



Government of Canada

Gouvernement du Canada

Office of the Independent
Investigator into RCMP
Pension and Insurance
Matters

Bureau de l'enquêteur indépendant
sur les allégations concernant les
régimes de retraite et d'assurances
de la GRC

A MATTER OF TRUST

Report of the Independent
Investigator into Matters
Relating to RCMP Pension
and Insurance Plans

Prepared for
Minister of Public Safety and
President of the Treasury Board

Canada

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de la GRC

June 15, 2007

The Honourable Stockwell Day, P.C., M.P.
Minister of Public Safety
House of Commons
Ottawa, Ontario
K1A 0A6

The Honourable Vic Toews
President of the Treasury Board
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Ministers Day and Toews:

Pursuant to my mandate, I have completed my independent investigation and am pleased to submit my report and recommendations regarding the RCMP Pension and Insurance Matters.

Yours sincerely,

David A. Brown, Q.C.
Independent Investigator
Into RCMP Pension and Insurance Matters

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into Matters Relating to
RCMP Pension and Insurance Plans*

*Submitted to
Minister of Public Safety
and
President of the Treasury Board*

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INTRODUCTION

This report is in response to my appointment as Independent Investigator for the Minister of Public Safety and the President of the Treasury Board. Pursuant to that appointment, my mandate was to examine certain questions and make certain recommendations relating to the RCMP's handling of reports of mismanagement or irregularities in the administration of the RCMP's pension and insurance plans. These improprieties include the use of pension and insurance funds for administrative purposes unrelated (or peripherally related) to the pension or insurance plans, nepotism in staffing functions relating to the pension funds and contract splitting with service providers to the funds.

The RCMP is revered by Canadians and respected around the world. However, today a cloud hangs over the senior management of the RCMP as an institution as a result of the Arar inquiry, the sponsorship scandal, and the Air India tragedy, in addition to the pension and insurance plan improprieties I have discussed here. These events cannot be allowed to compromise the pride which the members of the Force have in belonging to the RCMP or the confidence and trust which Canadians place in the RCMP.

The Order-in-Council under which I am appointed directs that my report be submitted to the Minister of Public Safety and the President of the Treasury Board. There is, however, a much broader stakeholder base for whom continuing trust and confidence in RCMP management is critical. I have thus also addressed my comments in this report to those stakeholders. Foremost among them are the members of the RCMP (past and present). They are justified in their outrage at the way in which their pension and insurance plans have been managed. Many of them are very

distressed about the allegations made publicly against their organization. I have been moved by the pride and deep conviction the members have in the integrity of the RCMP and the profound disappointment in their senior leadership for allowing this set of circumstances to occur. These feelings are clearly shared by the thousands of members of the Public Service who also work for the RCMP and I include them with members of the RCMP as part of my intended audience. It is not overstating the importance of these issues for me also to address my comments to all Canadians whose pride in the RCMP is fundamental to being Canadian.

Structure of this Report

Chapter 1 of this Report sets out the facts and context relating to my mandate. I was asked to answer the following four questions: (i) whether the RCMP's assessment of allegations of mismanagement of the RCMP pension and insurance plans was conducted in an appropriate and timely manner; (ii) whether the members and employees involved in the reporting or reviewing of mismanagement were treated fairly and in accordance with RCMP procedures and practices; (iii) whether management responded appropriately and in a timely manner to mistakes or inappropriate conduct by members and employees; and (iv) whether management responded to findings of mismanagement or non-compliance in a timely and effective manner. The answers to each of the four questions are set out in Chapters 2 – 5.

I have also been asked to make recommendations in the following two broad areas: (i) whether or not a more formal inquiry with additional powers and authorities is necessary to address any

outstanding questions; and (ii) whether or not a review is needed with respect to the overall management structure of the RCMP. These recommendations are set out in Chapters 6 and 7. In Chapter 8, I outline my recommendation for the establishment of a Task Force to review the governance and culture of the RCMP. I am calling for this Task Force to conclude its work by December 14, 2007.

Other Work on This Subject

This report would not have been possible without the work of others who had been tasked with reviewing the issues surrounding the pension and insurance plan improprieties. This includes the internal audit reports, the reports of the Ottawa Police Service (OPS) investigation, the results of the internal investigation and the Auditor General's report on these matters. I have also drawn on the testimony given before the Public Accounts Committee hearings relating to the Auditor General's report.

Fact Finding

Although previous reports have been very helpful, they did not deal specifically with the matters within my mandate. Accordingly, I was faced with the daunting task of assembling and analyzing all of the relevant facts in the nine weeks between my appointment and the date on which I was asked to deliver this report.

In order to develop the appropriate understanding of the issues, I brought together a group of professionals that included expertise in government, governance, investigations and forensic technology. We developed a methodology designed to quickly and effectively gather the necessary documentation for consideration.

Shortly after my appointment was announced, at my request, Commr Beverly Busson disseminated among all members of RCMP staff an invitation to come forward and provide to me any information that could be important to the work I had been asked to do. I also issued a public call for comment through the Public Safety Canada website and this was hot-linked to the RCMP website.

General requests were made to the RCMP Ministerial Inquiry Team for relevant documents. These were followed by specific requests as our knowledge of the matters grew and as we were able to develop lines of inquiry. We had full access to the OPS and internal audit files and copies of relevant information were made and processed. In addition, each person interviewed was asked to supply any documentation that he or she had that would be relevant to my mandate. In total, over 35,000 pages of hard copy documentation were received and scanned into document management software.

In addition, forensic technology experts from KPMG collected significant amounts of data. This data was collected from RCMP servers (both from user files and emails), external medias (such as CD-ROMs, DVDs, and hard drives the RCMP had previously collected). Images were also taken of 15 personal computers used by individuals thought to potentially have information relevant to my mandate. This data was processed to remove system related, program and other obviously irrelevant file types. The remaining data, which consisted of over 400,000 electronic documents and e-mails (45 gigabytes), was then processed and reviewed utilizing specialized forensic software to target relevant data. This process identified approximately 3,200 relevant e-mails. The resulting relevant information was then

added to the document management system discussed above.

My team conducted structured interviews with more than two dozen people. Where necessary, these interviews were followed up with additional interviews, e-mails or phone calls seeking clarification. Everyone who was asked to attend did so.

In addition, we had numerous discussions with other individuals whom we believed could provide specific expertise or had what I determined to be relevant knowledge.

Cooperation from the RCMP

My office enjoyed complete cooperation from the RCMP and from all other departments of government to whom we turned for assistance. Everyone we wished to interview met with us on a timely basis and answered all of the questions asked.

The support of Commr Busson was particularly important to my ability to meet the demands of my mandate. Her commitment to full and complete disclosure and cooperation from the RCMP was unequivocal.

Sorting Out the Facts

My mandate has required me to sort through conflicting versions of a number of events. In a few instances I have described the different accounts of these events in the body of the report. I have done this generally where the debate has been so publicly discussed that I thought it important to settle the issue publicly. Otherwise, my description of events is based on what I have determined to have occurred, is the result of the extensive set of interviews and the review of documents discussed above.

The facts and circumstances that I have been asked to review required us to look carefully

at the actions of various people. I recognize that few people are beyond criticism and some have collateral agendas. However, I have confined my commentary to considerations that are specifically relevant to the issues before me.

What Has Emerged from Our Work

What happened in the administration of the RCMP pension and insurance plans constituted a breach of a fundamental trust between management of the RCMP and its current and retired members. In preparing this report, I found myself forced beyond these events to comment on a broader breach of trust between RCMP management and its members. After sifting through the various versions of the events, the picture of the RCMP and its culture that has emerged is one of mistrust and cynicism. Giuliano Zaccardelli was Commissioner of the RCMP from 2000 to 2006. He is a central figure, not only in events described in this report, but, more generally, in the cultural issues facing the RCMP.

Throughout this piece, Commr Zaccardelli and other members of senior management failed to understand the significance of the issues at hand. As a result, they did not respond in a manner that was transparent, timely, effective or thorough. More than that, they did not understand the impact that their lack of responsiveness was having on the organization. In an already fractured culture, senior management was projecting an attitude of disinterest and callousness in respect of an issue of legitimate concern to every single member – past and present – of the Force: their pensions. In the process, the Commissioner lost his troops.

Even today, neither Commr Zaccardelli nor Chief Financial Officer Paul Gauvin, D/Commr, has accepted accountability for what happened or the impact on the

organization. This has created the conviction on the part of many that the Force's values – honesty, integrity, commitment, respect, accountability and professionalism – are routinely disregarded by management.

Finally, I would like to highlight the fact that three of the individuals who participated in exposing the issues relating to the pension and insurance plans suffered personally for their efforts - Denise Revine, C/Supt Fraser Macaulay and S/Sgt Mike Frizzell. This too was symptomatic of management's attitudes which were inconsistent with values of the Force.

The force of Commr Zaccardelli's personality has been an important influence on the cultural problems at the RCMP today. The fact of a single individual – even the Commissioner – having unchallenged authority is rooted in the governance structure of the RCMP. I believe it is essential that both the governance structure and the culture at the RCMP should be reviewed by a Task Force of qualified individuals.

Office of the Independent Investigator

This report benefited from the work of the professionals that came together to form the staff of the Office of the Independent Investigator. Jane Billings (Sr. ADM) and her team in Public Safety Canada were invaluable. Forensic investigative and technology support was provided by KPMG LLP. The KPMG LLP team was led by Vic Duret, supported by Ray Porter and Pam Johnson, among others. I appreciated the support of Davies Ward Phillips & Vineberg LLP, primarily through Carol Hansell, Lorne Morphy and Shelby Austin.

A Note to the Reader

I have adopted a number of drafting conventions in this report.

In the remainder of the report, regular members of the RCMP are referred to by rank, but we have used the abbreviated form of those ranks. Each officer is referred to as having the rank he or she had at the applicable time. The hierarchy of ranks and their short forms is set out in Appendix 1.

It would have been impossible to write this report without adopting the numerous acronyms used in daily RCMP parlance. In Appendix 2, I have included a glossary of these and other relevant terms. My terms of reference are set out in Appendix 3.

Chapter 1: The Facts Behind the Controversy

This chapter describes the main facts and circumstances on which I have relied in arriving at the findings and recommendations in this report.

1.1 RCMP Pension and Insurance Plans

Members of the RCMP are entitled to benefits under the RCMP's pension and insurance plans. In order to assess management's response to the wrongdoing that was found to have occurred in connection with the administration of these plans, it is important to understand how the plans were administered and the basic facts relating to wrongdoing that was found to have occurred.

1.1.1 Pension Plan

The RCMP pension plan is a contributory-defined benefit plan sponsored by the Government of Canada. Contributions are made both by members and by the government (in its capacity as employer). The RCMP pension plan is governed by the RCMP Superannuation Act.

Prior to April 2000, the obligation to make pension payments to retired members of the RCMP was simply a general obligation of the Government of Canada. As a result of Bill C-78 (pension omnibus legislation), RCMP pension activity for plan participants prior to April 2000 was recorded in an account with the federal government referred to as the "Superannuation Account". Since April 2000, contributions (net of expenses and benefits) are transferred to the Public Sector Pension Investment Board. PSP Investments is now responsible for investing those funds in the financial markets. Accordingly, since 2000, the RCMP pension fund has been comprised of two parts - the Superannuation Account (which had a balance of approximately

\$11.6 billion on March 31, 2007) and the pension fund managed by PSP Investments (which held net assets relating to the RCMP of approximately \$2.5 billion on March 31, 2007). The wrongdoing found in the administration of the RCMP pension and insurance plans has nothing at all to do with the management of the Superannuation Account or the pension fund being invested by PSP Investments.

The RCMP Superannuation Act establishes a Pension Advisory Committee charged with the responsibility for reviewing certain matters and making recommendations to the Minister under that Act.

1.1.2 Insurance Plans

The various insurance plans sponsored by the RCMP had a balance of about \$84 million at the end of 2006. A private sector insurance underwriter invests the premiums and pays the claims. The underwriter is paid a flat rate per claim and a percentage of the overall premiums.

The RCMP Insurance Committee reviews the design and administration of the insurance plans.

1.1.3 Administration of Pension and Insurance Plans

Although the RCMP is not responsible for managing the assets of the pension and insurance funds, it is responsible for the administration of the plans. Administration includes maintenance of contributors' databases as well as collection of premiums and preparation of reports. The costs attributed to the administration of the

pension and insurance plans have averaged \$8.2 million and \$0.6 million respectively per year over the last five years. The administration of these plans is the responsibility of the National Compensation Policy Centre (NCPC) within the Human Resources Branch of the RCMP.

At the time that changes to the RCMP pension fund were being implemented (as a result of Bill C-78), the RCMP also began to modernize the administration of the pension and insurance plans. The Director of the NCPC, Dominic Crupi, was responsible for managing the various projects undertaken to effect this modernization, including outsourcing the pension administration. At the same time, the RCMP began to consider outsourcing the administration of its insurance plans, an initiative which also fell under Mr. Crupi's authority. The misallocation of pension plan assets, nepotism and contract splitting that have been referred to in various reports all relate to activities in the NCPC and, for the most part, to the projects overseen by Mr. Crupi.

1.1.4 Improprieties in the Administration of the Plans

Allegations of mismanagement and misconduct within the NCPC were investigated by the RCMP's internal audit group, the OPS and the RCMP's Code of Conduct investigators. The Auditor General's report which considers these earlier investigations provides a succinct description of what happened.

