul Gauvin: That is correct. Now there is another amount. There are expenditures that were charged for work of little or no value. All of that amount has been reimbursed, except—

Mr. Richard Nadeau: What is the total amount?

D/Commr Paul Gauvin: It is \$1.3 million.

Mr. Richard Nadeau: Very well.

D/Commr Paul Gauvin: That amount was reimbursed, except for approximately \$340,000 in fees paid to advisors and consultants hired by Consulting and Audit Canada. There is a 15% charge for that work.

Mr. Richard Nadeau: Will that amount be completely reimbursed?

D/Commr Paul Gauvin: We are still discussing with Public Works and Government Services Canada to see whether others will reimburse them.

Mr. Richard Nadeau: Did the RCMP's accounting apparatus take that money from the pension plan?

D/Commr Paul Gauvin: No, those were expenses incurred by public servants while carrying out the outsourcing initiative. They paid Public Works and Government Services Canada for consultants, who received 15% of contract costs for their work.

Mr. Richard Nadeau: The pension plan was set up for workers or, in this case, RCMP officers. Are they not entitled to that money?

D/Commr Paul Gauvin: Yes.

Mr. Richard Nadeau: Will they recover that money one day?

D/Commr Paul Gauvin: There remains \$340,000, and we are in discussions with Public Works and Government Services Canada to see who will reimburse that amount.

• (1655)

Mr. Richard Nadeau: So the money will be returned to them. How long do you expect it will take?

D/Commr Paul Gauvin: That depends on Public Works and Government Services Canada. We are holding regular discussions.

Mr. Richard Nadeau: How long did it take for those funds to be squandered?

D/Commr Paul Gauvin: Could you repeat that?

Mr. Richard Nadeau: How long did it take for those funds to be misappropriated?

D/Commr Paul Gauvin: As soon as possible.

Mr. Richard Nadeau: That is not what I wanted to know. How long did it take to squander the money?

D/Commr Paul Gauvin: It took three years.

Mr. Richard Nadeau: This went on for a period of three years.

D/Commr Paul Gauvin: Yes.

Mr. Richard Nadeau: That being said, I see that an individual—the RCMP's senior Human Resources Director—quit. I take it he was in shock. The Director of the National Compensation Policy Centre was suspended and later quit. One of those people, if I understood correctly, received a \$13,000 performance bonus.

Is that correct? Can someone answer that?

[English]

D/Commr Barbara George: The performance bonuses for the RCMP, as with all the EX positions across government, are given annually. The individual in question was accorded a bonus for

having met his duties—his key initiatives and his ongoing initiatives—so it was as a matter of fact.

[Translation]

Mr. Richard Nadeau: I do not understand. One of the persons who quit obtained a \$13,000 performance bonus. Is that correct?

[English]

D/Commr Barbara George: This was in the year prior to his resignation.

[Translation]

Mr. Richard Nadeau: The person was given that bonus when he quit. Is that correct?

[English]

D/Commr Barbara George: After he was suspended—

[Translation]

Mr. Richard Nadeau: Did people know that the funds had been misappropriated?

[English]

D/Commr Barbara George: No.

[Translation]

Mr. Richard Nadeau: When was the bonus awarded?

[English]

D/Commr Barbara George: The bonus was awarded in the years prior to any allegations of wrongdoing having been put forward. That was when he received that bonus.

The Chair: *Merci beaucoup Monsieur Nadeau.*

Mr. Williams.

Mr. John Williams: Thank you, Mr. Chairman.

It seems to me this fund was managed as part of the RCMP within their normal confines. Originally it wasn't a separate fund with a separate manager or separate accounting; it was all within the financial management of the RCMP.

Am I correct on that, Commissioner?

Commr Beverley Busson: It went to an outsource during this period of time.

Mr. John Williams: But prior to that the fund was managed in-house by the RCMP.

D/Commr Paul Gauvin: In the RCMP under HR we have a unit called national compensation and pension. That's where those funds were managed. So they were managed as part of the HR funds, but after 2000 all pension funds were separately accounted for.

Mr. John Williams: So you segregated them but managed them yourselves?

D/Commr Paul Gauvin: They're managed within the RCMP.

