



House of Commons
CANADA

Standing Committee on Public Accounts

PACP • NUMBER 066 • 1st SESSION • 39th PARLIAMENT

EVIDENCE

Tuesday, June 12, 2007

Chair

The Honourable Shawn Murphy

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

Standing Committee on Public Accounts

Tuesday, June 12, 2007

• (1530)

[English]

The Vice-Chair (Mr. Brian Fitzpatrick (Prince Albert, CPC)): I'm calling this meeting to order.

Mr. Williams had a point of order that I think is important, so maybe we'll just deal with it before we get into our regular meeting.

Go ahead, Mr. Williams.

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

At the end of the committee meeting yesterday we made reference to a letter from Superintendent Paulson, regarding an investigation that he was conducting. It was quite clearly indicated that he was using, as part of his investigation, testimony from the public accounts committee. He also indicated that his investigation was nearing a completion. I think he also asked that we waive parliamentary privilege to allow him to use that information—which of course he doesn't have access to, but which he's using nonetheless.

Anyway, my point is that I think you, in conjunction with the law clerk, should write to Superintendent Paulson, telling him to cease and desist his investigation and any other investigation that he or the RCMP is contemplating, and that they cannot use testimony from before this committee—which is, in essence, intimidating witnesses—until such time when we release or give authority for him to use the testimony.

I think you'll find an agreement among the committee members that the chair, in conjunction with the law clerk, should write to Superintendent Paulson to tell him to cease and desist, and so on.

The Vice-Chair (Mr. Brian Fitzpatrick): De we have agreement to do that?

Some hon. members: Agreed.

The Vice-Chair (Mr. Brian Fitzpatrick): I think something should be understood. They're free to carry out their own investigations, but they cannot use, as the basis of their investigation, the evidence that is given before this committee. That's the main focus—

Mr. David Christopherson (Hamilton Centre, NDP): Further to that, they have to have other outside sources to legitimize even the beginning of the investigation. If the investigation is predicated on that testimony, this letter should have the effect of immediately halting that investigation. It would only continue if they have other evidence or should Parliament decide to waive its privilege.

The Vice-Chair (Mr. Brian Fitzpatrick): Right, so we have agreement to do that.

Mr. John Williams: I don't want to belabour the point, Mr. Chairman. I was just appalled, as I said yesterday, and I'm still that way.

The Vice-Chair (Mr. Brian Fitzpatrick): Right.

Mr. Laforest.

[Translation]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Mr. Chairman, I would like to give notice that I would like to table a notice of motion at the end of the meeting, after we have heard the testimony. I would ask for unanimous consent to discuss this motion right after we are finished with the witnesses if committee members agree. I will speak to the notice of motion later on.

[English]

The Vice-Chair (Mr. Brian Fitzpatrick): On the same topic or on a different topic?

[Translation]

Mr. Jean-Yves Laforest: No, it's on another subject.

[English]

The Vice-Chair (Mr. Brian Fitzpatrick): Okay.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): On a point of order, Mr. Chair, I would like to seek clarification from you.

Yesterday I alerted the committee to the very unusual discovery that we made when Mr. Pelletier came before this committee, when he said the Privy Council Office had contacted him and asked that he look into a donation to the Liberal Party. Of course, it would be very unusual behaviour on the part of our federal bureaucracy to be looking into donations to a political party.

I just want to make sure about my request of yesterday, that we write to the Privy Council Office right now to learn about the nature of this interaction. I just want to make sure I have officially given formal notice of motion for tomorrow's meeting, so that this can be acted upon.

It was not made clear yesterday by the chair whether or not notice had been given, and I don't want this to be delayed any more. It is, I think you'll agree, Mr. Chair, very unusual behaviour for the bureaucracy to be looking into donations to the Liberal Party.

The Vice-Chair (Mr. Brian Fitzpatrick): I interpreted the discussion yesterday as an agreement from this committee to proceed on the basis that you were requesting. That's my interpretation, and it's in the minutes as well.

Hon. Judy Sgro (York West, Lib.): Mr. Chair, since you're on this issue, can I just clarify with the clerk that it was my understanding that Mr. Pelletier was given two weeks to respond in writing? I believe it was to that question and one or two others on which he wasn't completely clear. At the end of the meeting, the chair said Mr. Pelletier would have two weeks to get back to us in writing, which is what the lawyer had requested. If it's tied in, I think we should be waiting that two weeks.

• (1535)

The Vice-Chair (Mr. Brian Fitzpatrick): There'll be a meeting tomorrow, at which we'll be able to deal with all of these issues.

Hon. Judy Sgro: Okay, but the clerk can confirm that the chair did give him two weeks to do that.

The Vice-Chair (Mr. Brian Fitzpatrick): Right.

Mr. Pierre Poilievre: My request is to have the Privy Council explain its role.

The Vice-Chair (Mr. Brian Fitzpatrick): Order. The discussion goes through the chair.

I think we'll get this matter sorted out tomorrow.

We have some witnesses who have travelled a ways with some important testimony and—

Mr. Borys Wrzesnewskyj (Etobicoke Centre, Lib.): A point of order.

The Vice-Chair (Mr. Brian Fitzpatrick): Yes.

Mr. Borys Wrzesnewskyj: Relevant to the witnesses before us today, we had a commitment from Casey Computing that they would provide us with a list of the approximately 20 RCMP officers who received tickets to hockey games. I'm inquiring whether or not that will be tabled today. As of yet, I haven't seen that document arrive.

Mr. Pat Casey (As an Individual): It is prepared and will arrive within the ten days, as requested.

Mr. Borys Wrzesnewskyj: If it's prepared, is there any particular reason why it's being delayed?

Mr. Pat Casey: Sorry, I didn't bring it with me.

Mr. Borys Wrzesnewskyj: Could it be provided forthwith?

The Vice-Chair (Mr. Brian Fitzpatrick): Mr. Casey, I understand we have your undertaking that you're going to be providing that information to the committee—

Mr. Pat Casey: Correct, within the ten days.

The Vice-Chair (Mr. Brian Fitzpatrick): —within the ten days that was agreed to.

Mr. Pat Casey: Yes.

The Vice-Chair (Mr. Brian Fitzpatrick): Okay.

Now we'll start our meeting.

Pursuant to Standing Order 108(3)(g), chapter 9, "Pension and Insurance Administration—Royal Canadian Mounted Police", of the November 2006 report of the Auditor General of Canada, we're

going to embark on trying to figure out what transpired in some outsourcing with Great-West Life Insurance and Morneau Sobeco and some other parties to those transactions. That's the purpose of our meeting today.

We have a number of people who have opening statements.

We have to swear you in, so we'll let Georges do that.

Mr. John Williams: Mr. Chairman, are you going to introduce all the witnesses?

The Vice-Chair (Mr. Brian Fitzpatrick): Yes, we'll have them sworn in, and then I'll introduce them all.

Mr. Pat Casey: I, Pat Casey, do swear that the evidence I shall give on this examination shall be the truth, the whole truth, and nothing but the truth, so help me God.

Mr. Jeff Molson (As an Individual): I, Jeff Molson, do swear that the evidence I shall give on this examination shall be the truth, the whole truth, and nothing but the truth, so help me God.

Ms. Francine Pell (Morneau Sobeco): I'd like to attest.

I, Francine Pell, do solemnly, sincerely, and truly affirm and declare the taking of any oath is according to my religious belief unlawful. I do also solemnly, sincerely, and truly affirm and declare that the evidence I shall give on this examination shall be the truth, the whole, and nothing but the truth.

Mr. Dominic Crupi (As an Individual): I, Dominic Crupi, do swear that the evidence I shall give on this examination shall be the truth, the whole truth, and nothing but the truth, so help me God.

Mr. Garry Roy (Senior Policy Analyst, Disability Program & Services, Royal Canadian Mounted Police): I, Garry Roy, do swear that the evidence I shall give on this examination shall be the truth, the whole truth, and nothing but the truth, so help me God.

Assistant Commissioner David Gork (Assistant Commissioner, Royal Canadian Mounted Police): I, David Gork, do swear that the evidence I shall give on this examination shall be the truth, the whole truth, and nothing but the truth, so help me God.

Mr. Peter Foley (Great-West Life Assurance Company): I, Peter Foley, do swear that the evidence I shall give on this examination shall be the truth, the whole truth, and nothing but the truth, so help me God.

Mr. Jeff Kitchen (Great-West Life Assurance Company): Can I attest also?

I, Jeff Kitchen, do solemnly, sincerely, and truly affirm and declare the taking of any oath is according to my religious belief unlawful. I do also solemnly, sincerely, and truly affirm and declare that the evidence I shall give on this examination shall be the truth, the whole, and nothing but the truth.