Two of the Auditor General's most significant findings involved Mr. Crupi's conduct. The Auditor General found that friends and relatives of Mr. Crupi (and certain other employees) had been hired to work on correcting data in the pension database. Most of the staff were hired as

summer students, outside of the appropriate processes and at higher than normal rates of pay. The Auditor General also found that Mr. Crupi had established consulting contracts valued at over \$20 million, overriding controls to avoid competitions for the contracts. These contracts resulted in some work of questionable value being performed, and excessive fees for administrative services of little or no value being charged to the pension plan.

In addition, the Auditor General found that over \$3.1 million had been charged to the pension plan to pay for RCMP human resource projects that should have been paid for by RCMP appropriations funding. This had the effect of relieving budget pressure on managers responsible for these projects.

The RCMP persuaded the insurance carrier to subcontract work to a second firm to administer insurance plans on behalf of the RCMP, thereby avoiding a competitive process for a \$4.6 million contract.

Finally, there were irregularities in the process for contracting out the administration of the pension plan. The outsourcing decision was not based on an adequate business case.

The actions taken by RCMP management in response to these findings are discussed in Chapter 5.

I note that, in the course of trying to sort out certain of the transfers made between the insurance plans and the pension plan, a question arose as to whether the RCMP has the statutory authority to administer its own insurance plans (and what administrative expenditures may be charged to the plans). As noted in Chapter 5, the RCMP and Treasury Board Secretariat (TBS) are currently examining this issue.

1.2 Management of the Human Resources Function (2000 – June 2003)

The overall responsibility for the administration of the pension and insurance plans fell under the Chief Human Resource Officer (CHRO), Jim Ewanovich. When Mr. Ewanovich won the competition to become CHRO in 2000, he became the first civilian to head up the Human Resources Branch. He was classified at the executive level as a temporary civilian employee for the purposes of the RCMP Act and was engaged for a four-year term.

Mr. Ewanovich's management style has been a significant theme throughout the interviews we conducted in connection with this report. Prior to disclosing their concerns about improprieties in the pension plan to Commr Zaccardelli (discussed in more detail in Section 1.3) both S/Sgt Ron Lewis and C/Supt Macaulay had been discussing with various members of management their respective concerns about Mr. Ewanovich's management of the Human Resources Branch.

In his capacity as Staff Relations Representative (SSR) for Headquarters, S/Sgt Lewis had received complaints about a number of questionable activities in the human resources area and, in particular, about Mr. Ewanovich's treatment of people. In 2001, S/Sgt Lewis delivered a memo to Mr. Ewanovich advising him of the concerns being raised about him. Mr. Ewanovich did not respond substantively to S/Sgt Lewis's memo, but advised him by e-mail that he (Ewanovich) had forwarded this memo to Commr Zaccardelli (Mr. Ewanovich's direct supervisor). With no other response from Mr. Ewanovich on these issues over a six-month period, S/Sgt Lewis raised them (as well as certain other issues) with Commr Zaccardelli in March

2002. S/Sgt Lewis believed at the time that Commr Zaccardelli had undertaken to address the issues relating to Mr. Ewanovich which he had brought to his attention.

When S/Sgt Lewis and Commr Zaccardelli met again in June 2002, it became apparent that Commr Zaccardelli had taken no action with respect to Mr. Ewanovich's conduct and that he did not intend to take any action. On May 28, 2003, when S/Sgt Lewis met with Commr Zaccardelli to discuss Mr. Ewanovich again, he had become aware of other issues in the human resources area, including certain of the issues relating to the pension plan. He added these issues to the concerns about Mr. Ewanovich which S/Sgt discussed with Commr Zaccardelli that day.

In January 2002, C/Supt Macaulay became Director General of Organizational Renewal and Efficiency, reporting to Mr. Ewanovich. Within months, C/Supt Macaulay had also become concerned about Mr. Ewanovich's management of the human resources area and had begun to discuss his concerns with others. His concerns came to a head in June 2003, when he was briefed by Denise Revine about the irregularities she was finding in the administration of the pension plan. Ms. Revine was a public servant in human resources with 33 years experience. She reported directly to C/Supt Macaulay.

1.3 Commissioner Zaccardelli is Advised of the Problem (June 2003)

1.3.1 Denise Revine Discovers Irregularities

In early 2003, a decision was made by management of the Human Resources Branch to undertake an A-Base Review for the Human Resources function of the RCMP (an A-Base Review refers to an exercise to review, re-justify and/or reallocate the core

ongoing funding of an organization). This decision resulted from concern about the adequacy of resources in the Human Resources Branch following government-wide budget cuts in the last half of the 1990s. Commr Zaccardelli himself had expressed concern about whether the Human Resources Branch was using the resources available to it to maximum effectiveness. He advised the HR management team that any request for additional funding must be accompanied by a very sound business case that would have to compete with numerous other business cases.

Ms. Revine was charged with responsibility for the A-Base Review. In the course of her work, she discovered a number of issues that caused her concern. She felt that monies belonging to the pension plan were being applied to uses that were at best peripheral to the administration of the pension plan. She also observed instances of contract splitting and inappropriate hiring practices. Ms. Revine shared her concerns with her direct supervisor, C/Supt Macaulay, in early June 2003. C/Supt Macaulay advised Ethics Advisor, A/Commr John Spice, of these emerging concerns several days later. A/Commr Spice in turn discussed the matter with other senior officers, including A/Commr Barb George. Matters were taken out of C/Supt Macaulay's hands when A/Commr George insisted that C/Supt Macaulay come forward to the Commissioner.

Some speculate that C/Supt Macaulay's reluctance to report these matters to Commr Zaccardelli stemmed from his concern that his career would be adversely affected if he were openly critical of his direct supervisor, Mr. Ewanovich. Others, including C/Supt Macaulay, say that he was simply not ready to come forward because he did not yet have enough information to present to the Commissioner. He had only four pages of

preliminary notes prepared by Ms. Revine, which Ms. Revine cautioned should not be given to anyone because the analysis was incomplete. I have concluded that the reasons for C/Supt Macaulay's reluctance are not relevant for our purpose.

On June 17, 2003, C/Supt Macaulay and A/Commr George went to Commr Zaccardelli's office. C/Supt Macaulay laid out the concerns with the assistance of Ms. Revine's notes. Commr Zaccardelli insisted that C/Supt Macaulay leave the notes with him.

1.3.2 Commissioner's Reaction to Chief Superintendent Macaulay's Disclosure

Commr Zaccardelli was very unhappy with C/Supt Macaulay at the conclusion of this meeting. Commr Zaccardelli has told us that this was because he believed that C/Supt Macaulay had been aware of the pension plan issues for a year and a half before he (apparently reluctantly) came forward. Commr Zaccardelli concluded that this was a serious error in judgment on C/Supt Macaulay's part and that C/Supt Macaulay should be transferred out of Headquarters as a result. C/Supt Macaulay told us that he had no knowledge of wrongdoing in the pension plan administration prior to his meeting with Ms. Revine in early June. He assured us that he did not tell (and could not have told) Commr Zaccardelli that he had had knowledge of the pension matters for a year and a half. I have heard nothing that would cause me to disbelieve C/Supt Macaulay.

What is important here is how quickly Commr Zaccardelli was prepared to cut a swath through the career of an officer who was highly regarded on the basis of a single meeting with that officer. Commr Zaccardelli did no additional diligence and

consulted with no other members of the Senior Executive Committee (SEC). He did not even discuss his decision with C/Supt Macaulay before he gave the transfer order. C/Supt Macaulay's transfer to the Department of National Defence (DND) was a punishment transfer and very unfair to him. The unfairness of this transfer sent a message throughout the organisation that one brings bad news to the Commissioner at one's peril. I discuss C/Supt Macaulay's treatment in more detail in Chapter 3.

1.4 Internal Audit (June 17 – October 29, 2003)

1.4.1 Commissioner's Request

By June 17, 2003, Commr Zaccardelli had received reports of improprieties in the administration of the pension plan from two sources – S/Sgt Lewis and C/Supt Macaulay, both of whom had received information separately from Ms. Revine. There is nothing to suggest that S/Sgt Lewis and C/Supt Macaulay had spoken to each other about this matter. Later on the same day, Commr Zaccardelli wrote to Mr. Gauvin, directing him to commence an internal audit.

1.4.2 Purpose and Conduct of the Audit

Commr Zaccardelli instructed Mr. Gauvin to have RCMP internal audit conduct an audit of three matters: (i) the use of pension funds for purposes other than the administration of the pension and insurance plans; (ii) retention of consultants at excessive remuneration and hiring children of the consultants; and (iii) family members of the CHRO hired and their salaries paid out of the pension plan. The internal audit group framed its mandate as ascertaining whether the administrative activities of the RCMP pension plan were carried out in accordance

with relevant government and RCMP policies, regulations and agreements. The audit was intended to review financial transactions during the 2001, 2002 and 2003 fiscal years.

The internal audit was brought to a conclusion based on a review of only the 2003 fiscal year because the internal audit group had concluded it had enough evidence of serious issues that needed to be addressed by management on an urgent basis. The internal audit group did not feel that additional work would change its conclusions and it wished to put the results into management's hands to allow them to take immediate action.

Over the four-month period in which the internal audit was underway, Director General, Internal Audit, Brian Aiken reported regularly to Commr Zaccardelli and Mr. Gauvin on the progress of the audit.

On October 29, 2003, the Senior Management Team (SMT) was meeting at the Château Cartier in Aylmer, Quebec. Mr. Aiken attended and briefed Commr Zaccardelli privately on the findings of the internal audit. In addition, Mr. Aiken advised Commr Zaccardelli of his concerns with Mr. Ewanovich's attitude to the audit findings. Mr. Aiken had discussed the results with Mr. Ewanovich and had found his response dismissive. As a result, Mr. Aiken told Commr Zaccardelli that he felt that the "tone at the top" reflected in Mr. Ewanovich's comments was unacceptable and recommended that Commr Zaccardelli take action.

Shortly after his meeting with Commr Zaccardelli discussed above, Mr. Aiken advised both the TBS and the Office of the Auditor General of the results of the audit.

1.5 Response to the Findings of the Internal Audit (October 2003)

1.5.1 Jim Ewanovich

Following his briefing by Mr. Aiken, Commr Zaccardelli convened a meeting of SEC (all of the members of SEC were present at the Château Cartier for the SMT meetings). He advised SEC of the findings of the internal audit and, as a result, that Mr. Ewanovich would be stepping down. In addition, he advised SEC that he had appointed A/Commr George to replace Mr. Ewanovich as head of Human Resources.

Mr. Ewanovich's separation arrangements with the RCMP allowed his employment to continue until April 2, 2004, notwithstanding the RCMP's position, the information revealed in the internal audit report justified termination of employment for cause without notice pursuant to the provisions of his employment as a temporary civilian employee.

1.5.2 Dominic Crupi

Commr Zaccardelli instructed A/Commr George to relieve Mr. Crupi of his duties. This was done on November 23, 2003. The combination of various leave entitlements allowed him to remain with the RCMP until he ultimately resigned in June 2005. It appears that in early November the RCMP was assisting Mr. Crupi in seeking employment with another government department.

1.5.3 Management Action Plan

A detailed management plan was prepared in response to findings of the internal audit. A/Commr George, as the new CHRO, was tasked with implementation of this plan. A follow-up audit completed in July 2004

indicated that the management plan had been appropriately implemented.

A new control framework was adapted which included measures that ensures only appropriate expenses are charged to the pension plan and a rigorous contracting policy is followed when outside suppliers are used.

On November 26, 2003, A/Commr George approved a briefing note to the Solicitor General. The briefing note advised that the audit report had identified anomalies in the administration of the pension plan and that a review was underway to determine if additional steps were required as a result of the audit report.

1.6 From Internal Audit to Criminal Investigation (Oct 30, 2003 – March 8, 2004)

1.6.1 Dissatisfaction with Management Response

After Mr. Aiken briefed Commr Zaccardelli on the internal audit results in October 2003, pressure was mounting for further action from a number of sources. Senior management (primarily through A/Commr David Gork and A/Commr George), Ms. Revine, C/Supt Macaulay and S/Sgt Lewis were all taking steps to move matters forward. A/Commr George had been briefed on the results of the internal audit and, as head of the Human Resources Branch, was involved in implementing the management action plan responding to those results – including the termination of Mr. Ewanovich and Mr. Crupi. None of Ms. Revine, C/Supt Macaulay or S/Sgt Lewis had the report or the management action plan responding to the report. It is fair to say that, given their familiarity with the facts, they expected that the internal audit would lead to an immediate internal

investigation and a criminal investigation. All they saw was Mr. Ewanovich and Mr. Crupi being moved out gently – treatment that was more favourable than would be afforded to regular members found to have been engaged in similar misconduct.

I have described below the separate lines of activity that culminated in a meeting in the office of Deputy Commissioner Garry Loeppky on March 4, 2004. (See Section 1.7.5.) Once D/Commr Loeppky understood the issues, he knew Commr Zaccardelli would have to take action.

*1.6.2 Staff Sergeant Lewis
Pushes On – Management
Responds*

On November 23, 2003, S/Sgt Lewis met with A/Commr George and advised her that, unless an investigation into the pension fund matters was commenced, he would make the information he had about those matters public. A/Commr George agreed with S/Sgt Lewis's concerns and undertook to raise the matter with the Commissioner. She felt so strongly that an investigation was required, that she resolved to leave the Force if Commr Zaccardelli was not prepared to start an investigation.

Shortly after that meeting, A/Commr George advised S/Sgt Lewis that she had met with Commr Zaccardelli and obtained his direction to start an investigation. She asked S/Sgt Lewis to prepare the formal complaint. During our interview, Commr Zaccardelli did not recall that discussion with A/Commr George, but in my view, nothing turns on that. I think it is quite unlikely that A/Commr George would begin to implement a criminal investigation in this matter other than at Commr Zaccardelli's direction. I note that Commr Zaccardelli did ultimately concur (a number of months later

at the urging of others) that the criminal investigation should move forward.