Mr. John Williams: But you segregated them from the RCMP funds?

D/Commr Paul Gauvin: Yes.

Mr. John Williams: Prior to that they were basically part of the consolidated funding of the RCMP.

D/Commr Paul Gauvin: Exactly, sir.

Mr. John Williams: Do you have an auditor, or does the Auditor General do the audit of the RCMP?

D/Commr Paul Gauvin: We have an internal audit department that does regular internal audits. They did the first internal audit after the allegations were made.

Mr. John Williams: Were they the ones who picked this up?

D/Commr Paul Gauvin: Yes.

Mr. John Williams: I have a document that I think was circulated by the clerk called "Pension Plan Administration Audit". It has no date or page numbers. It's actually pages out of a document, so it's rather strange that we would get this kind of thing. It also seems to be in one language; therefore, I would ask that it be translated into both official languages and tabled with the committee when appropriate.

I'm trying to understand, if you had billions of dollars under your administration—

Mr. Brian Fitzpatrick: It's \$10 billion.

Mr. John Williams: If you had \$10 billion under your administration, I'm trying to understand why you wouldn't have a serious plan by senior management to ensure that it was well entrusted. When I take a look at this audit that has no date, no page numbers, nothing, it says "their comptrollership responsibilities were neglected", and further on, "the allocation of expenses to the pension plan, were questionable".

It goes on to say:

procedures surrounding casual employees were not compliant with PSC and RCMP policies and procedures. These practices resulted in the hiring of individuals under conditions that may not meet public scrutiny.

I'm still trying to get my mind around the mentality of the RCMP in looking after this amount of money, where you investigate fraud each and every day, that you wouldn't say, "We have all this money; we'd better be squeaky clean on it ourselves."

Does anybody have an explanation as to why there was this lackadaisical attitude, that somebody is looking after it?

• (1700)

The Chair: Mr. Williams, just before we hear from Mr. Gauvin, the document you're talking about we do have in both official languages.

Mr. John Williams: Okay.

The Chair: So we have circulated it to the members, but perhaps before the witness answers Mr. Williams' question you could identify when this was done and what it relates to, so that we could have the context of the document.

D/Commr Paul Gauvin: Mr. Chairman, Mr. Aiken, the internal auditor, has just joined us at the table. He is responsible for that report, so perhaps I'd defer to him.

Mr. Brian Aiken (Chief Audit Executive, Royal Canadian Mounted Police): The document I have in front of me actually is page-numbered. But we can certainly resubmit a new document that does have page numbering on it.

The Chair: And dates.

Mr. Brian Aiken: And dates, absolutely.

Mr. John Williams: Okay. I read some of these things. Why would the RCMP be so lackadaisical in its recognition of the responsibilities of handling \$10 billion of taxpayers' funds?

The Chair: What's the date of the document, for the record?

Mr. Brian Aiken: The document was submitted to the commissioner in October 2003.

Mr. John Williams: Okay. Does anybody have a response to this? I note, Madam Commissioner, that you're trying to tell us how the Auditor General has given you a clean bill of health now, but you made no reference to this document in your opening statement.

Madam George or Madame Busson, who wants to speak on this?

Commr Beverley Busson: My understanding is that there were controls in place and that the managers went around those controls.

I would ask Mr. Gauvin to talk a little bit about the controls in 2003, if I could.

D/Commr Paul Gauvin: Mr. Chairman, again, the RCMP is responsible for around \$4 billion right now. That's the total budget. We have 26,000 employees across the country. For this particular unit, there was a unit within HR called "National Compensation", which was responsible for this particular activity. What happens is, as in any other organization, there are delegations of authority. So these people were delegated authority to run this program.

As the Auditor General mentioned, it was not a question of not having the controls; it was a question of people going around the controls. So as soon as the allegations came, we asked for an internal audit. Internal audits are done on a regular basis, but you can't audit everything the same year. So it would have come out. Unfortunately, it took a little while before this was totally identified. The internal audit was done and this was identified. But as soon as it was, action was taken to make sure that it wouldn't happen again.

Mr. John Williams: Okay. Can you assure us that it's not going to happen again?

D/Commr Paul Gauvin: I can assure you, and the Auditor General has said that. On top of this, we have added a number of additional controls.