• (1540)

Mr. Frank Pattie ((Retired), Great-West Life Assurance Company): I, Frank Pattie, do swear that the evidence I shall give on this examination shall be the truth, the whole truth, and nothing but the truth, so help me God.

The Vice-Chair (Mr. Brian Fitzpatrick): Thank you very much.

We have the following witnesses today: from the RCMP, we have David Gork, assistant commissioner, and we have Garry Roy, senior policy analyst, disability programs and services; with Great-West Life, we have Jeff Kitchen, Peter Foley, and Frank Pattie, retired; from Morneau Sobeco, we have Francine Pell; and as individuals, we have Pat Casey, Dominic Crupi, and Jeff Molson.

Maybe we can start with Mr. Foley. Do you have an opening statement?

Mr. Peter Foley: Yes, Mr. Chair. Thank you for inviting us.

Good afternoon, ladies and gentlemen. My name is Peter Foley, and I will present Great-West Life's opening statement.

I plan on introducing in a little greater detail our representatives who are present here today, giving a little company background and a brief sketch of our involvement in the issues at question, and clarifying one or two statements that we have read or heard.

Attendees today include Frank Pattie, who retired from Great-West Life on December 31, 2006, as vice-president of group operations; and Jeff Kitchen, the assistant vice-president and associate general counsel at Great-West Life. Both Jeff and Frank are from Winnipeg.

My name is Peter Foley, and I recently retired as the regional director overseeing the Ottawa group office.

Great-West Life has been a long-term supplier of insurance benefits for members of the RCMP, retired members of the RCMP, and their families. As most of you know, we are a large Canadian insurance company, with our head office in Winnipeg, Manitoba.

In 2000 we were asked by the RCMP to provide additional administrative services and support for their various insurance plans. Such services would typically include participant enrolment, payroll deduction calculations, actual payroll deduction input, maintenance of beneficiary designations, and member inquiries.

For almost two years, we worked with the RCMP to help define the services and map out the technological requirements. As the requirements kept getting more complex and changing, we met with the RCMP on December 13, 2001, and advised them that we did not feel we could meet their changing needs. We did invoice the RCMP about \$250,000 for the time spent advancing the project. The charges included travel costs, and some fixed goods, as well as time charges.

To clarify a point or two, Mike Frizzell, in his presentation, implied that the full risk of the insurance plans—specifically the life insurance plans—rests with the members. In fact, just as a point of clarity, Great-West Life has the ultimate risk on the insurance plans.

Also, Pat Casey said our purchase of London Life and Prudential caused us to change our minds about the outsourcing project. The changing technological requirements were the cause of our decision not to proceed. We could not provide any of the web- or Internet-based services that were being requested at that time. The change did not come as a result of our purchase of London Life, which owned Prudential Insurance. The purchase of London Life actually took place three years prior to 2001.

It was suggested that we recommended Morneau Sobeco to become the insurance administration outsourcer. In fact, our recall is

that when we were discussing alternatives at our meeting on December 13, 2001, we suggested that their pension outsourcer would be a likely alternative. We did not know which firm that was. We were informed via e-mail on February 15, 2001, that a service provider had been selected.

Finally, when given the chance by the Auditor General to comment on statements about the \$250,000 in charges made by Great-West Life, we pointed out that in our view the work was of considerable value to the RCMP in defining the requirements for the outsourcing work eventually undertaken by Morneau Sobeco.

Again, thank you for having us here today and for allowing us to answer your questions.

● (1545)

The Vice-Chair (Mr. Brian Fitzpatrick): Thank you, Mr. Foley.

Mr. John Williams: On a point of order, Mr. Chairman, just for the record, I found out that Mr. Jeff Kitchen of Great-West Life is the assistant vice-president and associate general counsel, and Mr. Peter Foley is the regional director.

Am I correct, gentlemen?

Mr. Peter Foley: Yes.

Mr. Jeff Kitchen: Yes.

Mr. John Williams: Thank you.

The Vice-Chair (Mr. Brian Fitzpatrick): Ms. Pell.

Ms. Francine Pell: Mr. Chair, I am honoured to appear before the committee on behalf of Morneau Sobeco.

The Vice-Chair (Mr. Brian Fitzpatrick): What's your position with the company, by the way?

Ms. Francine Pell: I am currently a principal with the company. I will address that.

I am honoured to appear before the committee on behalf of Morneau Sobeco as the committee continues its study related to the administration of the RCMP pension and insurance plans.

First, allow me to provide the committee with some brief background information about Morneau Sobeco and my tenure at the company.

For more than 40 years, Morneau Sobeco has provided integrated human resource solutions for all types of pension, group benefits, and compensation plans for both private and public sector clients. We have grown to become a leader, and have the distinction of being the largest Canadian-based company in our field, with approximately 1,000 employees in 11 offices across Canada and the United States.

I have been proud to be part of the Morneau Sobeco team over the course of two decades. I first joined Morneau Sobeco in 1987 as a student. Following my graduation in actuarial mathematics from Concordia University, I was hired as a full-time employee in 1988. I continued to work for the firm in its pension practice, and was appointed partner in 1997. In September 2003 I left Morneau Sobeco to spend more time with my children; however, I returned in late 2006, on a part-time basis, and in 2007 I assumed my current role of principal. I would also note that I am a fellow of both the Society of Actuaries and the Canadian Institute of Actuaries.

With regard to the matter before the committee, I would like to begin by emphasizing that Morneau Sobeco's client relationship with the RCMP was first established through an extensive competitive and transparent process led by the Department of Public Works and Government Services.

In 2000 Morneau Sobeco was contacted by the RCMP and was requested to provide information about the various types of service models available for the administration of pension plans. This is a normal practice by organizations contemplating outsourcing. Further to that request, Morneau Sobeco provided to the RCMP indicative pricing and other information for service models ranging from partial to full outsourcing.

In 2001 the Department of Public Works and Government Services issued a competitive request for proposal, or RFP, for pension administration services for the RCMP. The RFP indicated the RCMP would be moving towards a full outsourcing model, which is in line with overall market trends among large organizations in Canada. This was one of the most complex RFPs we had ever come across, and required considerable effort on our part to respond.

Following our submission, we were advised that the RFP had been rescinded. When another RFP for this work was issued by PWGSC a short time later, Morneau Sobeco once again submitted a bid. And, in March 2002, PWGSC awarded the pension administration services contract to Morneau Sobeco.

Around the same time, we were approached by the RCMP with questions relating to outsourcing insurance plan administration. And, as before, we were more than happy to provide the RCMP with information on the potential outsourcing models. Sometime following these discussions we were asked to provide insurance plan administration services to the RCMP as a subcontractor to its insurance underwriter, Great-West Life. Morneau Sobeco subsequently entered into a contract with Great-West Life, which came into effect in May 2002.

Since entering the contractual agreements with Public Works and Government Services Canada and Great-West Life, Morneau Sobeco has been committed to providing the highest level of services to RCMP pension and insurance plan members, in accordance with our contractual agreements and service standards. Our fees are flat monthly fees that are commercially reasonable and competitive with market rates. Additional fees are only approved based on contract amendments.

In 2003 we were surprised to learn about the concerns surrounding the management of the RCMP pensions. Since that time, Morneau Sobeco has been committed to working with the RCMP and all

oversight bodies to ensure there is a complete and transparent understanding of our relationship with the RCMP and the services we provide.

Morneau Sobeco has carefully examined all of the reported concerns about the management of the RCMP pensions. Following an internal review, I can firmly say that we are satisfied that our company has acted appropriately in all instances and in accordance with the highest standards of our industry.

● (1550)

We continue to proudly serve the RCMP as an important client. Last year we answered 35,000 calls from RCMP plan members, and 77,000 members visited our RCMP branded pension and benefits website.

To the best of our knowledge, our services have been well received by the RCMP and the RCMP plan members, from whom we have received generally positive feedback.

Thank you, Mr. Chair. I would be pleased to answer any questions from the committee.

The Vice-Chair (Mr. Brian Fitzpatrick): Mr. Pat Casey has a statement. Go ahead.

Mr. Pat Casey: I want this committee to understand that I am a computer person. My expertise is in computer systems and using the computer programs to analyze information and report on the analysis of that information. As an outside computer analyst, I had no authority to make decisions, nor did I make any decisions.

I initially commenced work with the RCMP on pension administration, but was approached by Mr. Crupi to coordinate work in the area of insurance administration, which was initiated by an employee who was stricken with a heart ailment. I agreed to help, but made it clear that I was not an insurance expert and would need to work with experts in the insurance field.

Those experts were provided as follows: Mr. Garry Roy, as the manager to provide direction; Ms. Liz Ballantyne, as an insurance policy analyst; and Mr. Stephen Taylor, as an insurance systems analyst.