Over the 2003 Christmas period, S/Sgt Lewis prepared the formal complaint as requested by A/Commr George and provided it to her on January 5, 2004. It was accompanied by a 16-page report prepared by Ms. Revine, setting out the facts and circumstances that S/Sgt Lewis believed called for an investigation. He advised A/Commr George that he believed that there had been violations of the RCMP Act and the Public Service Staff Relations (PSSR) Act and that there was a high probability of violations of the Criminal Code and other federal statutes. S/Sgt Lewis's memo concluded as follows:

As an organization, we are expected to fully investigate wrongdoings by our employees. However, there are two overriding factors which highlight the necessity to do so with due diligence and clarity. Firstly, the RCMP is the authority which is expected to carry out this role for other federal government departments and throughout the rest of Canadian society. If we loose [sic] our credibility we loose [sic] our moral authority. Secondly, the MVV of the RCMP is the primary guiding principle for how its employees conduct business. That guiding principle has been seriously damaged. Many employees, and especially the senior managers, are dumbfounded how this behaviour has been allowed to happen with open knowledge at all levels of the RCMP. We now have a credibility gap which needs to be bridged. Without a full and transparent investigation with appropriate corrective action, these behaviours will be seen as condoned and even rewarded. The probability of employees and managers stepping forward to expose wrongdoings in

the workplace is very low if they expect to be punished or ignored.

We have a serious crisis to resolve.

[Emphasis part of original e-mail.]

In February 2004, S/Sgt Lewis wrote to the President of the Treasury Board, the Minister responsible for the RCMP and to the Auditor General of Canada with respect to the pension plan matters. In this letter, he stated that Commr Zaccardelli had failed "to meet his obligations under the RCMP Act and as our leader, in relation to serious accusations of wrongdoing by senior managers...". To my knowledge, S/Sgt Lewis did not receive a reply to this letter.

1.6.3 Chief Superintendent Macaulay's Activities

C/Supt Macaulay was unhappy about being banished to DND and even unhappier about what he saw as woefully inadequate management responses to the concerns he had brought forward to Commr Zaccardelli. Finally, in March 2004, he went to visit A/Commr Tim Killam, whom he knew and trusted. He shared with him his concerns and provided him with documentation to support those concerns. A/Commr Killam recognized the seriousness of the issues raised by C/Supt Macaulay and went immediately to his own superior, D/Commr Loepky, confident that he would deal appropriately with the issues.

1.6.4 Denise Revine's Activities

Ms. Revine pressed for a copy of the internal audit report in October 2003, but was advised by Internal Audit that, because it was still in draft form, it could not be provided to her. She continued to raise questions with various members of management. A/Commr Spice responded to an e-mail Ms. Revine sent to him as follows:

First and foremost, I want to thank you for the interest that you've taken in this matter. It takes a great deal of courage and strength of conviction to persevere with something as complex and emotionally charged as this. I haven't seen the audit report but I know that the Commissioner continues to be briefed on the matter.

I believe that you, and others, have done your due diligence and it is now on to another stage. I want to thank you for taking the steps that you did and for having the stick-to-itiveness. It is now time to let those seized with the information to carry it through.

Ms. Revine also supported others who were pushing for an investigation. As noted above, she prepared a 16-page memorandum for S/Sgt Lewis to append to the formal complaint he drafted at A/Commr George's request.

1.6.5 Moving Towards the Criminal Investigation

On February 18, 2004, six weeks after receiving S/Sgt Lewis's complaint, including Ms. Revine's summary, A/Commr George instructed A/Commr Gork to review the complaint against the results of the internal audit and to provide his recommendations to her. Within a week, A/Commr Gork returned recommending a criminal and internal investigation be commenced immediately. The same day, A/Commr George instructed A/Commr Gork to commence that investigation. A/Commr Gork then met with two senior "A" Division officers and discussed possible conflicts of interest and the possibility of having the Ontario Provincial Police (OPP) conduct the investigation, rather than having the RCMP conduct the investigation itself. One of the "A" Division officers made notes of this

discussion which included the following passage:

I suggested that the RCMP would have difficulty demonstrating independence and impartiality in conducting any review or criminal investigation and that an outside police agency such as the OPP should be responsible for conducting any criminal investigation into this matter.

The decision about which outside police agency should conduct the investigation was ultimately made by D/Commr Loeppky several weeks later.

1.6.6 Deputy Commissioner Loeppky is Briefed

On March 4, 2004, A/Commr Killam met with D/Commr Loeppky to lay out the concerns relayed to him by C/Supt Macaulay. A/Commr Gork (himself in the process of commencing a criminal investigation based on the complaint prepared by S/Sgt Lewis and Ms. Revine) was also at that meeting. D/Commr Loeppky understood the significance of what A/Commr Killam and A/Commr Gork were telling him. He spoke to Commr Zaccardelli about the issue shortly thereafter and obtained Commr Zaccardelli's concurrence to ask the OPS (rather than the OPP) to open a criminal investigation. D/Commr Loeppky advised us that it was his recommendation to use the OPS as they were local and had the necessary expertise based on what D/Commr Loeppky knew at the time.

1.7 OPS Investigation (March 8, 2004 – June 2005)

1.7.1 Investigation Commences

D/Commr Loeppky called Chief Vince Bevan of the OPS on March 8, 2004 and

asked that the OPS conduct the investigation. A/Commr Gork was assigned to liaise with the OPS and provide it with whatever resources were required. There are several aspects of the OPS investigation that are relevant to this report. I have already described the circumstances under which the criminal investigation was initiated and will comment on that further in Chapter 2. The other important issue is the independence of the OPS investigation from the RCMP. My views on the significance of these factors are also set out in Chapter 2.

I also note that once the OPS investigation began, the RCMP did not pursue a simultaneous internal investigation as A/Commr Gork had recommended earlier.

1.7.2 Results of the OPS Investigation

The OPS report confirmed the findings of the internal audit and identified a number of additional instances of wrongdoing. However, upon reviewing the final briefings from the OPS in mid-June 2005, the Crown Attorney concluded that there was no reasonable prospect of conviction for this, or any other Criminal Code offence. In Chapter 2, I recommend that the OPP be asked to review the OPS investigation because of my concerns with the independence of that investigation. For that reason, I do not discuss the OPS report in any further detail.

Chief Bevan of the OPS delivered a summary report of the investigation to Commr Zaccardelli on June 24, 2005.

1.7.3 Sergeant Frizzell

Sgt Frizzell was an RCMP officer stationed at Headquarters who was assigned to assist in the OPS investigation. In mid-June 2005, with the investigation concluded, Insp Paul

Roy, the lead OPS investigator, left Sgt Frizzell to conclude his work on the file from an administrative perspective. Sgt Frizzell had some remaining concerns about funds being moved from the insurance plans and continued to pursue this matter.

On June 20, 2005, two Superintendents delivered a written order to Sgt Frizzell. The order notes that Sgt Frizzell had been previously advised by Insp Roy to desist any and all investigative activities related to the OPS investigation but that he had continued to conduct further inquiries for which he had no mandate or authority. Sgt Frizzell was ordered to cease immediately any investigative activity, to immediately complete the administrative work related to the OPS investigation and to report to his new position within three days.

It seems to me that Sgt Frizzell was pursuing legitimate issues. The fact that he was served with a written order, which I understand in itself to be extremely rare, by two senior ranking RCMP officers is troubling. These actions would in all likelihood suggests to other members that Sgt Frizzell was involved in some significant inappropriate activities. I have seen nothing to suggest that this was the case. In Section 3, I conclude that Sgt Frizzell was treated unfairly and make recommendations for rectification.

1.7.4 Assistant Commissioner Gork Briefs SEC

On June 27, 2005, A/Commr Gork briefed SEC on the OPS investigation. He was critical of the outcome of the criminal investigation and recommended the commencement of a number of internal investigations. He also suggested that certain individuals who had played a role in bringing the improprieties to light should be commended for their actions.

Commr Zaccardelli did not attend this meeting. It was, however, made known to A/Commr Gork afterwards, that Commr Zaccardelli had heard about his presentation and was quite annoyed with A/Commr Gork. Commr Zaccardelli advised us in one of our interviews with him that he felt A/Commr Gork had been unprofessional in commenting during his presentation that he thought criminal charges should have been laid.

A/Commr Gork understood the risk he had taken in making the comments he did in his SEC presentation. In an e-mail sent by him shortly after he was advised of Commr Zaccardelli's reaction to his presentation, he said:

I told Barb George a year and a half ago that this would cost me my job. Now they are not going to fire me, but if they could they would. What they wanted was for me to say, everything is fine, and everything is looked after. It isn't. They did not want to hear that so it is now in their court to deal with. I even got a call from Barb late one evening to talk about how pissed the Commish was. I told her to give him a message for me, at first she balked, but then she said she would...

The message that A/Commr Gork wanted delivered to Commr Zaccardelli was:

- 1) I am sorry he did not like it
- 2) If I were to do it again I would do it exactly the same way
- 3) I will never be back to the HQ bldg again, and I will mail in my [retirement papers] to coincide with the spring of 2008.

In his interview with us, A/Commr Gork advised of his decision to retire early – in July 2007.

1.8 Insurance Plan Matters

During the course of the OPS investigation it became apparent that funds had been transferred from the pension plan to the insurance plan. This led the OPS to investigate matters surrounding the administration and outsourcing of the insurance plan. Shortly after RCMP management became aware of issues concerning the insurance plan, another internal audit was conducted. The internal audit highlighted a number of serious weaknesses in process and governance.

1.9 Internal Investigations

Shortly after the criminal investigation was complete, the decision was made to consider whether internal investigations were required.

A first step in any internal investigation at the RCMP is the appointment of the "Appropriate Officer". Only an Appropriate Officer has the authority to make a decision to initiate formal disciplinary action. It is also the knowledge of the Appropriate Officer that is relevant to the commencement of the one-year limitation period within which a formal disciplinary hearing must be commenced in accordance with the RCMP Act.

D/Commr Gerry Braun from the North West Region was appointed as the Appropriate Officer in respect of that investigation in order to provide some distance from Ottawa. Mr. Brian Radford was appointed as the Appropriate Officer's representative, tasked with the review of the criminal investigation in order to determine which members were involved, identify possible contraventions of the Code of Conduct and set out the mandate for investigators who would be conducting internal investigations under the authority of the RCMP Act.

On September 10, 2005, Mr. Radford delivered his report to D/Commr Braun, recommending that Code of Conduct investigations be initiated against three senior RCMP members. A month later, D/Commr Braun notified A/Commr George that he agreed with this conclusion and that Code of Conduct investigations should be commenced.

By November 18, 2005, D/Commr Braun had ordered internal investigations to be led by A/Commr Garry Bass. On January 24, 2006, D/Commr Braun ordered a further Code of Conduct investigation regarding a fourth senior RCMP member.

When D/Commr Braun retired on March 31, 2006, the task ultimately fell to his successor, D/Commr William Sweeney, to finalize the internal investigations. D/Commr Sweeney received the file on May 19, 2006 and provided his recommendations to Commr Zaccardelli on July 20, 2006. D/Commr Sweeney advised that, in early discussions with legal counsel, it was apparent to him that the applicable limitation periods had expired even before he was appointed. While D/Commr Sweeney concluded that breaches of the Code of Conduct had been committed, he also concluded he had no authority to initiate disciplinary action because of the expiry of the limitation period. D/Commr Sweeney's report is nevertheless powerful:

I can best summarize my assessment of this case as being troubling and disconcerting. I am convinced that senior Officers within our Force failed to abide by our collective high ethical aspirations and, by virtue of their conduct, failed us all.

1.10 Auditor General's Report

Following the completion of the criminal investigation, the Auditor General examined whether the RCMP had responded adequately to the findings of the internal audit and the criminal investigation, among other things. Her November 2006 report concluded that most of the corrective action required by the internal audit had been taken, but that some matters remained outstanding. I address this in more detail in Chapter 5.

1.11 Public Accounts Committee

Reports of the Auditor General are automatically referred to the Public Accounts Committee, a Standing Committee of the House of Commons. In anticipation of the hearings of this Committee on the Auditor General's report on the pension and insurance fund matters, S/Sgt Lewis, Ms. Revine and C/Supt Macaulay provided members of that Committee with information to guide them in their questioning of the witnesses that appeared before them. Ultimately, they each appeared before the Public Accounts Committee. While these hearings were underway, I was appointed as the Independent Investigator.

Chapter 2: Assessment of Management Response

Was the RCMP's assessment of allegations of mismanagement of the RCMP pension and insurance plans conducted in an appropriate and timely manner?

2.1 Why This Question is Important

This question goes to the core of my mandate. The question at issue here is whether management reacted appropriately when the allegations in question were brought to their.

2.2 Overview

In this part of the report, I consider the actions taken after the allegations reached Commr Zaccardelli in May and June 2003.

I have considered each phase of the RCMP assessment of the pension and insurance plans allegations from two perspectives. First, whether the decision to undertake a particular course of action (and not some other course of action) was appropriate and whether it was taken in a timely manner. Second, whether each process was completed in an appropriate and timely manner.

The facts and circumstances underlying the analysis in this part of the report are set out in Chapter 1. I have repeated some of the facts here for context, but in general refer the reader to Chapter 1 for details.