In an organization of 26,000 people, we cannot assure that somebody at a point in time will not decide to circumvent controls, but I can assure you that in time they will be caught.

The Chair: Thank you very much, Mr. Williams.

Mr. Christopherson, you have five minutes.

Mr. David Christopherson: Thank you, Mr. Chair.

I have to say that the circumstances keep mounting up, and I have no problems or qualms with the answers you've given, but I get a sense there's a whole other side to this thing. We start adding up things like the lack of the appearance of independence—notwithstanding what you said, Chief. I accept that at face value, but nonetheless you did acknowledge that it doesn't look very good. That was the first step.

The timing of cancelling the criminal investigation and moving to an internal investigation.... While I take the word of those who have given submissions to this point that that was done for good reasons, I can't escape the fact that at the end of the day it would have been very helpful if.... The real question we're asking here is whether there has been a cover-up. Nobody has called it that, but that's really what's in front of us. Was there a cover-up?

The actions themselves, as is true in most cases like this, can be dealt with one way. Once we start getting into issues of covering up, we're into a whole other thing. So the real issue in front of us here is, was there any attempt anywhere within the senior ranks of the RCMP, with or without the inclusion of the Ottawa Police Service, to cover this up in any way?

I look at that, and I look at the fact that the statute of limitations.... There's a part of me that says the Commissioner of the RCMP wouldn't make a decision like that without a legal person right beside him asking him what the unintended consequences would be here, what he needed to know. As one piece, it's not the whole thing, but it's yet another piece.

The initial whistle-blower has been reassigned, and my understanding is that was not something they wanted. They feel they've been treated very badly here.

As for the work of no value, we all know what happened the last time we started down that road. That's very troublesome, and again I'm having some difficulty. It's a legal matter between administrative and criminal, but boy, once you start hiring relatives and friends, and once you start arranging for work that doesn't need to be done, you've got to be getting awfully close to criminal intent. I'm just a layperson with a very poor formal education, but it seems to me that if you're not across that line, you've got to be snuggling up pretty close to it by then.

Then there is this whole business of Mr. Frizzell's being physically removed. Again, that's another piece. Then how many resignations, reassignments, health issues...? I headed into this open-minded, and again, if I had problems with your answers you'd know about it by now, but I still have this sense that there's more to this story.

If it was not the RCMP in particular—and part of this may be just my own background as Solicitor General responsible for police, and proud of it, and proud of the women and men I was responsible for—then it seems to me that you'd have to be held to the highest account that Mr. Williams was referring to, the squeaky clean, because it's the police.

I say openly that if it were another matter and this were circumstantial, I might still be persuaded that we could end it here and write a report, especially since the Auditor General feels that they have responded, at least from that point of view. However, given that it's the RCMP, and that it is absolutely critical that people

have faith in the RCMP, and that the RCMP live up to their reputation, and that we not damage that, I'm going to be very open to a motion, at the appropriate time, to take a second round and bring in some people to see what the other side is. Then we'll match up the two and see where we are.

I don't have any further questions. I'll afford you a chance to comment on my remarks, but at this point, Chair, it's my intent that if Mr. Wrzesnewskyj presents a motion that has us take a second round, I'm supportive.

Thanks.

● (1705)

The Chair: Thank you very much, Mr. Christopherson.

Do any of the witnesses want to make any response to Mr. Christopherson's statements?

Commr Beverley Busson: I'd respectfully like to make a response around that.

In my opening comments I spoke about four reviews, and each one of those reviews was not pretty. The findings of those reviews were less than anything anybody, from a constable to a commissioner of the RCMP, would be very proud of in the way those things were dealt with. I also agree with you that at the end of the day, the perception of what we call an arm's-length investigation may be out there in the minds of certain people.

We, in the RCMP and in other police forces across Canada, see a double-edged sword in the amount of trust that people see in the RCMP and other police forces. And often we investigate each other believing that people will trust us to do the right thing because we do live by a very high ethical code. I accept the fact that the perception of that might be very difficult for certain people, but that is the world we live in. We have to be aware of the fact that this trust is both precious and not cemented in stone, that we have to work very hard to move through that.