Following the decision made by others that Great-West Life and Morneau Sobeco were going to be the administrator of the insurance plan, I was involved in detail work, such as plan rules, names, addresses, dates of birth, benefits, beneficiaries, and other data that would need to be set up in the administrator's systems and files.

One of those duties was to set up meetings as directed by my superiors. In such capacity, I was in frequent contact with Great-West Life and Morneau Sobeco representatives. As result of my frequent contact, I was often c.c.'d and sometimes telephoned on matters that did not relate to my area of work. When this took place, I passed the information on to others, such as Liz Ballantyne for policy issues, Stephen Taylor for insurance data issues, and Garry Roy, my manager, for decisions.

In regard to questions about the cancellation of the meeting of January 7, 2002, may I repeat that following the news from Great-West Life that it could no longer meet the time requirements of April 2002, the working group, of which I was a member, was required to prepare a business case that would examine different options to the problems presented.

Time was needed to prepare the business case, which left the working group with scheduling problems in regard to attending the January 7 meeting. I have no recollection of alleged e-mails responding to the cancellation. The e-mails referred to happened more than six years ago.

In regard to alleged conversations within four days of my e-mail cancelling the January 7 meeting, I have no recollection of any conversation wherein I stated it was a "done deal". In fact, I was working on options, and had no idea that any decisions had been made.

As I have stated before, I had at no time explored the option of Morneau Sobeco being a subcontractor of Great-West Life, nor did I ever recommend it. Only after the decision was made did I become involved in the details of the project under Great-West Life and Morneau Sobeco administration.

In fact, in Mr. Crupi's testimony of June 4, he states the following:

First of all, it was Great-West Life who came to us and said they felt bad that they couldn't do their obligations and that they would have no problem going to a subcontractor. From my recollection, it was never us who brought that up; it was Great-West Life, because they couldn't fulfil their original mandate.

The work I was doing was not related to which administrator ended up with the administration contract. This work had to be done regardless of whether it was Great-West Life, Morneau Sobeco, an administrator chosen by the insurance committee of the RCMP, or any administrator, however chosen. None of the work I did, including the business case and contract option analysis, could have eliminated the need for work I did for the balance of my contract period. This work had to be done. As such, the business case for the insurance administration, which is also what I was questioned on, contains no information that would assist Casey Computing Solutions.

I was made aware that Great-West Life and Morneau Sobeco were negotiating an agreement. I had been advised by Mr. Roy and Mr. Crupi that the RCMP legal department would not get involved in a contract negotiation between Great-West Life and Morneau Sobeco.

●(1555)

On one occasion, I was telephoned by Mr. Pattie of Great-West Life, and he explained that they would not indemnify the RCMP on behalf of Morneau Sobeco. I advised them that I had no expertise in indemnity agreements, but I had been previously advised by my supervisors that the RCMP legal department would not get involved in a contract negotiation between Great-West Life and Morneau Sobeco.

I was asked at the last hearing if I'd seen certain e-mail material that this committee had been studying. I had received no material, nor was I advised that I could or should get copies of any material. I wish to state that I have very little memory of events that happened

going back seven years ago, with no material to study. It's just my memory.

The Vice-Chair (Mr. Brian Fitzpatrick): Thank you, Mr. Casey.

Mr. Jeff Molson has a statement as well.

Mr. Jeff Molson: I'm pleased to have the opportunity to attend and give evidence at the committee and to clarify my role in the RCMP pension administration outsourcing project. My background includes over 30 years' work experience in the compensation area of the public sector. I have a masters of business administration, and I am a project management professional, certified by the Project Management Institute. I'm an accredited faculty member at two U.S. universities.

Through a competitive process, I was awarded a contract to provide services as the project budget and risk officer for the pension administration outsourcing project. My role included activities such as determining the financial requirements for the project, developing a risk management strategy and framework for the project, conducting the initial and periodic risk assessments over the life of the project, and providing project management advice based on globally accepted project management processes endorsed by the Project Management Institute and the Treasury Board on behalf of the Government of Canada.

My role did not include the outsourcing of insurance administration, and to the best of my recollection, I did not participate in any activities associated with the insurance outsourcing, except for the two items I mentioned at this committee last week, namely, reviewing the text of the agreement between the insurance committee and the pension advisory committee, and determining the numbers, the approximate 60-40 split between the active and retired members, based on stats I had available to me.

I want to clear up any misunderstandings and misrepresentations stemming from various testimony given before this committee alluding to the fact that proper approvals were not sought by the NCPC, the National Compensation Policy Centre, for pension administration outsourcing costs. To the contrary, in my role as the project budget officer for the project, I drafted five formal submissions to the ministers of the Treasury Board to secure approval of funding for the RCMP pension administration outsourcing project. I also drafted the submission to the Treasury Board ministers for the approval of the devolution of pension administration activities from the RCMP to the outsourcer.

Each of the funding submissions and supporting documentation included a very detailed description of the activities that would be performed to support the project, the anticipated costs, as well as the authorities under which the funding approvals were being requested.

Prior to being presented to the Treasury Board ministers, each submission and accompanying supporting documentation and rationale was routed through the formal approval process for Treasury Board submissions for sign-off at each stage. For all of the pension administration outsourcing submissions, this routing and approval included the human resources directorate, RCMP; the corporate and financial services directorate, RCMP; the commissioner's office; the Solicitor General of Canada; the Treasury Board Secretariat, submission unit; the Treasury Board Secretariat RCMP analyst, Mr. Robert Dykstra; and finally the ministers of the Treasury Board. Corresponding TB minute references are provided in the hard copy of my statement.

I want to make it perfectly clear that every nickel of every proposed expenditure associated with pension administration outsourcing was covered off in the authorities of the submission approvals. Additionally, every activity related to a chargeable expenditure was fully described in the submissions and supporting documentation.

Mr. Robert Dykstra, the Treasury Board analyst assigned to the RCMP, was consulted at every stage of the process and participated fully as the TBS representative in extensive discussions and meetings, and provided agreement on behalf of the Treasury Board Secretariat to the RCMP. This participation, in addition to discussion and explanation of the financial numbers, included extensive TBS analyst input into the actual wording for the submission documents and accompanying rationale.

The Treasury Board Secretariat analyst and officials within the corporate and financial management directorate of the RCMP, as well as all others in the formal document approval chain, agreed, via their review and sign-off, that all items of proposed expenditures that were to be charged as pension outsourcing administrative costs against the RCMP pension fund were in fact legitimate items based on the rules and charging principles established by the Treasury Board for acceptable administrative charges.

The Treasury Board Secretariat and the Treasury Board ministers established the rules, and these rules were applied in an equal manner to the three federal pension plans: RCMP, Canadian Forces, and the public service superannuation.

At no time did project expenditures exceed the approved funding levels. In fact, in each year of the project, actual expenditures fell below the approved funding levels set by Treasury Board. The RCMP was required to provide a formal submission annually that included firm estimates for the current year and projections for the three following years. As with any project, future year projections are subject to change as project requirements get further refined year after year.

The RCMP pension administration outsourcing project was no different in this regard, and the annual funding submission supported the progressive elaboration of the project specifications and requirements.

• (1600)

Project activities were also delayed for valid reasons, thus requiring the reprofiling of funding over various fiscal periods to correspond with the timeframe of when the actual work was to be

completed. Again, all of this was fully covered in the Treasury Board submissions and supporting rationale documents.

I welcome the opportunity to provide full and complete responses to any questions members of this committee may have.

Thank you.

The Vice-Chair (Mr. Brian Fitzpatrick): Thank you, Mr. Molson.

I believe Mr. Roy has a short statement.

Mr. Garry Roy: Thank you.

I'm honoured to be before the committee today to present our findings here. My name is Garry Roy. I'm a civilian member of the RCMP. I'm here to assist the committee with its investigation into the pension and insurance administration of the RCMP.

In 2001-2002 I worked with a number of people in the capacity of manager, pension and benefit policies. I worked with certain individuals who have previously appeared or are here today at this committee, Mr. Crupi, Mr. and Mrs. Casey, Tony Koziol, Jeff Molson, and Francine Pell.

I'm here to assist in any way I can. However, my position is that I was never a contracting or procurement person. I do not have a background or any training in contracting or procurement, and I was not familiar with the TB contracting policies. It was not my responsibility, nor did I have the authority to procure consulting services or contracts with any other third-party company.

Thank you very much.

The Vice-Chair (Mr. Brian Fitzpatrick): Thank you, Mr. Roy.

We'll start our questions for eight minutes with Mr. Wrzesnews-
kyj.

Mr. Borys Wrzesnewskyj: Thank you, Chair.