I would like to note at this point that one of the themes we heard frequently was that no money went into anyone's pockets, that this was largely just a matter of expenses being misallocated. I disagree. Debating whether the improprieties put the current and future pensioners at risk, or whether it simply enhanced the obligation of the Government of Canada when it comes time to make good on the defined benefit obligations to those pensioners, misses the point. Money that

did not belong to the RCMP was being taken from an account that was managed by (but did not belong to) the RCMP. In my mind, this is very serious business.

I note that the Auditor General's report of November 2006 indicates that only \$270,000 of the \$1.3 million of unnecessary and wasteful expenditures charged to the pension and insurance plans were reimbursed. I understand all but \$205,000 has been repaid to date. I am struck by the length of time it took for the RCMP to make these payments.

2.3 Internal Audit

2.3.1 *Was the Decision Appropriate?*

Commr Zaccardelli met with S/Sgt Lewis on May 28, 2003 and heard, among other things, about allegations of mismanagement of the pension plan. On June 17, 2003, he met with C/Supt Macaulay and A/Commr George and heard in more detail about concerns about mismanagement of the pension plan that were emerging from the work being done by Ms. Revine. The same day, Commr Zaccardelli sent a letter to Mr. Gauvin advising him of rumours circulating in Headquarters concerning three matters and asking that Mr. Gauvin have the RCMP internal audit group conduct an audit of them.

Was the commencement of an internal audit an appropriate response by Commr Zaccardelli to the information with which he had been presented?

I recognize that if Commr Zaccardelli had sufficient, reliable information for breach of duty or criminal conduct, he could immediately have commenced an internal Code of Conduct investigation or a criminal investigation. However, both can be disruptive to the work of the Force and potentially damaging to the people targeted, whatever the outcome. An internal audit could be seen as a lower key method of uncovering further facts on which a more informed decision could be taken on whether one or more investigations were warranted. Whether enough evidence had been presented to the Commissioner to warrant an internal or criminal investigation was a judgment call.

Although in hindsight it would have been far better if Commr Zaccardelli had ordered one or more immediate investigations, either alone or in conjunction with the internal audit, that is not the course he chose. On the basis of the information known by him in June 2003, I cannot conclude that his decision was wrong.

I note that a great deal has been made about the fact that S/Sgt Lewis laid a complaint on June 5, 2004 with "A" Division, causing a criminal investigation on the pension plan allegations to be commenced. Commr Zaccardelli subsequently advised "A" Division not to proceed with that investigation because he had commenced an internal audit. My only comment on the debate that emerged through the Public Accounts Committee with respect to this chain of events is to note that nothing turns on the resolution of that controversy. As I have noted, I believe that it was appropriate for Commr Zaccardelli to commence an internal audit rather than a criminal (or internal) investigation in June 2003. The decision about how to proceed was his. Whether he asked S/Sgt Lewis to have a criminal investigation started and

subsequently ordered that it not proceed, or whether he did not make that request of S/Sgt Lewis, but ordered that the investigation not proceed once he became aware of it, is not important. Either would have been within his authority.

2.3.2 Was the Decision Timely?

Commr Zaccardelli ordered the internal audit on the day he received the information from C/Supt Macaulay and within three weeks of first learning of potential improprieties from S/Sgt Lewis. While the matters at issue were serious, I believe requesting an audit within three weeks of first becoming aware of the problem was sufficiently timely. The commencement of an internal audit reflects a recognition that the allegations being made were serious and needed to be rigorously reviewed by a group of professionals trained to evaluate financial transactions against established regulations and policies.

2.3.3 Was the Process Appropriate and Timely?

It is worth noting here that the internal audit group of the RCMP is highly regarded, including by the Office of the Auditor General. The scope of internal audit's mandate was sufficiently broad to respond to the pension plan allegations. I have seen no evidence that management in any way interfered in the internal audit process. The work of the internal audit group was also performed in a timely fashion, with the report on the findings for the first year within its mandate delivered to Commr Zaccardelli four months after he requested the audit.

2.4 Criminal Investigation

A criminal investigation was commenced when D/Commr Loepky contacted the OPS

on March 8, 2004. The project name given to the investigation was "Project Probity". Interestingly, this name was taken from a speech given by Commr Zaccardelli in Hong Kong on January 22, 2003. Among other things, his speech dealt with the importance of "probity" (which Commr Zaccardelli defined as honesty and integrity) in organizations responsible for law enforcement.

In this section, I consider whether the criminal investigation was the appropriate course of action and commenced within an appropriate time frame.

2.4.1 Was the Decision Appropriate?

Commr Zaccardelli ordered the internal audit to determine whether the allegations relayed to him by S/Sgt Lewis and C/Supt Macaulay were valid. Indeed, when Commr Zaccardelli advised S/Sgt Lewis in June 2003 that he was not proceeding with a criminal investigation, he also told him that if the audit supported the allegations, a Code of Conduct or criminal investigation would be commenced. Thus the internal audit was but the first step in a possible sequence.

Commr Zaccardelli knew, by October 29, 2003 at the latest, that the internal audit had uncovered serious improprieties in the administration of the pension plan. Indeed Mr. Aiken stopped the audit after examining the first of three years so that he could immediately bring what he had uncovered to management's attention. Commr Zaccardelli himself recognized the seriousness of the audit findings; upon receiving Mr. Aiken's briefing on October 29, 2003, he removed Mr. Ewanovich on the spot from his position.

What Commr Zaccardelli did not do was follow through the sequence. There is no

evidence that he even turned his mind to either ordering a Code of Conduct or a criminal investigation after he learned of the results of the internal audit. Had he taken either of these logical steps with the dispatch with which he dealt with Mr. Ewanovich, this matter might have had a more positive ending.

Why would Commr Zaccardelli have failed to commence a criminal or internal investigation when all signs pointed to very serious misconduct within the RCMP?

Pride and commitment to the RCMP can be a double-edged sword. It is what has made the RCMP an internationally respected police force and a Canadian icon. It is also what leads its members – from Constables to the Commissioner – to resist exposure of weaknesses at the RCMP. Commr Zaccardelli told us that in his mind he had dealt with the issue fully and that nothing would come of further investigations. This was a serious error in judgment on Commr Zaccardelli's part. Commr Zaccardelli does not appear to have understood the message his lack of action would be sending.

Ultimately a criminal investigation was undertaken. As I discuss in the next section, it was neither commenced on a timely basis, nor was it independent.

2.4.2 Was the Criminal Investigation Timely?

It is clear that the findings of the internal audit group should have led Commr Zaccardelli to conclude that further investigation (whether criminal or internal) was appropriate. Both were possible. It is not the role of the internal auditors to determine whether their findings may constitute a breach of any statute, including the RCMP Act and the Financial Administration Act. That determination can

only be made by the Crown, based on information provided to it by appropriate police authorities.

In my view, it was not the findings of the internal audit report that prompted Commr Zaccardelli to ultimately commence the criminal investigation. Over the four months that the internal audit was being conducted, both Commr Zaccardelli and Mr. Gauvin were receiving regular briefings by Mr. Aiken on the progress of the audit. These briefings were appropriate, but should have led both senior executives to conclude that a criminal or internal investigation would be necessary. The latest possible date for a decision to have been made in a timely fashion to commence a criminal or internal investigation was October 29, 2003, the date on which Mr. Aiken briefed Commr Zaccardelli on the results of the internal audit report. I am not aware of any indication that either Commr Zaccardelli or Mr. Gauvin turned his mind to the need for a criminal or internal investigation as the internal audit results were emerging.

Why did Commr Zaccardelli ultimately order a criminal investigation? During the period between the conclusion of the work of the internal audit group and the commencement of the criminal investigation, S/Sgt Lewis, Ms. Revine and C/Supt Macaulay continued to escalate the matter as they feared no action would be taken. Ultimately, when Commr Zaccardelli was advised by his own D/Commr of Operations (D/Commr Loeppky) that a criminal investigation could not be avoided, he ordered that it go ahead.

2.4.3 Was the Criminal Investigation Conducted Appropriately?

Another major issue was the extent to which the OPS investigation was independent of

the RCMP. The Auditor General has already concluded that the OPS investigation lacked the appearance of independence. With a broader mandate and different resources, I am prepared to go beyond that and state that the OPS investigation was not independent. There are certainly those connected with the OPS investigation, including Insp Roy and Chief Bevan, who believe the investigation was run appropriately and independently of influence of the RCMP. I do not intend in any way to impugn the integrity of either of these individuals or the OPS and do not doubt that the work they did was uninfluenced by the factors that cause me concern. I also do not wish to impugn in any way the integrity of the RCMP members who worked on the investigation. I also believe police can investigate police if the appropriate independence is maintained. However, it is impossible for me to ignore a number of significant factors. I have described four of these factors below.

First, the OPS investigation was staffed almost entirely by members of the RCMP. I say this in full recognition that two of the individuals who have contributed to bringing these issues to light were themselves RCMP members seconded to the investigation. I have been impressed with the sincerity and the commitment of both Sgt Steve Walker and Sgt Frizzell (as they then were). Sgt Walker had nothing to gain from his continued involvement in this matter. Sgt Frizzell had a great deal to lose. That they both persevered is a reflection of their commitment to the RCMP's vision and values. However, it concerns me that members of the investigative team drawn from the RCMP were being asked to investigate their superiors who had the ability to influence their future careers. My concern is heightened when I see members of the investigative team being treated as RCMP employees by RCMP management,

not as police officers conducting an independent investigation.

Given the range of resources that the OPS ultimately needed from the RCMP, one wonders why the OPS would have been selected (rather than the OPP, whom D/Commr Loeppky had chosen several years before for another investigation). One also wonders why the OPS accepted the assignment if it did not have the resources necessary to carry out the investigation. It appears to me that neither D/Commr Loeppky nor Chief Bevan believed at the time that the investigation would acquire the scope and demand the resources that it actually did. It does not appear that adequate consideration was given to the impact on independence as the circumstances changed.

Second, the RCMP provided the office space for the investigation, in one of its own buildings, as well as all of the equipment and supplies. Because the investigation was being resourced through the RCMP, senior RCMP management approved two separate operational plans which outlined the nature of the criminal investigation and the names of some of the persons of interest.

Third, the "A" division file number for the project was the same number used for the original investigative file opened as a result of the S/Sgt Lewis complaint on June 5, 2003, and was scored as a fraud file, not an assistance to another police force file. The project used RCMP forms, and the entire investigative file was retained by the RCMP rather than the OPS.

Fourth, the relationship between the OPS and RCMP with respect to the investigation was set out in a memorandum of understanding which states that the OPS lead investigator was to report directly to A/Commr Gork. I am advised that this was

a typographical error. A/Commr Gork was assigned to be the liaison officer between the RCMP and the OPS. While his role was to be administrative, it is clear to me that A/Commr Gork did not fully appreciate many of the issues relating to ensuring independence of the OPS investigation. I say this in no way intending to impugn A/Commr Gork's integrity. I also note the RCMP had no policies for A/Commr Gork to follow in this circumstance.

On occasion, A/Commr Gork attended at the investigators' office during the investigation and was present for several meetings of the investigators, including when the forensic accountants made their presentation. The investigators discussed aspects of the investigation with A/Commr Gork on several occasions. He was also aware of the names of many of the persons of interest, and on at least one occasion had asked for the names of the persons to be interviewed in a particular section.

2.4.4 Recommendations

Does the fact that the OPS investigation was not independent of the RCMP mean that it was inadequate or otherwise flawed? Possibly, but not necessarily. Independence is a part of good process, but lack of independence does not necessarily mean that people have acted inappropriately. It is important to take a hard look at the OPS investigation for two reasons. First, if that investigation was flawed, it may be that some action - including an entirely new investigation - is necessary. Second, if the lack of independence did not taint the quality or outcome of the investigation, a cloud will nevertheless remain over the investigation until stakeholders are confident that the results were uninfluenced by the lack of independence. It is important that this matter be fully and properly investigated. I am therefore recommending

that the OPP review the OPS file. I am not recommending at this time that a new criminal investigation of these matters be commenced. That should be left for the OPP to decide after they have assessed the adequacy of the OPS investigation.

A piece of unfinished business arising from the criminal investigation is the appropriateness of certain activities surrounding the insurance plans and whether they have been fully analyzed. The OPP should specifically look at this area.

As I have noted elsewhere, much of the drama that has arisen with respect to the pension and insurance plan matters could have been avoided through greater transparency. Accordingly, I am recommending that as soon as the insurance plan issues are assessed, appropriate public disclosures be made.

2.4.5 Was the Criminal Investigation Done in a Timely Fashion?

It is difficult to comment on the time taken to conduct the criminal investigation. I have noted earlier that it appears in the beginning that the scope was underestimated. I also note that the investigation was extensive and significant resources were applied to it. I have seen nothing to indicate it was not pursued in a timely manner.

2.5 Internal Investigation

2.5.1 Was the Decision Appropriate?

The Crown concluded on June 16, 2005 that there were insufficient grounds for proceeding with Criminal Code charges. Once the Crown's conclusion had been conveyed to the RCMP, internal investigations were commenced to

determine whether there were any potential Code of Conduct violations. I believe that, given the information available to RCMP senior management at the time, this was the appropriate decision. No other alternative would have been viable or justifiable.

2.5.2 Was the Decision Timely?

On June 24, 2005, OPS Chief Bevan personally briefed the Commissioner on the results of the OPS investigation. Following that meeting, A/Commr Gork's briefing to SEC highlighted various matters, including his views regarding the need for internal reviews for possible RCMP Act violations. By July 8, 2005, Mr. Radford had been appointed the Appropriate Officer's Representative to review the OPS criminal investigation to identify any Code of Conduct matters. It would appear to me that this internal investigation process was undertaken in a timely manner following completion of the OPS investigation. I conclude in the next section of this Chapter, however, that internal investigations should have been commenced much sooner.