In the four reviews there were a number of things that were uncovered and shown to be, if not malfeasance, then misfeasance. As I said before, there's nobody in this organization who wants to defend any of what happened in that unfortunate part of time. The work that we've done afterwards, I believe, has been transparent. At the end of the day, the organization has done everything it can to give whatever assurances it can, beyond a total naïveté that nobody ever does anything wrong in this world after the first time.

We will work to make sure that this will never happen again. I agree with you that the RCMP does need to live up to a higher standard, and we strive to do that at every stance.

The Chair: Thank you very much, Mr. Christopherson.

Thank you, Ms. Busson.

Mr. David Christopherson: The chief wants a shot, Chair.

The Chair: I'm sorry. Go ahead.

•(1710)

Chief Vince Bevan: If there is a concern that somehow Staff Sergeant Mike Frizzell was silenced by whatever happened, I can assure you that he wrote a key part of the final report that was submitted. He led the contracts portion of the investigation. The contracts portion of the investigation was that part that was scrutinized by the forensic auditor. So his report was included, given to me, and that was part of the information that was tabled with the RCMP commissioner at the time. I just want to add that, if there is concern that he was somehow muzzled.

Certainly there was no cover-up through any of this. And I can tell you that where the evidence has taken us...previously where we have done criminal investigations of members of the RCMP, criminal charges have been laid where that's appropriate. In this particular case, we consulted with the crown attorney. We had the benefit of an independent forensic audit and the conduct did not meet the threshold.

Regardless, all of the acts, anything related to mismanagement, all of the things we've talked about here today were fully documented and included in the report that both the Auditor General and the RCMP have had access to.

The Chair: Thank you very much, Chief Bevan.

Mr. Wrzesnewskyj for five minutes.

Mr. Borys Wrzesnewskyj: Thank you, Chair.

Mr. Aiken, have you seen any audits with as many red flags as that one before you?

Mr. Brian Aiken: As I reported in this audit, there were significant issues that I reported on to the commissioner, who acted upon them appropriately and immediately. A follow-up audit was performed in May 2004, where we confirmed that all of the management action plans had been implemented as identified in the internal audit. So we were quite satisfied with management's response.

Mr. Borys Wrzesnewskyj: But my question is this. Have you ever seen an internal audit with as many red flags as this particular one?

Mr. Brian Aiken: I've seen a number of internal audits, but I couldn't recall whether there were more or less. My focus here was to ensure that we'd identified those issues and I'd reported this to the commissioner.

Mr. Borys Wrzesnewskyj: Why use that terminology? I understand that at one point that's the wording you had used.

Mr. Aiken, what can you tell us about Commissioner Zaccardelli cancelling the criminal investigation?

Mr. Brian Aiken: I am not aware of why he cancelled the criminal investigation. My responsibility was to respond to a request from him to audit the various problems that were identified in a letter that we received on June 17. That formed the basis of how we developed the internal audit, and we audited from that point on.

Mr. Borys Wrzesnewskyj: I understand that there was more than enough evidence on June 17, 2003, before the audit was initiated, to go to an investigation. In your role as the corporate conscience of the organization, you did not immediately report the abuse to

appropriate authorities. Treasury Board policy on internal audit responsibility with respect to fraud and abuse in the government stipulates that failure to report incidents of fraud and abuse may implicate the audit group in wrongdoings.

Mr. Brian Aiken: On June 17 I received a list of allegations. We performed our internal audit. In October I reported to the commissioner, and at the same time I reported the same facts to the Auditor General of Canada, the Treasury Board of Canada, and the Office of the Comptroller General. All central agencies were informed of the results of my audit at that time, as per requirements.

Mr. Borys Wrzesnewskyj: Mr. Aiken, I understand that in June of 2005 the commissioner announced that the results of the criminal investigation corroborated the findings of the internal audit, and the issues raised were of an administrative rather than a criminal nature.

I also understand that you and Mr. Sylvain Michaud, the senior auditor responsible for the pension insurance wrongdoings, were both promoted to EX-3 and EX-2 respectively almost immediately following the release of the criminal investigation report. Is that correct?

Mr. Brian Aiken: I was promoted as a result of a competition held with the Public Service Commission.