Assistant Commissioner Gork, on March 28 of this year you emphatically denied receiving a call from Barb George in Lyons, France, regarding Sergeant Frizzell's removal. Let me refresh your memory from the transcripts.

I asked you, and I quote, "I'm asking you if Barb George called". Your response: "No, she did not. I'm telling you who contacted me. It was Inspector Paul Roy who contacted me, not Barb George."

I then asked, "So Barb George did not call you to have Mr. Frizzell removed?" And you responded, "No, she did not. Inspector Paul Roy contacted me to have him removed."

Yet in the 96-page report to the committee on Sergeant Frizzell's removal provided by Acting Commissioner Busson, it states that on June 18 of 2005 Barb George called Dave Gork, and Gork described her as being incensed over the actions of Frizzell and wanting action taken.

Having now had a chance to reflect on your contradictory statements, which of those two statements is correct?

•(1605)

A/Commr David Gork: The statement is correct that she did not ask me to remove Frizzell. I've stated that before in the committee here. I have been interviewed about six times, and it is the same issue. She did not ask me. I discussed it with Paul Roy.

Mr. Borys Wrzesnewskyj: Did she call you in Lyons, France?

A/Commr David Gork: As far as the record shows, I contacted her—and that may have been through an e-mail—and I ended up speaking with her. Quite frankly, I do not recall the conversation. In the questioning I've gone through on that, what I stated to the investigators, and I hold to this minute here, is that she never asked me to remove Frizzell. In fact, I think if the record shows, that date was a Saturday, and I in fact had talked with Doug Lang on the Friday to have him removed. So it was the day before.

Mr. Borys Wrzesnewskyj: So the acting commissioner's report states.... I assume you were interviewed for that report. Is that correct?

A/Commr David Gork: I've been interviewed six different times.

Mr. Borys Wrzesnewskyj: It states: "Gork describes her as incensed over the actions of Frizzell and wanting action taken." Is that a false statement?

A/Commr David Gork: As far as I'm concerned, that's not a false statement, but what you have to remember is—

Mr. Borys Wrzesnewskyj: Okay, so it's not a false statement. I'm just trying to get my head around this.

A/Commr David Gork: I know, but I'm trying to respond to your question. From what I've been shown on the timeline, that was the Saturday. I spoke with Doug Lang about the order on the Friday prior to that, so I had already contacted Doug Lang to have him make the order.

Mr. Borys Wrzesnewskyj: Assistant Commissioner, let's not split hairs here. My question was clear. I'm asking you if Barb George called. You stated clearly, "No, she did not. I'm telling you who contacted me." You're now saying perhaps it was you who contacted her.

From another investigation, we find out that when you spoke with her, she was incensed over the actions of Frizzell and wanted action taken. I had followed up with a question, "So Barb George did not call you to have Mr. Frizzell removed?" And you said, "No, she did not." It's because you placed the call to her.

A/Commr David Gork: Yes. Barb never called—

Mr. Borys Wrzesnewskyj: So you weren't fully forthcoming when we were questioning you.

A/Commr David Gork: No, no, I was. Excuse me, we're talking four years ago. There is a huge number of phone calls that I have dealt with, with Ottawa, a huge number of e-mails. I have done my best to try to recall every one of them that's transpired.

You're asking me, did Barb George call me? No, she didn't. Whatever happened, whenever I talked with Barb George, it was because I got an e-mail from her EA asking me to give Barb a call. I would then, when I had an opportunity, place the call.

The call you're referring to was on the Saturday. I had given the order to Doug Lang on the Friday prior to that for the order. So she

was not phoning me to say get rid of Frizzell. The order had already been given to remove Frizzell.

Mr. Borys Wrzesnewskyj: You're displaying the same sort of selective memory of some of the previous witnesses. You can remember that a call was placed on a Saturday, but you can't remember whether you called or she called.

A/Commr David Gork: No, excuse me, I did not remember that the call was placed on a Saturday. I was shown the timeline, so it's not my memory. They are showing me, these are the records. Okay, fine; I don't remember the days.

Mr. Borys Wrzesnewskyj: Let's move on to a different—

The Vice-Chair (Mr. Brian Fitzpatrick): Yes, Mr. Williams.

Mr. John Williams: On a point of order, I appreciate tough questioning—I sometimes indulge too—but to accuse people of selective memory going back several years ago is I think a little bit over the top. We, as members, should be judicious in the choice of words.

It's fine to elicit the information, but do not accuse witnesses who are here on their own volition of things like selective memory unless you have some serious reason to believe that.

The Vice-Chair (Mr. Brian Fitzpatrick): Right.

I think Mr. Williams' point is well taken. We're here to find out facts. We should avoid offering inflammatory opinions or making inflammatory allegations without foundation.

Mr. Borys Wrzesnewskyj: Thank you, Chair.

In your opening statements before this committee, you also stated:

The Ottawa Police Service was responsible for the investigation at the beginning, throughout, and in the end. The Ottawa police conducted the investigation under their own auspices and without RCMP direction.

You went on to say:

At no time did I direct the investigation or have access to information for purposes of subverting a thorough and diligent investigation.

We had a memorandum tabled before this committee from Sergeant Frizzell to Inspector Roy. In it, he talks of his grave concerns about the integrity of the investigation, and requests that Mr. Roy pass on these concerns, this memorandum, up the line for consideration. I understand that you blocked Chief Bevan from receiving this memo.

Did Mr. Roy report to you or to Mr. Bevan?

•(1610)

A/Commr David Gork: That memo was never blocked by me. If the memo went to Paul Roy, it was up to Paul to deal with it. There was no memo ever blocked by me—ever.

Mr. Borys Wrzesnewskyj: Okay.

We also heard from Sergeant Frizzell about an e-mail you sent on February 9, 2005. There is a key line in here, where you say, "I do not want us spending time on investigations that we know are not criminal in nature."

That seems to indicate clear direction on how an investigation should go. In fact, it goes one step further: it presupposes what may or may not be criminal.

Would you not agree with that?

A/Commr David Gork: No, again, I would not.

As I said, I was not providing direction. Just as I did when other people asked me questions, if Paul Roy asked me questions, I went and discussed it with Paul and put it right back into his lap.

And that was just a comment. That wasn't saying "You will not do this." It was a response back from the message that I had received. But I did not make the decisions on it.

Mr. Borys Wrzesnewskyj: Sir, wouldn't it have been appropriate to say no, I'm just in charge of providing resources, and I should not be providing commentary on direction, on how an investigation should be proceeding?

A/Commr David Gork: Absolutely, and in hindsight, that's what I should have said. In hindsight, I should have kept a record of every e-mail. In hindsight, I should have written down every phone call. I didn't. You're not wrong, and I agree with you.

Mr. Borys Wrzesnewskyj: Thank you.

So when an investigator sees this line from an assistant commissioner, then, from what you've just said, he would have seen that as direction.

When I take a look at the timeline here, that's February 9 of 2005. The memorandum of understanding between the Ottawa police and the RCMP was signed by three people—Chief Bevan, Deputy Commissioner Loeppky, and Inspector Paul Roy. It was ten months after the start of the investigation that it was finally signed. Deputy Commissioner Loeppky signed it on February 8.

And point 3.1, which lays out the status and position of the investigation, states: Inspector Paul Roy will be assigned as Case Manager to the RCMP Investigation. For the duration of the investigation, Inspector Paul Roy will report directly to A/Commissioner D. Gork.

It makes it clear, in the memorandum of understanding, that the chief investigator is told to report directly to you, not to Chief Bevan. And Chief Bevan signed off on it, the deputy commissioner signed off on it, and Inspector Roy signed off on it.

So you were in fact—

A/Commr David Gork: Excuse me. And where is my signature on that?

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

The Vice-Chair (Mr. Brian Fitzpatrick): I'm sorry, Borys. We have to move on to Mr. Laforest.

[Translation]

Mr. Jean-Yves Laforest: Thank you, Mr. Chairman. I would like to ask a couple of questions to Mr. Garry Roy.

Mr. Roy, at the June 4 committee meeting, Mr. Casey told us that you were his immediate supervisor during the negotiations on the insurance administration outsourcing.

At the time, were you familiar with Treasury Board's guidelines in this area?

[English]

Mr. Garry Roy: No, I was not familiar with Treasury Board policies related to contracting.

[Translation]

Mr. Jean-Yves Laforest: Did you ask Mr. Casey—these are the notes we have—to circumvent the rules governing the awarding of contracts, to ensure that Morneau Sobeco got the Great-West Life pension administration outsourcing contract?

Did you ask Mr. Casey to do that?

[English]

Mr. Garry Roy: No, I did not.

[Translation]

Mr. Jean-Yves Laforest: You didn't?

Have you received gifts from Pat and Kim Casey, Mr. and Mrs. Casey?