2.5.3 Was the Process Appropriate and Timely?

As noted in Section 1.9, the internal investigation process was commenced in early July 2005. The Appropriate Officer, D/Commr Sweeney, issued his report on July 20, 2006. From a disciplinary perspective, the findings in his report were moot because of defects in his appointment as Appropriate Officer. Those defects resulted from a lack of vigilance on the part of RCMP management in protecting the integrity of the internal review process. However, I am satisfied that this failure in process was a result of carelessness and did not reflect any intention to manipulate the process to help senior RCMP members avoid prosecution.

It is likely that the Appropriate Officer in place at that time could have commenced formal disciplinary action against several members. However, when the OPS investigation started, plans for a parallel internal investigation seem to have been deferred until the conclusion of the OPS investigation. This decision was an error in judgment and fatal to the ability of the RCMP to take action to hold members involved in the pension plan improprieties accountable.

It has been suggested that informal disciplinary action could have been taken, notwithstanding the expiry of the limitation period. I note, however, that the RCMP has a specific policy, the effect of which is to impose the same limitation period on informal disciplinary actions.

2.6 Insurance Plan Allegations

2.6.1 Overview

The allegations of improprieties in the administration of the insurance plan arose in a much different way than was the case for the pension plan. The RCMP internal auditor assigned to the OPS investigation (which at that point was focused on the pension matter) became aware of the interaction between the pension and insurance plans. This was brought to the attention of RCMP management in late 2004 and an internal audit was ordered, which was completed in May 2005.

The internal audit of the insurance plan concluded:

- an appropriate control framework for the management of the RCMP group life and disability plans is not in place to effectively support activities surrounding the plans

- contracting activities surrounding the RCMP group life and disability plans were not compliant with Treasury Board contracting policy
- expenses charged to the RCMP group life and disability insurance plans along with their funding were found to be inappropriate

Management developed a detailed management plan to address these issues, as well as the lack of transparency with the members of the RCMP.

During the period from December 2004 to June 2005, Sgt Frizzell continued his review of the insurance matter as part of the OPS investigation. In a meeting with Mr. Gauvin in March 2005, Sgt Frizzell understood Mr. Gauvin to say that "the RCMP was responsible for the administration of the plans and would be taking that responsibility back". Sgt Frizzell indicated that he understood this to mean that funds taken for administration from both the insurance and pension plans would be repaid by the RCMP from Treasury Board appropriations. Mr. Gauvin confirmed that this was his intention at the time as expressed at that meeting. However, Mr. Gauvin ultimately found that he was prevented from taking the action he had discussed with Sgt Frizzell because of legal issues relating to authorities and Treasury Board policy preventing him from doing this immediately. He therefore began a dialogue with TBS to resolve the issues. It was felt, however, that it was appropriate to immediately repay the monies paid by the pension plan to the insurance plans, and accordingly, A/Commr George sent a letter on March 16, 2005 asking Great West Life to repay \$540,000 from the insurance plans to the pension plan.

When Sgt Frizzell became aware of this letter in June 2005, he left a voicemail with

Rosalie Burton seeking clarification of the matter. Shortly thereafter he was served with a written order to desist.

It seems that Sgt Frizzell had not been advised of the issue relating to the insurance plan authority nor that management was attempting to deal with it.

2.7 Insurance Plan

2.7.1 Was the Decision Appropriate?

The matters related to the insurance plans were beginning to be raised in December 2004. On December 23, 2004, Commr Zaccardelli ordered the internal audit after receiving a recommendation from Mr. Gauvin and A/Commr George.

While there was a great deal of confusion around the issues at the time, there were no specific allegations of wrongdoing.

The decision by Commr Zaccardelli to conduct the insurance plans internal audit was appropriate given the information available to him at the time.

2.7.2 Was the Decision Timely?

Commr Zaccardelli ordered the internal audit into the insurance plans within weeks of learning of the emerging issues. The commencement of the audit was timely and reflects a recognition that the issues were serious and needed to be addressed.

2.7.3 Was the Process Appropriate and Timely?

I have noted earlier that the internal audit group of the RCMP is highly regarded. The scope of the internal audit mandate was sufficiently broad to respond to the concerns raised. The work was performed in a timely fashion with the audit being completed in

May 2005, within five months of being requested.

Management developed a detailed management plan to respond to the findings of the internal audit.

The process was both appropriate and timely.

2.7.4 Allegations

I note that Sgt Frizzell, and perhaps others, continue to have concerns about certain of the activities that took place in the administration of the insurance plans. I have recommended that the OPP consider these matters as part of the review of the OPS investigation.

Chapter 3: How the Complainants Were Treated

Were the members and employees involved in the reporting or reviewing of mismanagement treated fairly and in accordance with RCMP procedures and practices?

3.1 Why this Question Is Important

The treatment of the individuals involved in reporting and reviewing the pension and insurance plans improprieties is important from two perspectives.

First, it is important to encourage and protect those individuals who speak up about wrongdoing in an organization to which they belong. Every organization owes a special duty to those individuals - a duty that is accentuated when individuals act outside of their own self-interest in order to protect the organization. By the time the incidents which I am investigating had occurred, the Government of Canada and the RCMP had introduced policies to protect those who alerted management to possible wrongdoing in the workplace. For the individuals in question, these policies were ignored.

Second, but no less important, is the need to vindicate those who have been wrongfully criticized and whose health, careers and families have suffered in the process.

The three individual cases discussed in this chapter are stark examples of the result of management's missed cues and disregard for the sensibilities of the RCMP members. In Chapter 8, I make recommendations for a review of management practices. The treatment of whistleblowers is among the practices in urgent need of review.

3.2 Treatment of the Complainants in This Case

It is clear that several individuals who were instrumental in reporting and reviewing the

mismanagement of the RCMP pension and insurance plans were treated very unfairly. To the extent that they were treated in accordance with RCMP practices, I believe that those practices were managed in order to achieve a desired result.

Of particular concern are Ms. Revine and C/Supt Macaulay (who were instrumental in reporting the issues) and Sgt Frizzell (who was central to the investigation). In the sections below, I have set out the events within which their stories unfolded and offer recommendations for the remediation of their treatment.

These three individuals, as well as S/Sgt Lewis and S/Sgt Walker, have put a great deal of effort into this matter. I hope this report will now allow them to put this behind them and participate in rebuilding trust in management of the RCMP.

3.3 Denise Revine

3.3.1 Overview

The pension plan allegations came to light largely because Ms. Revine recognized the issues and brought them forward. The conclusions that she drew early on withstood the scrutiny of several other fact finding efforts (including this one). It is also interesting to note that unlike senior management, Ms. Revine seemed to have the trust of others who brought information forward to her. In some ways she became a conduit for a larger group.

It appears to me, based both on discussions with Ms. Revine in connection with this report and comments by others, that she was

sincere in her desire to bring the information she was amassing forward to allow senior management of the RCMP to correct the situation. As her confidence in senior management's commitment to this issue eroded, she increased her efforts to bring the issues to light. She may have been expecting results more quickly than would have been possible in any organization. She may also have been asking for information about the progress of various aspects of the process (the internal audit, for example) that would not typically be provided to those outside of the audit or investigative team. It is not difficult to understand the fact that she was anxious about, and frustrated, by the process. However understandable, her impatience with the process undoubtedly contributed to her estrangement from the RCMP as an organization and its resulting unwillingness to reach out to her. I say this not to justify the RCMP's treatment of Ms. Revine, but to try to understand it.

Ms. Revine's relationship with the RCMP began to deteriorate quickly in the one-year period after she first uncovered the pension plan issues. Her position was declared surplus and both her health and reputation suffered. While Ms. Revine continues to work full-time, her health has not allowed her to return to the workplace and her status with the RCMP remains uncertain. I have set out below my more specific findings with respect to Ms. Revine's treatment. In my view, the RCMP owes Ms. Revine a great debt of gratitude. I know her tenacity has come at the expense of times when her family needed her. I hope this report will become a part of the family record of the public recognition of her efforts.

3.3.2 Denise Revine's Position Is Declared Surplus

In February 2004, Ms. Revine learned for the first time, in an open meeting, that her

position was being eliminated in response to budget reductions. Ms. Revine's was not the only position eliminated. Although it appears that none of the cuts were communicated well, Ms. Revine was singled out for particularly humiliating treatment. In the course of the meeting it became clear that the box that represented her position was gone and that her name did not appear in the remaining boxes. Shortly thereafter, she received a formal letter advising her that the duties of her position were being discontinued and consequently she was being placed on surplus status.

I am satisfied that Ms. Revine was more than simply a victim of necessary corporate downsizing. Organizational changes were used to silence a person seen as a troublesome employee. We were told by Insp Doug Anthony of the Human Resources Branch that his later attempts to find an appropriate placement for Ms. Revine were met with the admonishment by Ms. Burton (to whom he reported), "No, don't touch her". Insp Anthony recalled this vividly because it made no sense to him and he received no explanation of Ms. Burton's comment.

In my view, the desire by certain members of senior management to move Ms. Revine out of the RCMP was satisfied by using the restructuring process in the Human Resources Branch to try to force her out of the organization.

3.3.3 Paid Sick Leave

After Ms. Revine's position was declared surplus, she continued in her position, but her work was being moved out from under her. For example, she was asked to stop working on the A-Base Review because the project was being shelved. Shortly thereafter, however, she was asked to brief someone else on this work and it was

subsequently carried forward by a consultant.

In July 2004, three months after receiving the letter declaring her position surplus and having continued on in a work environment that she was finding increasingly hostile, Ms. Revine was diagnosed with post-traumatic stress disorder and began paid sick leave that lasted a full year.

3.3.4 Working from Home

Once Ms. Revine had exhausted her accumulated paid sick leave, her doctor advised her that she was still not in a position to return to the work environment. Ms. Revine went to meet with A/Commr George, accompanied by S/Sgt Lewis. A number of options for her were discussed, but it was ultimately agreed that Ms. Revine could work from home – an arrangement that remains in place today. Ms. Revine has received positive assessments of her performance from her direct supervisor.

Through the period that Ms. Revine has been working at home, RCMP management has continually questioned the status of her health, notwithstanding consistent advice from Health Canada and a variety of doctors that she should not return to the work environment. One aspect of this process that is noteworthy is that Ms. Revine's health status was not being tracked by her direct supervisor, as would normally be the case. Instead, her status was being monitored by A/Commr George and Ms. Burton.

3.3.5 Recommendations

Ms. Revine is currently engaged in a mediation process to resolve her issues with the RCMP. I would hope that the conclusions I have reached in this report will be given significant consideration in reaching a resolution. Ms. Revine should be

honoured publicly by the RCMP for her important contribution to this process.

3.4 Chief Superintendent Macaulay

C/Supt Macaulay joined the RCMP in 1980 and rose rapidly through the ranks. He was promoted to C/Supt in 2002. C/Supt Macaulay has worked in various roles across the country and is a respected officer.

The facts surrounding C/Supt Macaulay are relatively straightforward. As I noted in Chapter 1, C/Supt Macaulay's transfer to DND was a punishment transfer and very unfair to him.

I note that C/Supt Macaulay served only seven months of his secondment to DND, returning to the RCMP in June 2005 to a position comparable to the one he had before he left. Although there is not, at this point, any demonstrable damage to C/Supt Macaulay's rank or responsibilities, it is not appropriate to simply dismiss the impact of his transfer to DND. The issue is not simply whether there is lasting impairment to his career. Being punished to the knowledge of one's peers, subordinates and superiors is a humiliating experience. People who speak out often pay a significant personal price in terms of their peace of mind, their professional, social and family relationships and their confidence in the future. This has certainly been the case for C/Supt Macaulay.

Finally, career advancement is never formulaic, even in a paramilitary organization. Particularly at the most senior ranks, interpersonal dynamics are critical. There is no point on speculating on the impact that C/Supt Macaulay's tenacity might have on his career. There should be a notation made on C/Supt Macaulay's service file as well as public recognition of the contribution he has made.

3.5 Sergeant Frizzell

3.5.1 Overview

It is ironic that Sgt Frizzell was treated so unfairly after he was thrust into the position of trying to protect the organization from itself. He had been deeply involved in the development of the RCMP's Mission, Vision and Values in 1996. His commitment to those concepts is palpable.

3.5.2 Treatment of Sergeant Frizzell

Sgt Frizzell joined the RCMP in 1990 and was promoted to S/Sgt in 2006 in his 16th year of service. I understand this to be a rapid rise in the ranks and that typically the S/Sgt rank is achieved after 24 years of service. Sgt Frizzell has won a number of commendations for his work with the Force.

As was the case with C/Supt Macaulay, the facts surrounding the RCMP's treatment of Sgt Frizzell are quite straightforward. I acknowledge the tension that has been relayed to me as existing between Sgt Frizzell and some other members of the investigative team. I understand that these issues related to his interview style and desire to follow-up on what he regarded as unfinished matters. As in many other professions, a quality that is lauded in some contexts can be criticized in others. There has been a great deal made (including by Ms. Burton) of how difficult members of the Human Resources branch found the process of being interviewed by members of the OPS team. I have no doubt that no one enjoyed the experience. However, I note that Ms. Burton has acknowledged that, notwithstanding her own comments about Sgt Frizzell's interview manner, she did not know which of her employees were being interviewed by the OPS team or who from the OPS team was conducting any given

interview. It is therefore not clear why so much of the angst surrounding the interview process is being laid at Sgt Frizzell's feet.