Mr. Borys Wrzesnewskyj: Immediately after that audit came out.

Mr. Brian Aiken: I am not aware of the timelines at all.

Mr. Borys Wrzesnewskyj: Mr. Gauvin, you made an admission of people going around the controls that were put in place, and you actually stated, and I noted down, that "action was taken".

The action appears to have been, in Mr. Crupi's case—Mr. Crupi, St. Andrew's golf course, and Mr. Crupi, stepdaughter, niece—18 months of paid leave. He's now on pension; he got bonus pay. So it appears that people who are going around the controls did not suffer any consequences, had full bonuses paid to them, and paid leave under suspension until their pensions kicked in. Then we end up with the original whistle-blower, her supervisor, and Mr. Frizzell all removed from their positions in what appear to be punitive ways.

I look at this and I shake my head. Moneys have not been repaid into the RCMP officers' pension fund. There hasn't been full compensation into the pension fund. There has been a great deal of suffering by a number of the individuals, who had the courage to step forward when they saw top officials within the RCMP abuse rank-and-file officers' pension funds. It appears that none of these issues has been addressed. I think what we'd like to see is all those funds reinstated, and those individuals should have an opportunity to come before the committee and be questioned in a respectful way, so that hopefully we can clear the air here and once again look at the RCMP without doubt and with respect.

•(1715)

The Chair: Thank you very much, Mr. Wrzesnewskyj.

Any comment?

Mr. Gauvin. Anyone else?

D/Commr Paul Gauvin: I'm not sure what the final question was, but I do want to clear up what was reimbursed to the pension fund.

What I replied to Mr. Nadeau earlier is that all expenses to the pension fund that should not have been charged there have been either reversed or reimbursed, except for \$350,000 that was paid to Consulting and Audit Canada. On that one, I replied to Mr. Nadeau that we are still negotiating with Public Works on that particular amount. All other funds have now been reimbursed, and there is still \$350,000 outstanding.

The Chair: Thank you very much, Mr. Wrzesnewskij.

The final member is Mr. Fitzpatrick. You have five minutes.

Mr. Brian Fitzpatrick: I want to start off with a comment, an observation. I know that you're new to the job, Commissioner. But I want to say that we see a lot of witnesses before this committee. This is a difficult task, I think, appearing before this committee, with the circumstance you have. I think you've been a straight shooter, a professional person, and from what I can see, a very confident person. I know you weren't the commissioner when these things took place, but I believe that leadership starts at the top and works its way down, and I have a good feeling about your leading the RCMP.

The area I'd like to pursue.... Is the pension plan a defined benefit program?

Commr Beverley Busson: Yes, it is. It's part of our full compensation package.

Mr. Brian Fitzpatrick: So that means that the RCMP members, depending on the years of service, are guaranteed a certain amount upon their retirement.

Commr Beverley Busson: That's correct.

Mr. Brian Fitzpatrick: If by chance the fund is short in money under that kind of plan, then it's incumbent upon the employer to fill the gap. Is that correct?

Commr Beverley Busson: I wouldn't venture into that territory. I will defer to—

Mr. Brian Fitzpatrick: Is there somebody who can explain that? As I understand, that's what has to happen.

Mr. Phil Charko: As a defined benefit plan, this plan is a statute of the Government of Canada, so the requirement to pay the benefit is based on the law itself, on the act itself.

Mr. Brian Fitzpatrick: Right, but hopefully the contributions that are made by the members and the investments that take place will sustain the program, and you won't have to go back for an appropriation to Parliament to handle any shortfalls. That would be my understanding.

• (1720)

Mr. Phil Charko: There are no appropriations per se to fund the plan. Maybe I could just take two minutes to say that.... It's a little complicated. Prior to 2000, there were no funds, no particular funds themselves.

Mr. Brian Fitzpatrick: Right.

Mr. Phil Charko: Post-2000 is when the market investments started.

Mr. Brian Fitzpatrick: Okay. This is the area I really want to pursue, which I found rather strange. We have \$10 billion in here. The Ontario teachers' pension plan, provincial pension systems, and lots of big private corporations and so on have these kinds of

programs in place. And jeepers, if I were an employee in an organization, I'd feel very comfortable if the organization had, at arm's length, professional people, who were well respected in the industry, managing these funds to get the best return for the members at the lowest cost.