[English]

Mr. Garry Roy: Yes, I have.

[Translation]

Mr. Jean-Yves Laforest: What type of gifts?

[English]

Mr. Garry Roy: I received hockey tickets.

[Translation]

Mr. Jean-Yves Laforest: To a hockey game.

Concerning the Ottawa Police Service investigation or inquiry, did you know that you were a person of interest in the investigation into the insurance and pension funds?

Did you know that you were a person of interest in the investigation?

• (1615)

[English]

Mr. Garry Roy: No, I was not aware.

[Translation]

Mr. Jean-Yves Laforest: You were not?

I have here an internal memo written by Mr. Bernie Corrigan and addressed to his supervisor, Pierre Lavoie, who identified you as a person of interest in an investigation:

[English]

The following individuals are the subject of the part IV investigation....

Mr. Garry Roy: I'm sorry, I just missed the last part of your sentence there.

[Translation]

Mr. Jean-Yves Laforest: In this internal memo, of which I have a copy, Mr. Corrigan informs Mr. Lavoie that you were one among those under investigation by the Ottawa Police Service.

Do you have any idea why you would be under investigation? Were you asked questions about the matter?

[English]

Mr. Garry Roy: I don't recognize those names at all.

[Translation]

Mr. Jean-Yves Laforest: Please I understand that I will table this internal memo.

It is fairly surprising that you were not aware that you were being investigated with regard to your dealings and your work, when someone passed along your name in that context.

[English]

Mr. Garry Roy: I'm sorry, I don't have that document in front of me, but if you're referring to a code of conduct.... Is that what you're referring to? Is that correct?

[Translation]

Mr. Jean-Yves Laforest: Yes. In fact, it refers to Part IV which deals with investigations. I presume it refers to a code of conduct.

[English]

Mr. Garry Roy: Yes, I'm sorry.

I didn't recognize the names.

[Translation]

Mr. Jean-Yves Laforest: Were you penalized when all of this happened? Did you receive a reprimand, a disciplinary notice or anything similar?

[English]

Mr. Garry Roy: No, they weren't.

[Translation]

Mr. Jean-Yves Laforest: We learned that it was not possible to impose disciplinary measures against anyone under investigation if more than a year had elapsed.

Do you think that is what happened in your case?

[English]

Mr. Garry Roy: I don't know what the result of the investigation was.

[Translation]

Mr. Jean-Yves Laforest: Fine, perfect.

I now have a couple of questions about Great-West Life.

Mr. Foley, despite what you said earlier, which is that Great-West Life was just doing some type of administrative work, you were not able to provide the computer services required by the RCMP.

It is surprising that a company as well known as Great-West Life was not able to provide these services, but I understand that the technological challenges sometimes exceed the capacities of an organization.

Nevertheless, you were the intermediary between the RCMP and Morneau Sobeco, and you did not take into account the fact that there was no bidding process and that the contract was awarded without the legal opinion and audit required.

How was it that a company like Great-West Life became embroiled in this situation and without seeking legal audit? I would like you to explain to us how this happened because I personally have a lot of difficulty understanding it.

[English]

Mr. Peter Foley: As best I understand you, you've covered quite a lot of the spectrum here. Great-West Life began working on the insurance administration outsourcing, and most of the tasks that we assumed were the ones required were things that we could do. As the project unfolded, some of the requirements that were coming to light were newer things that the RCMP and the compensation people decided they wanted. They were new technology things that involved Internet access for members to enrol online—and remember, we're going back six or seven years, and these were leading-edge things.

● (1620)

[Translation]

Mr. Jean-Yves Laforest: In that regard, Mr. Foley, I can understand the process and I can also understand that it was difficult for you to do the job that was requested of you and to provide those services. However, I am asking you why you agreed to be the intermediary between the RCMP and Morneau Sobeco, which was another company.

Was Great-West Life paid for that? How much? I am referring in particular to the fact that Morneau Sobeco was awarded a contract without submitting a bid. That's not normal.

[English]

Mr. Peter Foley: Great-West Life informed the RCMP that we couldn't do the work going forward, and we wanted to assist the RCMP, but we did not select Morneau Sobeco. We were not involved in that process, and we worked with Morneau Sobeco to arrive at a contract after they were selected. We made no money. In fact, we expended—

[Translation]

Mr. Jean-Yves Laforest: Did you make sure that the contract between the RCMP and Morneau Sobeco was in accordance with Treasury Board policies and Public Works and Government Services Canada policies? Did you make sure of this before agreeing to the role of intermediary?

[English]

The Vice-Chair (Mr. Brian Fitzpatrick): That is the last question. We'll hear the answer.

Mr. Peter Foley: If I understand the question correctly, we did not deal with PWGSC. We provided the services. We had the contract with Morneau Sobeco. It's a contract between Great-West Life and Morneau Sobeco on behalf of the RCMP.

[Translation]

Mr. Jean-Yves Laforest: Mr. Chairman, I have a point of order.

The witness has not answered my question, which is basically whether he made sure that the contract between the RCMP and Morneau Sobeco was in accordance with Treasury Board policies?

[English]

Mr. Peter Foley: The question—

[Translation]

Mr. Jean-Yves Laforest: I would ask you to answer.

[English]

The Vice-Chair (Mr. Brian Fitzpatrick): We'll let Mr. Foley or the officials answer, but it is a straightforward question, so if we would get an answer—

Mr. Pierre Poilievre: There was no contract, Mr. Chair. It's not an accurate question.

[Translation]

Mr. Jean-Yves Laforest: Absolutely.

[English]

Mr. Frank Pattie: There was no contract between the RCMP and Morneau Sobeco.

[Translation]

Mr. Jean-Yves Laforest: Surely there was an agreement, even if there was no contract.

[English]

The Vice-Chair (Mr. Brian Fitzpatrick): Okay, you're out of time, Mr. Laforest. You might get some chances to go at this later on.

Mr. Poilievre.

Mr. Pierre Poilievre: Mr. Casey, did Mr. Roy tell you to use only the estimates of Morneau Sobeco in preparing a business case for the outsourcing of the pension?

Mr. Pat Casey: It was not my mandate to—

Mr. Pierre Poilievre: No, it's just a very straightforward question. Let's not waste any time. Let's go right to the answer.

Did Mr. Roy indicate to you to use only Morneau Sobeco's estimates?

Mr. Pat Casey: Yes.

Mr. Pierre Poilievre: Okay.

Is that true, Mr. Roy?

Mr. Garry Roy: No.

Mr. Pierre Poilievre: Mr. Casey, when did he indicate to you that you were to use only Morneau Sobeco's estimates in developing the business case?

Mr. Pat Casey: I was given the financial information from Morneau Sobeco.

Mr. Pierre Poilievre: No, that's not it. When did Mr. Roy indicate to you that you were only to use Morneau Sobeco's numbers?

Mr. Pat Casey: At some point in the process I was developing—

Mr. Pierre Poilievre: Was it a phone call or an e-mail?

Mr. Pat Casey: I'm sorry, I can't recall.

Mr. Pierre Poilievre: Well, someone is lying. The difference is that clearly there is demonstrable evidence that someone is lying.

Mr. Borys Wrzesnewskyj: On a point of order, Chair, I think it's time to move on.

Mr. Pierre Poilievre: All right, we'll move on, then.

Mr. Crupi, Anthony Koziol testified that you, as supervisor, directed him to use only the cost estimates provided by Morneau Sobeco in the development of the business case justifying outsourcing of pension administration. Why would you give direction of that sort?

Mr. Dominic Crupi: I don't recall giving those exact words. We had a costing for the outsourcing. It was from a valid company.

We spoke to Canada Post, which had worked with Towers and suggested that the numbers were reasonable—it was a verbal conversation—and that they were reasonable to their costs—

Mr. Pierre Poilievre: Sorry, who was that?

• (1625)

Mr. Dominic Crupi: Canada Post, which had gone to Towers Perrin to do the same thing.

Mr. Pierre Poilievre: That doesn't sound like a verification. It was a casual conversation with a totally separate organization. "Oh, by the way, what do these numbers seem like to you?"

If I go out to buy a carton of milk, I shop around a bit. When you went out to shop around for what was estimated to be a \$3-million contract, you only asked one source for a price. How could you possibly justify that kind of conduct?

Mr. Dominic Crupi: I guess we were satisfied—

Mr. Pierre Poilievre: You were satisfied with what?

Mr. Dominic Crupi: —with the information we had received.

Mr. Pierre Poilievre: How could you be satisfied when you had not verified that information against other suppliers?

Mr. Dominic Crupi: I was satisfied. If Mr. Koziol or any others were not, they should have brought to my attention that we should check with others. No one brought that to my attention.