One of the most dramatic moments at the PAC hearings into this matter came when Sgt Frizzell was questioned about an allegedly abusive voicemail he had left for Ms. Burton. A/Commr George had described this voicemail to her management colleagues as being "harassing". At the Public Accounts Committee, Sgt Frizzell was able to produce a tape recording of that message at the Public Accounts Committee. In that recording, Sgt Frizzell was calm and measured, expressing concern for the integrity of the investigation and the continued activity in the insurance funds. Even if Sgt Frizzell's style runs to one that is somewhat aggressive in some contexts, it seems to me that allegations of harassment on his part were manufactured in this case in order to discredit him.

Receiving a written order to refrain from the work he was attempting to conclude in connection with the OPS investigation demeaned Sgt Frizzell's status. Even now it is a bit difficult to explain the order he was given. It also contributed to my conclusion that the criminal investigation was not independent of the RCMP. How could the RCMP (the subject of the investigation) have the authority to order an investigator to stop what he was doing?

Finally, Sgt Frizzell has suffered a loss shared by many others in this process. His trust in the RCMP and in its leadership has been shaken. That this should happen to Sgt Frizzell is particularly poignant. Sgt Frizzell had dreamt of a career in the RCMP from the time he was a boy. He believed strongly enough in the integrity of the organization to continue to push when he saw wrongdoing in the organization that he had admired his entire life. It is regrettable that his

commitment to the organization was met with manipulation and false accusations.

As I recommended for C/Supt Macaulay, there should be a notation made on Sgt Frizzell's service file as well as public recognition of the contribution he had made.

3.6 Staff Sergeant Lewis and Staff Sergeant Walker

This seems to be the appropriate place to note the contributions made by two other members of the Force in ensuring that the pension and insurance plan matters were addressed – S/Sgt Lewis and S/Sgt Walker.

As an SRR, S/Sgt Lewis was in a special position to bring the pension and insurance plan allegations to light. SRRs are exempted from the requirement under the Code of Conduct to report suspected violators. Accordingly, he had a more protected standing to bring issues of concern to the members forward and to continue to press for responses to those allegations. It would be giving him too little credit to say that he was doing the job he was elected to do, but I note that this was very much part of his mandate up until the time he retired. To his credit, even in retirement he has continued to provide leadership in these matters. I recommend that the RCMP publicly recognize the contribution S/Sgt Lewis has made.

S/Sgt Walker was assigned to assist the OPS in its investigation of the pension and insurance plan matters. His experience in major case management was a tremendous asset to the investigation. After he left the investigation and returned to his duties in Winnipeg, he continued to provide valuable assistance to those who were working to ensure that these matters were addressed. For these reasons, S/Sgt Walker's role in the efforts to bring these matters to conclusion

has been critical. I recommend that the RCMP publicly recognize the contribution that S/Sgt Walker has made.

Chapter 4: Response to Mistakes

Did management respond appropriately and in a timely manner to mistakes or inappropriate conduct by members and employees?

4.1 Why Is This Important?

Every organization should learn from its mistakes. In Chapter 2, I deal with management's assessment of the improprieties that occurred, and in Chapter 5, I deal with management's response to the findings in the various investigations and reports. In this Chapter, I deal with how management dealt with the fact that these mistakes happened at all.

4.2 What Constitutes an Appropriate Management Response?

I have reviewed management's response to the mistakes and misconduct in connection with the pension and insurance improprieties. In addition to righting the wrongs that have occurred, appropriate management response in situations such as these should include:

- holding those responsible accountable
- identifying and remediating any organizational issues that allowed the mistakes and misconduct to occur
- communicating with those who have been harmed

In this Chapter, I consider whether each of these steps was taken on a timely basis.

4.3 Accountability

4.3.1 Accountability of Members

The RCMP has a process hardwired into the regulations to the RCMP Act for dealing with misconduct on the part of its members.

I am referring to the disciplinary process under the Code of Conduct.

As I concluded in Chapter 2, Commr Zaccardelli should have ordered internal and/or criminal investigations when he became aware of the findings of the internal audit in the fall of the 2003. When the internal investigations were ultimately completed, they did conclude that breaches of the Code of Conduct had occurred. As previously discussed, the expiry of the limitation period prevented the process from proceeding and possible disciplinary action with respect to these breaches. I understand that it seems manifestly unfair to those who have been demanding accountability, that the individuals in question escaped discipline. However, the formalities of a process must be respected in order to protect the rights of all those who may be subject to it. While it is more than unfortunate that the process prevented the disciplinary process from being followed through to conclusion, it would be intolerable if this were to happen again. I have been advised by Commr Busson that there is now a robust protocol in place for ensuring that limitation periods cannot be missed.

I have not dealt here with the extent to which members (or public servants employed by the RCMP) might have been held accountable under the Criminal Code. As discussed, the criminal investigation did not result in any charges being laid. Whether this result was in any way influenced by the lack of independence in the OPS investigation is an issue of concern. As noted, I have recommended that the OPP be asked to revisit those conclusions and

advise whether further action should be taken.

4.3.2 Accountability of Public Servants

The process with respect to the public servants who were involved in the improprieties was quite different from the Code of Conduct process followed for the members. It is marked by both action and inaction.

The two senior public servants involved (Mr. Ewanovich and Mr. Crupi) were terminated. Holding these two executives accountable was appropriate.

A large part of the importance of holding people accountable is the message it sends to the organization. In this case, the message was both diluted and tainted by the fact that although these individuals were relieved of their duties, they continued on the payroll for a period of time and were visible at RCMP offices.

From a broader perspective, there is no evidence of an investigation of any type having been conducted to determine whether there was any misconduct on the part of any other public servants. We know that Commr Zaccardelli believed he had dealt fully with the matter when he dealt with Mr. Ewanovich and Mr. Crupi. It does not seem to have occurred to others in management to consider whether an investigation or other action needed to be taken with respect to any of the other members of the Public Service employed by the RCMP. This may have been because management was focussed on possible breaches of the Code of Conduct (applicable only to members of the RCMP) and was not inclined to venture into the much less familiar world of public service discipline. I have heard that the fact of members and public servants being treated

differently on matters of discipline contributes to the cultural divide between the two groups. The absence of any process to address issues relating to employees other than members is one of the deficiencies in the management structure that has caused me to recommend, in Chapter 8, a Task Force on governance and culture.

4.4 Remediation

When events such as the pension and insurance plan improprieties come to light in an organization, it is important that the organization determine how its environment could have allowed the events in question to take place at all. It is, of course, always possible that the problem was one of rogue employees acting in a completely covert fashion. If that is the case, there may be no action that needs to be taken from an organizational perspective.

The RCMP's prescribed disciplinary process is based on the premise that an individual should be disciplined for action that is contrary to the Code of Conduct. Once discipline is meted out, the matter is closed. The Code of Conduct does not speak to the ethical, cultural or organization issues that may underlie the misconduct. In my view, there was clearly a problem with the ethical framework of the organization. Mr. Crupi relied on the resources available to him at NCPC in order to take the action he did. If the culture had been consistent with the RCMP's stated values, this could not have occurred.

Remediating cultural and ethical problems is one of the great challenges that can face an organization. One of the purposes of the Task Force which I am recommending in Chapter 8, is to establish an environment within which the RCMP will be able to deal with this challenge.

4.5 Communication

RCMP management did an exceptionally poor job of communicating with those involved in uncovering the improprieties. I understand well that there are some matters that cannot be relayed back to the people who have lodged a complaint (in part because of various entitlements to privacy). However, there was a great deal that should have been communicated back to Ms. Revine, C/Supt Macaulay and S/Sgt Lewis. Had this been done, much of the escalation of emotion could have been avoided.

Much of this communication could have been done informally. The organization seemed to have relied solely on the formal communications from Commr Zaccardelli, which he issued upon the occurrence of milestone events such as the conclusion of the OPS investigation. The lack of a more sophisticated employee communications policy allows rumour and speculation to grow, contributing greatly to the culture of cynicism and mistrust between management and the rest of the organization on which I have remarked throughout this report.

Chapter 5: Response to Findings

Did management respond to findings of mismanagement or non-compliance in a timely and effective manner?

5.1 Why This Is Important

This question in my mandate addresses the appropriateness and timeliness of the rectification by the RCMP of improper charges to the pension and insurance plans, the necessary tightening of controls over contracting and the institution of policies found to be missing.

5.2 The RCMP's Responses

The responsiveness of the RCMP to the findings in the various reports does not seem to be in question. This is likely as a result of the actions taken by the RCMP, coupled with the confirmation by the Auditor General that most of the required actions had been taken.

The reports of the internal auditors made several recommendations and were accompanied by management action plans. These plans outlined how management proposed to respond to the recommendations and implement necessary changes.

In July 2004, the RCMP conducted a follow-up internal audit to consider whether the actions taken on the reported findings of the pension plan internal audit were appropriate, effective and timely. This follow-up audit concluded that the management action plan for the pension plan audit had been appropriately implemented.

Although the OPS report focussed primarily on possible criminal conduct, it also identified improper charges and a breakdown of management controls and comptrollership.

The Auditor General's report addresses the issues identified in the reports of the internal auditors and the OPS plus some others. It comments on steps already taken to address the issues identified in the previous reports and makes additional recommendations for changes by the RCMP.

Perhaps because the Auditor General's report provided follow-up to the various recommendations, there appears to be much less controversy surrounding the effectiveness and timeliness of the RCMP's responses. The RCMP's actions may also have contributed to this level of comfort.

I see no reason to look behind the follow-up internal audit or the report of the Auditor General. In the following sections, therefore, I address only those items identified by the Auditor General as requiring further action.

5.3 Report of the Auditor General

In November 2006, the Auditor General issued her report on these matters. She concluded that the RCMP had responded adequately to control deficiencies identified in its internal audits and the OPS investigation, but listed a number of matters yet to be addressed. We have received an update from the RCMP on its progress in addressing these outstanding matters. This update indicates that:

- The RCMP ultimately determined that \$3.39 million (rather than \$3.1 million as reported in the Auditor General's report) had been inappropriately charged to the pension plan to pay for HR projects

that should have been paid for out of RCMP appropriations funding. This money has all been repaid

- The RCMP has conducted an extensive review of all charges against the pension and insurance plans. It has implemented ongoing monitoring to ensure that value-for-money is achieved and only appropriate charges are incurred
- The RCMP has developed a national policy on external investigations to provide a process that is both independent and unbiased. This policy is to be published in the near future
- The RCMP has increased its ability to support internal reviews of business cases that support significant initiatives

The remaining matters listed by the Auditor General contain recommendations relating to the insurance plans. As discussed in Section 1.1.4, during the course of the internal audit on the insurance plans, it was discovered that the RCMP may not have the statutory authority to run insurance plans. The RCMP is in active discussions with TBS and anticipates resolving this issue in the fall of 2007. It advises that it will be in a position to act on the recommendations relating to the insurance plan when the matter is resolved.

Chapter 6: Is A More Formal Inquiry Necessary?

Provide a recommendation as to whether or not a more formal inquiry with additional powers and authorities is necessary to address any outstanding questions.

My appointment as Independent Investigator was pursuant to the Public Service Employment Act. In conducting the work necessary to produce this report, I have had no power to summon any witness or to require any witness to give any evidence or produce any documents.

At the conclusion of my work, I am able to report that there was no person with whom we wished to meet who declined to meet with us. Nor has any person declined to answer any question or to produce any document. Because of the extraordinary level of cooperation my office enjoyed from the RCMP under the command of Commr Busson, I had extensive access to e-mails and documents. I can't conceive that my access would have been greater had I been a commissioner under the Public Inquiries Act.

As a result, I see no reason for a process with greater powers than were provided to me to be established to revisit the issues I have discussed in this report. More than that, I see no reason for any process of any type to be established for the purpose of revisiting the issues discussed here. This is the seventh time that these issues have been examined. Prior to this report, the facts were established and analyzed in internal audit reports dealing with pension and insurance plans matters, a criminal investigation and an internal investigation. The matter was then reviewed by the Auditor General and has undergone an extensive and very public process in front of the Public Accounts Committee. The results of all seven of these investigations have now been made public. Many of the sessions before the Public Accounts Committee were

televised and transcripts for all of the sessions are publicly available. More than 50 witnesses testified under oath, many of them more than once.

In my view, the time for gathering facts is past; it is time for action.

In the next Chapter, I am recommending that several concrete steps be taken with respect to the matters discussed in this report. These are in addition to the many steps already taken by the RCMP to rectify problems uncovered in the previous investigations. In my view, these are not matters that are appropriate for a public process. The OPP review of the OPS investigation that I am recommending, for example, must necessarily be conducted as any police work is conducted (i.e. not publicly). Transparency will be served through the publication of the results of that review.

Other matters that require remediation are human resources issues. In my view, it is rarely appropriate for human resources issues to be dealt with publicly. These are processes that can easily damage the reputations of the individuals involved – whether or not it is ultimately found that their actions were in any way inappropriate. Moreover, propriety and privacy laws will prevent many critical aspects of the issues from being thoroughly aired.

I am conscious of the fact that this report is being released while the Air India inquiry is underway. A number of important facts have come to light as a result of that inquiry. However, these are facts that have been unavailable to previous inquirers. I have

seen no indication in my investigation that there are important facts lurking beneath the surface that only a public inquiry could expose.

The new Commissioner of the RCMP will face numerous challenges to rebuild the Force and restore our pride and trust in the management of the RCMP. Hopefully, the Commissioner will benefit from the findings and recommendations in this report. Beginning a new tenure facing a further public inquiry will only make the Commissioner's task more difficult.

Accordingly, I do not recommend a more formal inquiry.