I'm getting the impression that this was kind of a do-it-yourself operation within the RCMP for a period of time, which if I were a member of the RCMP would be very troubling to me. Do I have something wrong here?

Mr. Phil Charko: Yes, actually, I think you're missing two points. One is that the actual funds themselves, the employer and employee contributions, are now being invested by a corporation, a crown corporation, called the Public Sector Pension Investment Board. This is independent and at arm's length from the government.

Mr. Brian Fitzpatrick: Is that new?

Mr. Phil Charko: That's since April 2000.

So since April 2000, the actual funds have been invested professionally by this crown corporation. The organization that is at issue here was responsible for the administration of the plan—the entitlement calculation and those types of administrative aspects of the plan itself, ensuring that plan members got the benefits on a timely basis and that the benefits were calculated correctly, and so on. That is what has now been outsourced to Morneau Sobeco.

Mr. Brian Fitzpatrick: I think it's a good step to outsource as much of this as possible. Then we wouldn't be having these hearings that we're having.

I think Mr. Poilievre has a question.

The Chair: Mr. Poilievre, do you have a question? You have one minute, Mr. Poilievre.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Chief Bevan, thank you very much for being with us today, and thank you for your good work on behalf of the residents of the city of Ottawa.

The Auditor General pointed to the fact that you reported to the Assistant Commissioner of the RCMP. Can you describe that relationship? For example, were you taking orders on how your investigation would be conducted from the assistant commissioner, or were you directing your own affairs independently and then informing the assistant commissioner of your findings?

Chief Vince Bevan: Thank you for the question, sir.

Actually, we did not inform the assistant commissioner of the operational needs. The assistant commissioner was in place to liaise, to make sure we got the documents we needed out of the RCMP and other government agencies.

Mr. Pierre Poilievre: You didn't take orders from them?

Chief Vince Bevan: At no time did I or Inspector Roy, my delegate, take any orders from Assistant Commissioner Gork. In fact, the final report was not tabled with Assistant Commissioner Gork. I took that directly to the commissioner.

Mr. Pierre Poilievre: Did you take that report to the Crown as well for consideration of prosecution?

Chief Vince Bevan: The Crown looked at all of the details of the case—

Mr. Pierre Poilievre: Including the report?

Chief Vince Bevan: —including the report. There were at least 10 meetings with the crown attorney during the investigation, at all stages of the investigation.

Mr. Pierre Poilievre: Right.

Chief Vince Bevan: So they were thoroughly advised and actually had the opportunity to ask their own questions so that we could make sure we were very thorough in the follow-up they required, so that we had the answers they were looking for.

Mr. Pierre Poilievre: These are two important things to have on the record: one, that you did not take orders in any way, shape, or form from the Assistant Commissioner of the RCMP, so your investigation was independent; and secondly, that the decision not to proceed with prosecutions was not your decision, but it was the decision of the Crown, who reviewed the facts independent of you. Is that correct?

Chief Vince Bevan: In fairness, it was a joint decision. The crown attorney decided that there was not a reasonable prospect of conviction, and for that reason we did not lay the charges.

Mr. Pierre Poilievre: Okay.

The Chair: Thank you, Mr. Poilievre and Chief Bevan.

That, colleagues, witnesses, and members of the public, concludes the examinations. Of course, where we go from here is entirely up to the committee.

Before I conclude, do you have any closing remarks, Mr. McRoberts?

• (1725)

Mr. Hugh McRoberts: Thank you very much, Mr. Chairman.

Very briefly, again, as we indicated in our report, we believe the initial response of the RCMP to the matters raised was an adequate response. With respect to the remaining ones, they committed at the time of making the report to dealing with them, and we are pleased at the reaffirmation of that commitment that we've heard from the commissioner today.

I would like to draw one other matter to the committee's attention. In responding to Madame Brunelle's question, I indicated that, over and above controls, the issue of management override is really a values issue. I would like to draw the committee's attention to another chapter that appeared in the same report and is, in a sense, a companion piece to this one. That is chapter 4, which deals with proper conduct of public business in the public safety portfolio, and it looks at, among other things, matters of values and ethics in the Border Services Agency, the corrections service, and the RCMP, and which I believe may be of assistance, at least in part, to the members in considering this matter.