Mr. Pierre Poilievre: Your satisfaction didn't amount to much satisfaction for the RCMP members, given that the estimates Morneau Sobeco provided were off by about \$6 million. Morneau Sobeco estimated in the range of \$2 million as a cost for outsourcing pension fund administration and those costs accelerated to almost \$9 million.

Mr. Dominic Crupi: They were just that: estimates. Until such time as we saw the bids, we really didn't know what the total value of the processes and cost would be. We also included—

Mr. Pierre Poilievre: They were off by 300%.

Mr. Dominic Crupi: Finance had changed a lot of our requirements. Originally cheques were to be issued by an outsourcer. They changed it, and it had to be done through Public Works. That probably cost us over \$1 million. We had no financial framework in terms of financial officers. When I asked for a chief financial officer for the pension plan and a group of people, they authorized a few, maybe two—

Mr. Pierre Poilievre: This sounds like a lot of rambling.

Mr. Dominic Crupi: I'm just trying to tell you that—

Mr. Pierre Poilievre: You just told us that you got an estimate from only one source—the source that ultimately became the contractor. The cost went 300% over budget.

In retrospect, do you acknowledge that it might have been a good idea to shop around and ascertain if the estimates of the future contractor were in fact accurate?

Mr. Dominic Crupi: I thought they were accurate at the time based on the information we had given.

Just for another piece of information, the first estimates for Public Works to take on the function they had been asked to take on was over \$70 million. That was way beyond what we paid Morneau Sobeco. The first estimate from Public Works to take on the function of RCMP pensions was over \$70 million. I don't believe we were over \$20 million transition costs.

Public Works ongoing costs, I am led to believe, are higher than Morneau Sobeco's ongoing costs. So if and when they chose to move to Public Works, I would suggest the cost will be significantly higher. This is information I have received.

Mr. Pierre Poilievre: I have a question for Mrs. Pell.

Morneau Sobeco was a limited partnership in 2001. Is that correct?

Ms. Francine Pell: Yes, I believe it was.

Mr. Pierre Poilievre: How many partners were there?

Ms. Francine Pell: Offhand, I don't know exactly how many partners there were in 2001. I could get that information for you.

Mr. Pierre Poilievre: Can you please table the names of the partners in that organization in 2001? Do I have that commitment from you?

Ms. Francine Pell: Sure.

Mr. Pierre Poilievre: We have that commitment.

Was former defence minister Doug Young involved in any way in Morneau Sobeco?

Ms. Francine Pell: No, I do not think so.

Mr. Pierre Poilievre: Can you explain why the costs accelerated so far above the estimates that your organization provided to the RCMP?

Ms. Francine Pell: First of all, the costs that were in the Auditor General's reports were not our fees; they were our fees plus other costs.

Mr. Pierre Poilievre: That's not the question, though, because I'm talking about the cost of outsourcing. Your company gave projected

costs for outsourcing. Those estimates were dramatically exceeded when the outsourcing actually occurred. Can you tell us why?

Ms. Francine Pell: I can only speak to our fees per se. I cannot speak to the other internal costs that the RCMP decided to take on that we were not aware of.

Our fees did increase, and as I said before, they're all public within Public Works. The main reasons were either change in scope.... Mr. Crupi mentioned one of them. There was also a significant difference between the volume of the population—the estimated transactions that were in the bid—and what happened in reality. So there was a significant difference between those two assumptions. There was also other work that was provided that was not part of the original outsourcing requirements.

• (1630)

Mr. Pierre Poilievre: I have to say that none of those explanations justify a 300% increase in costs—unless you were misled on the assumptions at the outset, in which case we'd like to know by whom you were misled. But right now we have a situation where your organization was the only one that was asked to provide estimates and ultimately won the contract to carry out the plan, for which your company had been the ultimate proponent. That looks suspicious to us from the outside.

Mr. Gork, can you tell us why the Ottawa Police investigation was not allowed to investigate the Morneau Sobeco and Great-West Life activity with regard to the pension and insurance fund? Why was that part of the investigation not allowed to go ahead?

A/Commr David Gork: That wasn't part of the original investigation. The investigation was to deal with the pension fund, not insurance for outsourcing. If an issue comes up, then you need another team to start that investigation. You just can't carry on with the same team forever and a day. We had a mandate and we were working within that mandate.

Mr. Pierre Poilievre: On the pension.

A/Commr David Gork: On the pension.

The Vice-Chair (Mr. Brian Fitzpatrick): Thank you, Mr. Gork.

The next person scheduled to be on the list was Mr. Christopherson, but he has been asked to be put at the foot of the list until he gets a key witness here.

We'll move on to Mr. Wrzesnewskyj until that happens.

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

Mr. John Williams: Who is this key witness? I don't see him on the list.

The Vice-Chair (Mr. Brian Fitzpatrick): Mr. Frizzell was supposed to be here. There's no surprise witness; he's somebody who's been here quite often.

Mr. John Williams: I just thought he might have been on the witness list, so others could know if he intended to show up or we expected him to show up.

Thank you.

The Vice-Chair (Mr. Brian Fitzpatrick): Go ahead, Mr. Wrzesnewskyj.

Mr. Borys Wrzesnewskyj: Assistant Commissioner Gork, in 2000-2001 I understand you were the RCMP's departmental security officer. Is that correct?

A/Commr David Gork: That is correct.

Mr. Borys Wrzesnewskyj: In that timeframe of 2000-01 while you were the departmental security officer, there was an internal investigation that you provided protected documents to an officer candidate. Yes or no?

A/Commr David Gork: That is correct.

Mr. Borys Wrzesnewskyj: You provided protected examination material to an officer candidate. What was her name?

A/Commr David Gork: Inspector Mackie.

Mr. Borys Wrzesnewskyj: So Ms. Mackie reported this serious ethical breach to Fraser Macaulay, who then commenced an internal investigation into your actions through Barbara George. Is that correct?

A/Commr David Gork: No.

Mr. Borys Wrzesnewskyj: Then correct me. I understand there was an internal investigation.

A/Commr David Gork: Yes, there was. It was not directed by any of those people. What Mr. Macaulay did was totally correct as an officer. He advised my line officer. My line officer then called for an investigation, and that's how it was done. It had nothing to do with Fraser Macaulay, Barb George, or anybody else. It goes through the line officer.

Mr. Borys Wrzesnewskyj: Perhaps we could have Chief Superintendent Fraser Macaulay sworn in, but I'll continue with Assistant Commissioner Gork.

The Vice-Chair (Mr. Brian Fitzpatrick): Right now?

Mr. Borys Wrzesnewskyj: I'd like to continue questioning in a different line, but I'd like to perhaps have the opportunity to come back to that.

The Vice-Chair (Mr. Brian Fitzpatrick): Okay.

Mr. John Williams: I have a point of order, Mr. Chairman.

I find this whole RCMP investigation strange. It's not that I don't support it. I just find it strange. We have information coming in out of left field that Mr. Wrzesnewskyj has acquired, which is perhaps from—

An hon. member: Is this a point of order?

• (1635)

Mr. John Williams: It is a point of order.

It is perhaps from Superintendent Fraser Macaulay and is not privy to anybody else at this table. The witnesses are being challenged by information that is just coming out of the ether.

Normally this committee elicits information from the witnesses—it's on the record—and from there we make decisions. Now, I know we have gone off on a different tangent with this particular investigation, but I find it surprising, and it's not that I really disagree with it, it's just the fact that this information is now being thrown at

the witnesses rather than our eliciting information from the witnesses, and they're being challenged on this stuff.

I don't expect he was told to be prepared for it. Therefore, Mr. Chairman, I just find this whole style of investigation, with information being acquired by one particular member and then thrown on the floor—the witness is being accused of it—is totally contrary to our style.

I'm not saying it can't be done. I just think we should be careful how it's done.

The Vice-Chair (Mr. Brian Fitzpatrick): I think you have a good point. Members have a wide latitude in asking questions at committees, but we've had a lot of people travel a long distance to be here, and really the nature of the inquiry today was intended to investigate the outsourcing to the insurance company and Morneau Sobeco, and we seem to be getting quite a way off the track.

So I would encourage members to keep in mind what the plan was and what the steering committee had in mind too, and not go too far off the rails here.

Mr. Borys Wrzesnewskyj: Thank you.

Assistant Commissioner, were you ready to resign at that time and had you submitted your resignation?

A/Commr David Gork: As a matter of fact I had, and because you've asked me that question, at least I think I deserve the time to respond to it. I'll keep it as short as I can.

I provided a study book. I didn't realize there were questions from two years prior in that study book. There was nothing wrong with the study book itself, but it was the questions that were protected. As I said, I didn't realize that. When it was reported through and they started an investigation, I said fine, do the investigation. I cooperated fully with them. I admitted my error and at the same time I submitted my resignation because I felt accountable. The departmental security officer, of all people, has to be the one who is above reproach, and I had screwed up.