Chapter 7: Governance and Culture

This Chapter discusses the governance and cultural issues at the RCMP that have emerged over the course of my investigation. My recommendation in Chapter 8 for the establishment of a Task Force on governance and culture is drawn from the issues raised here.

7.1 Why is This Important?

In many respects, the issues raised in this Chapter are the most important uncovered during my investigation.

I have provided answers to the four questions that were put to me. Unquestionably, providing clear and credible answers to all of these questions will be an important underpinning for rebuilding trust in the RCMP. However, if the root causes of these events are not identified and addressed, there is too high a risk of reoccurrence.

In this penultimate Chapter of the report, I examine the culture and management of the RCMP as I have seen them in the context of the issues I have been asked to review. In the final Chapter, I make recommendations for developing and implementing solutions to the governance and cultural problems which this investigation and those of other investigators have exposed.

7.2 Governance Issues

7.2.1 *The Business of the RCMP*

The principal value of governance structures and processes in any organization comes from enhancing decision making, transparency and accountability. There is no single template – an organization's approach to governance must be appropriate for the circumstances in which the business in question is operating. Thus any consideration of possible governance models requires at least a basic understanding of the businesses in which the RCMP is engaged.

Although the RCMP is a large and complex business, it has a narrow focus – policing and activities that support policing. Of the RCMP's seven main business lines, three involve direct policing activity: (i) policing services to the federal government, international policing and peacekeeping services; (ii) protection of dignitaries, security for major events and special initiatives and air transportation; and (iii) policing services in eight of the ten provinces and the territories under contract with various levels of government.

The other four main business lines support the policing function. They include management of information and intelligence in connection with organized crime, national security, forensics, various technical services plus management of its own corporate infrastructure. The RCMP also operates two lines of business relating to the Canada Firearms Centre.

The RCMP employs 17,000 regular members (trained police officers), and 3,000 civilian members who have specialized technical skills that are unique to policing or require police expertise. In addition, another 6,500 members of the federal Public Service also work for the RCMP.

7.2.2 *Current Governance Model*

The governance model at the RCMP is often described as being paramilitary – relying on a chain of command and orders that must be followed. This is grounded not only in the history and culture of the RCMP, but it is also entrenched in the RCMP Act. Members

are required, by the regulations to the RCMP Act, to obey every lawful order, oral or written, of any member who is superior in rank or who has authority over that member.

The Commissioner has complete authority, with others empowered to act only insofar as he has delegated authority to them. The prerogative of the Commissioner to direct the operation of the policing function is subject to virtually no oversight. While the Commissioner's authority is subject to the direction of the Minister of Public Safety, that direction is typically exercised in respect of broad policy objectives that go to the national interest.

I do not mean to suggest that the RCMP has not adopted any of the modern approaches to governance. During Commr Zaccardelli's term, the RCMP had an organizational management structure that appeared to mirror that of a private sector business enterprise. A Senior Executive Committee comprised of the Commissioner and the heads of departments and regions met regularly to provide strategic direction to the organization. There was an Audit Committee and functional branches including human resources and finance. The issue is not whether the committees and branches existed or were properly mandated. The issue is whether they played an effective role in the governance of the Force.

On many of the most important issues I reviewed, Commr Zaccardelli did not consult with SEC – he advised them of his decisions. This was the case with his treatment of the draft report of the pension plan internal audit on which he was briefed by Mr. Aiken while SEC was in session at Château Cartier. Commr Zaccardelli met privately with Mr. Aiken and then briefed SEC members on its findings. They were not given a copy of the report nor was Mr. Aiken invited to address them. Without

consultation, Commr Zaccardelli told SEC that he had removed Mr. Ewanovich from his position. Without consultation, Commr Zaccardelli told SEC that A/Commr George would be appointed immediately to replace Mr. Ewanovich as CHRO. Nor did he include the Ethics Advisor in any of the discussions or provide him with a copy of the draft audit report to allow him to provide advice on the issues it raised.

As we are now painfully aware, these steps and the steps not taken at that time were critical to the future of the RCMP. If SEC had any challenge function or had it served even as a sounding board for the Commissioner's management initiatives, the RCMP might have been spared this present ordeal.

Another example is the Audit Committee which did not serve the purposes expected. The Audit Committee was chaired by the Commissioner and comprised of senior management. Its function can be illustrated by the handling of the pension plan internal audit. The draft was available in late October 2003. It could not be finalized and posted on the website, however, until approved by the Audit Committee which was not scheduled to meet until February 25th of the following year. No one thought to schedule a special meeting of the Committee to receive this important report. Indeed, Mr. Aiken told us that if there had been a meeting it would have been a short one.

7.2.3 Evaluating Governance Alternatives

I leave to others whether the traditional paramilitary model is the best governance model for a modern policing undertaking. I am confident in saying that this is not a governance model that investors in a \$3 billion business would accept. A

sophisticated business organization of this size cannot provide appropriate transparency and accountability within a command and control structure.

Modern governance practices are grounded in the principles of oversight and the independence of that oversight function from management. Where the owners are not managing the business, they need to empower others to oversee its operations.

This principle is clearly accepted in the context of government enterprises. Crown corporations have independent boards of directors who are accountable to the government. The CEO of a Crown corporation, who is often appointed by government, is nevertheless accountable to the board of directors as well as to government.

Is it possible to impose a modern governance structure on a police force? Those who resist it seem to be concerned with compromising the command and control that is accepted as being central to effective policing. I do not think there is any need to compromise the integrity of the policing function. Other models exist. For example, the authority of the Governor of the Bank of Canada to set monetary policy is protected. Nonetheless, business of the Bank of Canada is overseen by a board of directors that includes the Governor and a Deputy Governor, together with independent directors. The responsibility for monetary policy rests entirely with the Governor; for this responsibility he is accountable directly to the Minister. For all other aspects of the Bank of Canada's business, he is accountable to the board of directors.

The Canada Revenue Agency employs a similar model.

7.3 Tone at the Top

The importance of tone at the top to the ethical framework of an organization is well accepted. By "tone at the top" I mean the ethical tone of the individuals at the top of the organization.

In the following Section, I am critical of the tone set by Commr Zaccardelli and some of his senior managers. In my view, two factors permitted this tone to survive: the absolute power exercised by the Commissioner and the absence of meaningful oversight of his management style.

7.3.1 Commissioner Zaccardelli

The tone set by the chief executive in any organization is key. The powers vested in the Commissioner of the RCMP make the holder of that office much more powerful than any corporate CEO. Accordingly, the attitudes and demeanour of the Commissioner pervade the RCMP more fundamentally than would be the case in most corporate environments.

It is, of course, Commr Zaccardelli's attitude and demeanour that influenced the RCMP during the period relevant to this report, as has been the case for every Commissioner before him. Commr Zaccardelli is a career Mountie. He is well known as being a prodigious worker and completely committed to the Force. Becoming Commissioner was the fulfillment of a lifetime career dream. Commr Zaccardelli recalls clearly the precise date and time when he received the call from Prime Minister Jean Chrétien advising him of his appointment.

Every chief executive has his own style. I have heard a great deal about how radically different Commr Zaccardelli's style was

from that of his predecessor. Commr Murray believed in shared leadership; Commr Zaccardelli did not. As he said himself, "Shared leadership is not in my vocabulary".

An autocratic approach to leadership may be appropriate in some circumstances. Its place in a police force has already been discussed. The issue with Commr Zaccardelli was not just his autocratic leadership style, but the way in which he articulated it. He expressed himself in passionate (some say intemperate) ways, with little regard or apparent respect for those with whom he was dealing. He described himself as being brutally honest with those who reported to him, using his investigative techniques to get at the truth. He recognized that some people did not like what they heard. He feels that he often went beyond what he should have in helping those whom he felt deserved it but was hard on those who did not measure up. This contributed to an impression shared by many of the people that we interviewed that displeasing Commr Zaccardelli was career limiting. Better not to disagree – or even question his decisions.

Given his penchant for very quick decisions, there was very little opportunity for a challenge function within the senior management ranks at the RCMP during Commr Zaccardelli's term. He was fond, perhaps overly, of reminding people that "I am the Commissioner". While that may have been intended to reassure people that the buck stopped with him, within the culture that he had created, it served mainly to make him seem unapproachable to all but the brave or foolhardy.

The comments made to us about Commr Zaccardelli create an impression of a man who enjoyed the status and privileges of his office, and who used those things to keep people at a distance.

The problems created by Commr Zaccardelli's own management style were exacerbated by the fact that he did not object to similar management styles among some other members of his management team, provided that they were producing the results he expected. It is not surprising, therefore, that when complaints were brought to him about bullying tactics and a culture of intimidation promulgated by Mr. Ewanovich, he dismissed them as not requiring any action on his part. Although Mr. Ewanovich's management style was a major issue for those who reported to him, he was ultimately held accountable for what had gone on in his branch. For this reason, having made the observation that his management style created a very difficult work culture and that this style was tolerated by Commr Zaccardelli, there is nothing in my mandate that prompts me to comment any further on Mr. Ewanovich.

7.3.2 Importance of Leadership from the Chief Financial Officer

It is important to my mandate to comment on the actions of the RCMP's chief financial officer, Mr. Gauvin. He plays a number of important roles in the situations I have been examining. He was, of course, responsible for the management of the RCMP's resources and for establishing the internal control environment. Notwithstanding these responsibilities, he has consistently refused to accept accountability for problems exposed in the administration of the pension and insurance plans.

I have set out below two examples of corporate attitudes that contributed to the problems in the pension and insurance funds.

The first example relates to the tension between financial objectives and an

appropriate control environment. The RCMP recruited Mr. Gauvin to help it put its financial house in order. In doing so, the RCMP was reaching out to a very experienced and highly respected public servant. He is credited with putting the RCMP on a solid financial footing.

However, it is clear that the achievement of financial and program objectives at the RCMP overwhelmed respect for processes designed to protect against the type of mismanagement and misconduct that was identified in the internal audits. The pension plan internal audit report states in part as follows:

It is our opinion that management of the National Compensation Policy Center (NCPC) were so focused on the attainment of their business line objectives, particularly during the outsourcing of the administrative functions, that their comptrollership responsibilities were neglected.

Rewarding success for meeting goals and finishing projects, at any cost, has serious side effects for any organization.

The second example relates to the control environment. The pension plan internal audit report states in part as follows:

The audit findings summarized above and detailed within this audit report are indicative of an internal control environment which does not foster the core values of the Public Service and the RCMP. Among them, values of transparency, open competition, fairness, efficiency and economy were not upheld. Consequently various activities related to pension administration would not withstand the scrutiny of the Canadian public or that of RCMP members.

We have discussed these issues with Mr. Gauvin and asked him how he understands his accountability. He responded that he did not believe he had any accountability for the events that took place because they occurred in the Human Resources Branch.

I disagree with Mr. Gauvin entirely. I do understand his point when he says that the RCMP is a large organization and that he cannot be expected to be aware of every transaction. However, the chief financial officer of any organization must accept accountability for failures in the finance and controllership functions.

7.3.3 The Need for Oversight

The management function of this complex enterprise clearly could have benefited from the oversight of a body performing the functions of a board of directors. Basic stewardship would have required it to ensure that committees and branches were properly mandated and functioning and that the Commissioner and the chief financial officer were appropriately challenged.

7.4 Whistleblowing

7.4.1 Protection of "Whistleblowers"

One of the issues of primary concern in this report has been the treatment of those who report wrongdoing in the organization. In the RCMP context, this includes both those who have surfaced issues and those who have attempted to engage various levels of management to address them. In Chapter 3, I have reported my conclusions that several people who brought forward or pursued instances of possible mismanagement or misconduct were treated unfairly.

Since late 2001, the RCMP has had a policy on internal disclosure of information

concerning wrongdoing in the workplace. This original policy was implemented to mirror a similar Treasury Board policy covering all public servants. To remove any doubt about the application of this general policy to members of the RCMP, Commr Zaccardelli implemented its counterpart for regular and civilian members of the RCMP.

Whistleblowers often risk their job security and perhaps more if they come forward. Thus, organizations owe a duty to protect those who willingly risk their careers for the benefit of the organization as a whole. Even with assurance of such protection, however, people won't come forward if they believe no action will be taken. Thus, the underpinnings of any effective disclosure regime include protection from reprisal and a commitment to clear and decisive corrective measures.

As I have reported, the RCMP failed on both of these counts. Although there existed an adequate disclosure policy, it was never operationalized. The Ethics Advisor was also the Senior Officer for disclosure. The Ethics Advisor had no established role, very limited resources to support the function and no regional presence. Further, the high turnover rate – six individuals in six years – further limited the confidence members could develop in the person of the Ethics Advisor.

The issue was further complicated (and confused) by the entrenched system for reporting and investigating alleged breaches of the Code of Conduct. This, together with an environment that discouraged the reporting of bad news, makes it not surprising that when issues surfaced in the management of the pension and insurance plans, people did not know where to go.

Although I believe that important reporting and protective measures are currently being

implemented by Commr Busson and Ethics Advisor, A/Commr Sandra Conlin, there are structural issues which in my view must be addressed before there can be a fully functioning disclosure system within the RCMP. I address these structural issues below in Section 7.6.

7.4.2 Reaction to Inappropriate Conduct

Another critical issue is the reaction of the Commissioner to inappropriate conduct on the part of senior members of the RCMP. When regular members of the RCMP are found to have breached the Code of Conduct, discipline is often swift and unambiguous. While the grievance process may delay the implementation of, or vary the form of sanctions, management's messages to potential wrongdoers are nevertheless clear.