The Chair: Thank you very much, Mr. McRoberts.

Do you have any brief closing comments, Commissioner?

Commr Beverley Busson: No. Thank you very much. I appreciate the time.

The Chair: On behalf of all members of the committee, I do want to thank you very much for your appearance here today and for answering the questions.

For you, Commissioner, I understand you are new in the job. Although this report, I think it's fair to say, is disturbing to the members of Parliament and it's somewhat troubling, I don't think it diminishes in any way the pride that we all have for the thousands and thousands of members of the Royal Canadian Mounted Police who work for Canadians each and every day. I'm sure you are proud to lead the force, and you're new in the job, so I, on behalf of all members of Parliament, want to wish you all the best as you continue in your new role.

Commr Beverley Busson: Thank you.

The Chair: We are going to have some other committee business here. The witnesses are excused. Again, I want to thank you very much.

- _____ (Pause) _____
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The Chair: I would like to reconvene the meeting for another two or three minutes.

There are three things I'd like to deal with.

The first item, colleagues, is the minutes of the steering committee, which was held on Monday, and they've been circulated. There's one thing I want to add. The minutes talked about a meeting. We couldn't contact André Gladu. Since the minutes were prepared, we have contacted him and we have scheduled that meeting, although we haven't pinned down Janice Cochrane yet, and that is unfortunately because we didn't want to move the schedule. We put it as a third hour to a meeting on March 21.

We lost our meeting on March 19 because of the tabling of the federal budget, and Mr. Flaherty wouldn't defer to us, unfortunately. We asked him.

Some hon. members: Oh, oh!

The Chair: Also, colleagues, at the request of the Auditor General, and I know we've tried this before, this is a very informal briefing session that the steering committee agreed to have on Monday next week, just on the two chapters we're talking about. These are general broad-brush expenditure issues, and it's going to be a very informal briefing session for one hour for members and for their staff. Some of you may want to come, some of you may not want to come, but that notice has been sent around. And lunch will be served.

We should receive a motion for the approval of the steering committee minutes, as circulated, if someone's prepared to make that motion.

• (1730)

Hon. Judy Sgro (York West, Lib.): I so move.

The Chair: Any discussion?

All in favour? There is just one voter. Is nobody else going to vote on this? I bet it's going to carry today.

All those contrary-minded?

(Motion agreed to)

The Chair: Mr. Wrzesnewskyj, do you have a motion or a suggestion?

Mr. Borys Wrzesnewskyj: I'd like to reintroduce a motion. It reads as follows, and it is translated:

In order to ensure that the Public Accounts Committee is fully able to get to the bottom of the serious criminal issues surrounding the findings of the Auditor General in Chapter 9 of the Auditor General's Report of November 2006—Pension and Insurance Administration—Royal Canadian Mounted Police, I move that the following persons be asked to appear as witnesses before the Public Accounts Committee on February 28, 2007:

Staff/Sergeant Ron Lewis (Retired)

Denise Revine (Public Service Employee)—RCMP

Chief Superintendent Fraser Macaulay (RCMP)

Staff Sergeant Steve Walker (RCMP)

Staff Sergeant Mike Frizzell (RCMP)

A/Comm. Gork

The Chair: Mr. Wrzesnewskyj, thank you very much for your motion. Unless you have unanimous consent, that will be tabled and it will be debated and voted on in Monday's meeting.

Mr. Brian Fitzpatrick: I'm not favourably disposed to this. They're saying it's not a good situation, but there's a forensic audit and another audit. They've come to the same conclusions.

The Chair: We're not going to debate the motion.

Mr. Brian Fitzpatrick: I don't think we should rush to a judgment on this.

Mr. John Williams: No unanimous consent.

The Chair: Okay, does Mr. Wrzesnewskyj have unanimous consent to put the question to a vote? Yes or no.

An hon. member: No.

The Chair: Hearing "no", the matter will be tabled or discussed and voted upon at our meeting on Monday.

I will now adjourn the meeting.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

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