There's my resignation.

Mr. Borys Wrzesnewskyj: Would Assistant Commissioner Tim Killam and Barb George have had input at that time in not accepting your resignation?

A/Commr David Gork: Tim Killam did. Barb George had nothing to do with it. It went to Tim Killam. He said he would not accept my resignation.

Mr. Borys Wrzesnewskyj: Would she have had input?

A/Commr David Gork: Who?

Mr. Borys Wrzesnewskyj: Barb George.

A/Commr David Gork: No, absolutely not. From Tim Killam it went to Deputy Loeppky. Deputy Loeppky said that he wanted me to reconsider, and then another incident happened. It was an operational issue. My wife at that time said she did not want me going, because she felt that I wasn't ready to go because I had been involved in an operation all night long. The next day I got hold of Tim and I said, "Okay, I've reconsidered; I'll stay with the organization." That was the end of it. They had never signed my resignation. It had nothing to do with Barb George—nothing.

Mr. Borys Wrzesnewskyj: Soon afterwards you were promoted to assistant commissioner. Is that not correct?

A/Commr David Gork: About a year and a half after, I think.

Mr. Borys Wrzesnewskyj: And Barb George was head of office staffing at that time?

A/Commr David Gork: Yes, but that was done by Commissioner Zaccardelli, not Barb George.

Mr. Borys Wrzesnewskyj: But she would have supported this promotion?

A/Commr David Gork: I assume, as every member of SEC would have supported it, yes, but it was the commissioner's decision on who he made...within the senior executive of the organization.

Mr. Borys Wrzesnewskyj: Mr. Crupi, you said you were satisfied with the services of Morneau Sobeco. Were you also satisfied with the services of Mr. Roy when it came to the contract that he had with you to build the barn for you?

Mr. Dominic Crupi: He didn't build a barn. I've said that before. I think he put up eight posts and roof. That was it. A barn would have a stall and rafters.

Mr. Borys Wrzesnewskyj: So you were satisfied?

Mr. Dominic Crupi: Actually I've had to reinforce the structure. It was falling over. So I guess I can say I was not satisfied, sir.

Mr. Borys Wrzesnewskyj: Mr. Roy, you were satisfied with the promotions that you received in that approximate timeframe?

Mr. Garry Roy: I received two increases in pay since joining the RCMP. I have the documents here.

Mr. Borys Wrzesnewskyj: That was already referenced previously. It was referenced in the Ottawa Police investigation, and they had serious concerns about that.

Mr. Dominic Crupi: Can I make one statement here? One of those supposed promotions, sir, was a reclassification involving about 20 people, of whom he was one. So it was not a promotion of Mr. Roy specifically. Jobs were looked at and rewritten, and the jobs of 20 different people doing the same function were reclassified higher, through classification, through staffing, which then would have offered the letter of offer.

The second one, as I said, was through officer staffing. Lise Prud'homme sat on that committee with me, and Mr. Roy was one of the successful candidates.

• (1640)

Mr. Borys Wrzesnewskyj: So, Mr. Crupi, you were quite satisfied with Mr. Roy. Mr. Roy was satisfied with his promotion.

You started off by saying in the previous round that you were quite satisfied with Morneau Sobeco. Why were you so satisfied, especially when if you take a look you'll see that there was a threefold, 300%, increase in the cost?

Mr. Dominic Crupi: First of all, you're telling me it's a 300% increase in the costs of Morneau Sobeco. I do not believe they had a 300% increase in cost. Their costs, let's say, were \$2 million, representing a flat cost. I believe some changes in contracts were made, certainly never to the \$6 million level. But that being said, I was gone, so I really don't know. You're using numbers I'm not aware of, sir.

Mr. Borys Wrzesnewskyj: Mr. Crupi, yesterday we heard something quite unusual. The comptroller for the RCMP, the chief financial officer, referred to you as a corrupt individual. You did not act on your own. If that assertion is correct, then in fact if we were to extrapolate to the people who were involved with you, would it be fair, first of all, to say that you did not act on your own? If so, do you agree with his statement that you're a corrupt individual?

Mr. Dominic Crupi: First of all, it's really disturbing to me that people can make comments like this in this committee, which will be published, against which a person cannot defend themselves. I find that very difficult. I don't believe I'm a corrupt person.

Mr. Borys Wrzesnewskyj: Did you act on your own, sir?

The Vice-Chair (Mr. Brian Fitzpatrick): Just a minute, Mr. Crupi. We have a point of order here.

Mr. John Williams: Again, I go back to my previous point of order to say that our job is to solicit information. To ask somebody if they think they are a corrupt individual I don't think is an appropriate question for this committee, Mr. Chairman.

The Vice-Chair (Mr. Brian Fitzpatrick): It might be an inappropriate question, but I think Mr. Crupi has raised a valid point. He would like the opportunity to respond to that comment. I think in that sense, fairness would....

Mr. Dominic Crupi: First of all, Mr. Gauvin's not the only one who has used words I think were inappropriate. "Collusion", "corrupt", "fraud" have been used by a number of individuals in this committee towards me, which to me represent personal attacks and have been personal attacks. I've been unable to defend myself because of it.

That being said, I have no prior anything with these companies. I don't know these companies other than business-wise. For Morneau Sobeco, I was pretty much gone when they started doing the work. I wouldn't know if they're doing a good job or a great job. From Great-West Life's perspective, Peter Foley was right: the contract is between Peter Foley and Morneau Sobeco. I did not direct them to hire Morneau Sobeco.

The Vice-Chair (Mr. Brian Fitzpatrick): Okay.

Thank you very much, Mr. Crupi.

Now Mr. Christopherson is ready to go. I see his witness has shown up. It's Sergeant Frizzell.

Mr. David Christopherson: Could we get Staff Sergeant Frizzell sworn in?

The Vice-Chair (Mr. Brian Fitzpatrick): Could we get him to come up to the front table and we'll swear him in? We won't start the clock on you until he's sworn in. It will just take 30 seconds or so to do this.

Staff Sergeant Mike Frizzell (Staff Sergeant, Strategic and Operational Support, National Child Exploitation Coordination Centre, Royal Canadian Mounted Police): I, Mike Frizzell, do swear that the evidence I shall give on this examination shall be the truth, the whole truth, and nothing but the truth, so help me God.

The Vice-Chair (Mr. Brian Fitzpatrick): Thank you, Staff Sergeant Frizzell.

Go ahead, Mr. Christopherson.

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

Thank you very much, Sergeant. I apologize for not having notified you before. You had to come in at the last minute, and I thank you for doing that. It's appreciated.

I want to take you back to the testimony you gave where you and Chief Superintendent Macaulay made a presentation on the overview. At that meeting, and I'm quoting your remarks, you said:

Mr. Casey sent the e-mail around saying that this meeting was rescheduled. It was Mr. Roy who replied, "Smooth". My interpretation of that was everyone had bought the reasoning, even though it was untrue.

Further testimony:

That same day a letter was received at NCPC with the proposal from Morneau Sobeco. This is important because you've been told up until now that Great-West Life subcontracted the administration duties to Morneau Sobeco. It's clear from this that Morneau Sobeco made the pitch to NCPC, got approvals, got the thumbs-up to be the administrator, and then later they were concerned about how to make that happen.

Further testimony:

On February 4, 2002, a business case appeared for the insurance outsourcing. It was around this time they realized that if they just went to Morneau Sobeco as the outsourcer, people were going to ask questions.

Further:

The final draft of the business case appears to have been done on March 15, 2002. It contained an evaluation grid that would make it appear as though a proper bid evaluation took place. This evaluation grid showed a bid from Great-West Life and a bid from Morneau Sobeco versus keeping it internal. It showed the costings and, son of a gun, Morneau Sobeco won.

When we interviewed the people who were supposed to have been part of the bid, the evaluation committee told us no such process ever took place. This was merely a paper exercise to add legitimacy to the process.

Do you stand by those remarks?

• (1645)

S/Sgt Mike Frizzell: Yes, I do.

Mr. David Christopherson: Mr. Casey, you had some difficulty answering some questions I placed to you at the last meeting. You've provided some clarification in your opening remarks. I want to take you back to this issue.

You have heard very directly from Staff Sergeant Frizzell, who's sitting beside you. Now, you told me that the process, the bid, was straight up, was legitimate, at arm's length. And those are my words, but you concurred that this had happened. Then, a little earlier today, you answered a question—that Mr. Roy had given you a directive that you were to make sure that Morneau Sobeco won.

I'm very confused, sir. Help me out.