For serious breaches, a member may be terminated immediately, with security clearances removed, salary stopped and pension entitlements vested as of the date of termination. However, Commr Zaccardelli's reaction to Mr. Ewanovich's conduct stood in sharp contrast to this practice. While Commr Zaccardelli felt strongly enough to ask Mr. Ewanovich to step down when he was briefed on the results of the internal audit, he allowed Mr. Ewanovich to have what can only be described as a "soft landing". Mr. Ewanovich continued as an employee of the RCMP, drawing a salary, earning pension entitlements and working out of another nearby building. His constant visibility to those who had laboured so long to have the issues under his management exposed served to confirm some views that different rules applied to the management class.

7.5 Culture

7.5.1 *How Do People Feel About the RCMP?*

I have heard from a great many people that the culture within the RCMP is in serious need of repair. I have heard the terms "poisoned work environment", "abusive work environment", a "culture of entitlement at the top". While these may be dismissed as merely opinions or observations that aren't subject to verification, the incidents that I have reported on in earlier sections of this report tend to lend at least some credibility. Signs of a deteriorating culture were evident as early as 2003. Surveys of RCMP members and public service employees conducted two years apart produced startling results.¹ In general terms, the surveys showed that those in higher ranks had become more satisfied with their jobs while job satisfaction of those in the lower ranks had deteriorated significantly.

7.5.2 *Regular vs. Civilian Members*

I also heard a great deal over the course of the investigation about issues relating to the introduction of civilians into senior levels of the administration of the RCMP.

Following the financial crisis at the RCMP of the late 1990s, an increasing number of public servants and civilian members were being placed in senior administrative positions at headquarters. In the past, these positions had almost exclusively been occupied by RCMP regular members. For

example, Mr. Gauvin and Mr. Ewanovich were hired at that time.

The regular members come from an entirely different stream of training and culture than do the civilian and public service employees of the RCMP. These two streams have never come together at the executive level of the Force. The clashes that result from differences in standards and discipline have contributed to a divisive influence in the Force. It is clear that the RCMP will need to continue to draw on the expertise of those trained outside of the police tradition. In order for the RCMP to move forward, these two groups must come together in a constructive partnership.

7.5.3 *Impact of the Cultural Issues*

I have heard from many people about what they think of the culture today. I have drawn two main observations from those comments. First, the chain of events that led to this report could have been broken at various points, if the culture had supported those who complained of the misconduct. If only there had been an internal investigation at the same time as the audit. If only there had been whistleblower protection. If only the office of the Ethics Advisor had had some teeth. If the culture of the organization had been different in any of these important areas, the matters at issue here would not have found their way to the Commissioner's office. They would have been dealt with at a much lower level.

Second, the cultural issues that have led to the result that has been so embarrassing for the RCMP continue today must be addressed comprehensively. This must involve structural and process changes to realign the culture of the RCMP with the Force's own vision and values and with the expectations of Canadians.

¹ Work-life balance surveys conducted in 2001 and 2003 by Dr. Linda Duxbury, Professor, Sprott School of Business, Carleton University and Dr. Chris Higgins, Professor, Richard Ivey School of Business.

7.6 What We Observed

Two structural issues within the RCMP became very clear during the course of my investigations. Although they have each been described in previous sections, it is worth summarizing them here as a prelude to my recommendations on the way forward.

The first of these is the tension caused within this paramilitary organization by attempting to superimpose on the chain of command structure imposed by the RCMP Act, a more traditional management process built on collaboration and challenge. I accept that policing is traditionally conducted under a chain of command structure. However, the complexities of running the business side of the RCMP demand that ways be found to marry that with a structure more suited to responsible business management.

The unquestioned obedience to lawful orders cannot provide the necessary collaboration, challenge and stewardship.

The second of these structural issues is the conflict between the principles of a robust workplace disclosure policy and the process for reporting possible breaches of the Code of Conduct that is hard-wired into the RCMP Regulations. The Code of Conduct process has been part of RCMP culture for some time and members are well aware of their responsibilities and of the sequence of steps when a breach of the Code is suspected. But the Code procedure contains none of the nuances of a workplace disclosure policy, and in particular, none of the protections for the whistleblower. I have also observed that the Code of Conduct procedures can even be used as a weapon in the war of personalities, as was evident when C/Supt Macaulay and Mr. Ewanovich launched mutual Code of Conduct complaints against one another over

allegations surrounding the latter's management practices.

Thus, a mechanism must be found to override the Code process when legitimate workplace disclosure matters are brought forward by an employee or member to whom protection is owed.

I believe that there is ample evidence that structural changes are required. The relationships between a chain of command structure and effective management must be sorted out. A proper management and oversight structure must be considered. Further analysis of these issues is urgently needed so that appropriate changes can be formulated and implemented. The recommendations in Chapter 8 are designed to achieve this end.

Chapter 8: Rebuilding The Trust

Provide a recommendation as to whether or not a review is needed with respect to the overall management structure of the RCMP.

8.1 Task Force on Governance and Cultural Change in the RCMP

8.1.1 *Establishing the Task Force*

There is a great deal of work to be done to develop an appropriate governance structure and create an appropriate culture at the RCMP. I have made some suggestions in Chapter 7, but the importance of the issue deserves far more time than has been available to me. It also requires input from key stakeholders. I am therefore recommending the establishment of a Task Force to examine the issues and provide recommendations to the Minister of Public Safety and the President of the Treasury Board by December 14, 2007. The members of the Task Force would be drawn from the RCMP and from the Public Service and would also include outside experts in relevant areas such as policing and governance. The Chair of the Task Force should be independent of the RCMP and of the public service. The Task Force should deliberate privately in order to encourage full frank discussion. However, the recommendations of the Task Force should be publicly available.

8.1.2 *Mandate of the Task Force*

The mandate of the Task Force should be to develop solutions to the governance and cultural problems that this investigation has exposed. It may well be that in order to accomplish these objectives, the Task Force will need to consider recommending amendments to the RCMP Act.

The mandate of the Task Force should include (but not necessarily be limited to):

- examining the management structure of the RCMP including the committees and branches and determining whether they are properly mandated and resourced
- examining how a challenge and oversight function can be introduced into the management of the RCMP, including how such functions can be superimposed on a paramilitary-style policing organization
- determining how to ensure appropriate accountability is imposed on senior management
- designing a process that will ensure that the Commissioner and senior management establish and maintain an appropriate ethical structure based on the RCMP's Mission, Vision and Values
- ensuring that the RCMP's workplace disclosure policy is appropriate and that mechanisms are in place with adequate resources to ensure protection from reprisal and a commitment to clear and decisive corrective measures
- ensuring compatibility between an effective workplace disclosure policy and the process for reporting possible breaches of the Code of Conduct
- considering ways of fostering a constructive partnership between civilian and public service employees and regular members at the executive level of the Force

8.2 Summary of Other Recommendations

For completeness, I have summarized here my recommendations found elsewhere in this report.

- I recommend that there not be a more formal inquiry to revisit issues relating to management responses to revelations about certain improprieties in the administration of the pension and insurance plans. (Chapter 6)
- The OPP should review the OPS criminal investigation files and assess the adequacy of the OPS investigation with a view to determining whether a new criminal investigation is warranted. (Chapter 2)
- Based on my conclusion that the following individuals were treated unfairly:
 - Denise Revine should be honoured publicly for her important contribution to focusing attention on the improprieties in the administration of the pension plan
 - There should be a notation made on C/Supt Fraser Macaulay's service file, as well as public recognition of the contribution he has made
 - There should be a notation on S/Sgt Mike Frizzell's service file, as well as public recognition of the contribution he has made
 - S/Sgt Lewis and S/Sgt Walker should be publicly recognized for the contributions they have made. (Chapter 3).

APPENDIX 1

RCMP RANKS

Commissioned Officers

Commissioned officers are RCMP regular members who have been appointed to their rank by the Governor-in-Council. The three badges of the RCMP that indicate the commissioned ranks are: a crown, a star, and a crossed sword and baton. Depending on the dress, badges are worn on the shoulder as slip-ons, on shoulder boards, or directly on the epaulettes. The commissioned ranks of the RCMP are as follows:

- Commissioner (Commr);
- Deputy Commissioner (D/Commr);
- Assistant Commissioner (A/Commr);
- Chief Superintendent (C/Supt);
- Superintendent (Supt); and
- Inspector (Insp).

Non-Commissioned Officers

Non-Commissioned officers are regular members who have not been appointed to their position by the Governor-in-Council. Since 1990, the non-commissioned officers' rank insignia has been embroidered on the epaulette slip-ons and continues to be based on British army patterns.

Non-Commissioned rank badges are worn on the right sleeve of the scarlet/blue tunic and blue jacket. The non-commissioned ranks of the RCMP are as follows:

- Corps Sergeant Major (C/S/M);
- Sergeant Major (S/M);
- Staff Sergeant Major (S/S/M);
- Staff Sergeant (S/Sgt);
- Sergeant (Sgt); and
- Corporal (Cpl).

Constables do not wear any insignia to indicate their rank (Cst).

APPENDIX 2

TERMS OF REFERENCE

Whereas the RCMP is an important national institution playing a significant role in the safety and security of Canadians and continuing public trust and confidence is an important component of achieving that role;

Whereas a number of serious allegations have been made relating to the RCMP's handling of reports of mismanagement or irregularities in the administration of the RCMP pension and insurance plans which have the potential to undermine the credibility of the RCMP;

Whereas it is important to investigate whether these allegations are founded in fact;

Whereas the Commissioner of the RCMP has committed to full cooperation with the investigation of this matter;

Therefore Her Excellency the Governor General in Council, on the recommendation of the Prime Minister, pursuant to paragraph 127.1(1)(c) of the Public Service Employment Act, hereby appoints to the position of special advisor to the Minister of Public Safety and to the President of the Treasury Board, David A. Brown of Kettleby, Ontario, as Independent Investigator to hold office during pleasure, effective April 16, 2007, for a term ending on June 15, 2007; and

- (a) specifies the following as the duties of the Independent Investigator:
 - (i) to conduct a fact-based investigation that will examine the following questions:
 - (A) whether the RCMP's assessment of allegations of mismanagement of the RCMP pension and insurance plans was conducted in an appropriate and timely manner,
 - (B) whether the members and employees involved in the reporting or reviewing of mismanagement were treated fairly and in accordance with RCMP procedures and practices,
 - (C) whether management responded appropriately and in a timely manner to mistakes or inappropriate conduct by members and employees, and
 - (D) whether management responded to findings of mismanagement or non-compliance in a timely and effective manner;
 - (ii) to adopt any procedures for the expedient and proper conduct of the investigation, including conducting interviews, reviewing all relevant records and documents, and consulting as appropriate;

- (iii) to submit a report in both official languages to the Minister of Public Safety and to the President of the Treasury Board and which will address the factual findings of the investigation, and provide a recommendation as to whether or not:
 - (A) a more formal inquiry with additional powers and authorities is necessary to address any outstanding questions, and
 - (B) a review is needed with respect to the overall management structure of the RCMP.

APPENDIX 3

GLOSSARY

| <u>Term</u> | <u>Definition</u> |
|---------------------|---|
| "A"-Division | The Force is divided into divisions, designated alphabetically. "A" Division is the designation for the National Capital Region. Other divisions' designations include "O" Division for Ontario, "C" Division for Quebec, and "E" Division for British Columbia. |
| Appropriate Officer | A senior officer who is appointed by the Commissioner to be the Appropriate Officer for the purpose of disciplinary proceedings. It is the Appropriate Officer who has the authority to make the decision to initiate formal disciplinary action. Further, it is the knowledge possessed by the Appropriate Officer that is the trigger to the clock for the one-year limitation period within which a formal disciplinary proceeding must start. |
| CHRO | Chief Human Resources Officer |
| Civilian member | Member of the RCMP who is appointed to the Force pursuant to Section 10.(1) of the RCMP Act. |
| CM&C | Corporate Management and Comptrollership Branch of the RCMP |
| Contract splitting | Contract splitting occurs when a federal department or agency divides its requirements into a number of requirements in order to circumvent controls or contract approval authorities. |
| MVV | Mission, Vision and Values |
| NCPC | National Compensation Policy Center, discussed in greater detail in Section 1.1.3. |
| NEC | National Executive Committee of the Staff Relations Representatives Program. |
| OPP | Ontario Provincial Police |
| OPS | Ottawa Police Service |
| PAC | Pension Advisory Committee, established pursuant to Section 25.1 of the RCMP Superannuation Act as described in greater detail in Section 1.1.1. |

| | |
|-------------------------|--|
| PSSR Act | <i>Public Service Staff Relations Act</i> , R.S., 1985, c.P-35 Repealed in 2003 and replaced by the <i>Public Service Labour Relations Act</i> , R.S., 2003, C.22, P-33.3 |
| RCMP Act | <i>Royal Canadian Mounted Police Act</i> , R.S., 1985, c. R-10 |
| RCMP Superannuation Act | <i>Royal Canadian Mounted Police Superannuation Act</i> , R.S., 1985, c. R-11 |
| Regular member | Member of the RCMP who is appointed to regular member rank in the Force pursuant to Section 7.(1)(a) of the RCMP Act and trained as a police officer. |
| SEC | Senior Executive Committee of the RCMP comprised of the Commissioner and all Deputy Commissioners. |
| SMT | Senior Management Team. |
| SRR | Staff relations representative, elected by the members within his or her respective Division or Zone to provide information, guidance and support to RCMP members on human resources and the application of legislation, policies and procedures as they affect them. SRRs make every effort to resolve issues, informally and at the lowest possible level. |
| TCE | Temporary Civilian Employee as provided in Section 10(2) of the RCMP Act. |
| TBS | Treasury Board of Canada Secretariat |