Mr. Pat Casey: There were three of us to develop the business case. It was Mr. Roy, Ms. Ballantyne, and me. We all sat in a room

and we went through the evaluation. It was Mr. Roy who had solicited the information. It was not my mandate to go out and solicit that information.

Mr. David Christopherson: Thank you.

Staff Sergeant Frizzell, you testified that you interviewed some of these participants. Tell us what they said, what you found.

S/Sgt Mike Frizzell: It may be a play with words here, but.... They may have all sat in a room and put the business case together, but the way the business case appeared was there is the business case: three independent people sat down, looked at it, and said here it is.

The only person asserting that is Mr. Casey. The other two people I interviewed stated that no formal bid evaluation took place.

Mr. David Christopherson: Mr. Casey, would you respond to that, sir?

Mr. Pat Casey: Yes. The three of us did the evaluation and put the document together.

Mr. David Christopherson: Mr. Roy, which version is closer to what you recall, Mr. Casey's or Staff Sergeant Frizzell's?

Mr. Garry Roy: I read the business case after reading the minutes of your meeting. I do recognize the options evaluation. So that is true. I did participate in that and in—

Mr. David Christopherson: Was it a legitimate process, sir?

Mr. Garry Roy: I'm just telling you, I participated in putting the points beside the value for the in-house, the Great-West Life, and the Morneau Sobeco.

Mr. David Christopherson: I'm sorry, you're maintaining that it was a legitimate process?

Mr. Garry Roy: No, I'm just saying I did that part of the business case. That's the only part I did.

Mr. David Christopherson: Help me. I'm not going after you. Help me here. Help me understand.

What took place at that meeting? We've heard from Staff Sergeant Frizzell that the meeting was basically meant to be a fig leaf, a front, just to make it look like there was a process. Was that a real evaluation that you participated in? Or, as Mr. Casey has testified, were you part of making sure the fix was in?

I guess I am going after you.

What happened at the meeting? Just tell us what happened at the meeting, sir.

Mr. Garry Roy: It's a long time ago. I'll try to give you what my recollection is.

Mr. David Christopherson: Let me make this comment. When you sat down, was this a real meeting? Were you really evaluating things?

Mr. Garry Roy: Again, I just want to preface that by saying that I was also responsible—I have to tell you this—for the pension outsourcing as well, so there were a lot of things happening at the same time. That's probably why I didn't recognize the evaluation portion of the business case. And I believe that even Liz Ballantyne, who is not here today, probably forgot that she was involved too. It's true, the three of us were involved in that portion of the business case. Was there a fix in? No, it was just evaluating those three items, three companies.

Mr. David Christopherson: Staff Sergeant, you've heard this testimony. Give me your thoughts on what you just heard.

S/Sgt Mike Frizzell: I interviewed Mr. Roy and Ms. Ballantyne, and, as Mr. Roy says, perhaps everyone forgot when I was interviewing them, but I can only go by what I was told at the time.

Mr. David Christopherson: You were told very clearly by them.... Do you recall any of the actual words that they said?

S/Sgt Mike Frizzell: The gist of it was that there was no formal evaluation.

Mr. Garry Roy: May I speak?

First of all, I didn't see the document when I was being interviewed, so I don't know what we were exactly talking about. I may have confused it with a bidder's evaluation, and that never took place. It was the evaluation of the options. So there may have been a misunderstanding.

• (1650)

Mr. David Christopherson: Maybe the misunderstanding is on my part, but the allegation is that the fix was in and the meeting was an afterthought as an attempt to provide a paper process that really wasn't legitimate.

Mr. Garry Roy: Not that I'm aware of.

Mr. David Christopherson: You are with Mr. Casey in saying that it was a real meeting and you're disagreeing with Staff Sergeant Frizzell that—

Mr. Garry Roy: No, what I'm saying is that we did participate in an evaluation of options, and I don't agree that the fix was in at that point, or at any point.

Mr. David Christopherson: Thank you.

I want to come back to the issue. Staff Sergeant and Chief Superintendent Macaulay, when I asked questions about why didn't you dig further into why people were prepared to go to such great lengths to make sure Morneau Sobeco won when it was starting to cause all of these problems, I was trying to get to the source of that. And when I asked you, you responded to me.... I ask you again: why didn't you spend more time finding out what the motivation was that Morneau Sobeco had to be the winner no matter what, given that it was starting to cause problems and there were legal questions, etc.? Why didn't you explore that more, Staff Sergeant?

S/Sgt Mike Frizzell: There are the two issues of Morneau with the pension, and that's because I was told not to. But on the issue with the insurance I thought it was pretty clear that Mr. Crupi wanted this done at the same time as the pension, so it had to be done lickety-split. That was the reason why they pushed—

Mr. David Christopherson: Why?

S/Sgt Mike Frizzell: Mr. Crupi would better be able to answer that, but this would have been quite a coup for him and anyone else with him to have both the insurance and the pension successfully outsourced in one fell swoop.

Mr. David Christopherson: Now take me back on the pension.

The Vice-Chair (Mr. Brian Fitzpatrick): This is your last question, Mr. Christopherson.

Mr. David Christopherson: You were specifically told not to. By whom, and what were the reasons given?

S/Sgt Mike Frizzell: It was by Mr. Gork, and the reasons given were that we were expanding the scope of the investigation. My understanding was we were to look into how the pension money was spent. A significant portion of that pension money was spent on the outsourcing to the outsourcer. He felt that our scope was narrower than that.

Mr. David Christopherson: Does it remain to this day uninvestigated?

The Vice-Chair (Mr. Brian Fitzpatrick): That's it, Mr. Christopherson. We have to move on.

I have just a point of clarification here.

Mr. Roy, you said that you received some tickets from the one group for hockey. Was that for Ottawa Senators games, or what was that?

Mr. Garry Roy: Yes, sir.

The Vice-Chair (Mr. Brian Fitzpatrick): I have something else I want to get clarified too while we're at it. I understand that you may have provided some assistance to Mr. Crupi to get a barn up. Maybe it didn't work out very well.

Mr. Garry Roy: It wasn't a barn. He had this big old tractor and he wanted to cover it for the winter—

Mr. Dominic Crupi: And he was paid.

The Vice-Chair (Mr. Brian Fitzpatrick): It was paid for. Okay.

In these transactions you mentioned receiving hockey tickets. Did you receive any benefit or gift from any of the other people we're dealing with here today?

Mr. Garry Roy: From Great-West Life, not at all, and for Morneau Sobeco, when we had business meetings with them they brought in a working lunch and there was an annual golf tournament that was for all clients.

The Vice-Chair (Mr. Brian Fitzpatrick): Thank you very much.

We've been anxiously waiting for Mr. Williams, and it's his turn, so go at it, Mr. Williams, for eight minutes.

Mr. John Williams: I had no idea that you were so anxious, Mr. Chairman, but thank you very much.

Mr. Crupi, are you aware of the audit by KPMG on Consulting and Audit Canada?

Mr. Dominic Crupi: I'm aware of it, but I've never seen it.

Mr. John Williams: You are aware of it, and Mr. Brazeau figures prominently on it. One of the major parts of the audit was to deal with the 30 NCPC contracts managed by Frank Brazeau at CAC. Of course you were the manager of the NCPC.

It's a quite damning document for a number of people, and you were mentioned as well, although not as prominently as others. I would expect that there would be some criminal investigations going on regarding this audit, in due course, and including the NCPC and its relationship with Consulting and Audit Canada.

If there is a criminal investigation, I think that would include your role, as far as these contracts with NCPC, because they come under your jurisdiction. I'm sure that would be a little uncomfortable for you, if that were to happen, right?

• (1655)

Mr. Dominic Crupi: I've always maintained that I've never colluded with anyone. We had dealt with CAC with my representative, Mr. Koziol. He was told the rules to follow; I understood that he followed those rules.

That's really my only involvement with CAC, other than the odd e-mail where I said thank you for getting your contract through, or he would give me information. That's it, sir. I wouldn't be uncomfortable at all, because I've done nothing.

One more thing needs to be said. I lost a job once this committee divulged where I was working.

Mr. John Williams: I'm sorry; we're not going to—

Mr. Dominic Crupi: It's important to say, because I've been called all sorts of names here. In order to get employment at that job, all persons must take and pass a polygraph test, which I've done.

Staff Sergeant Frizzell asked me to take a polygraph during the investigation, and I said that I would. I have since taken one. I want to put on record that I'm comfortable with anything that I've said here, to the best of my recollection, because it was six and seven years ago.

Mr. John Williams: That was a statement that added another minute on my time, Mr. Chairman. I didn't ask these questions.

You seem to have the same answer as Mr. Gauvin did yesterday: that they were so far below me that I'm not responsible, because other people were doing the work and I just happen to be the manager; therefore you can't hold me responsible, because I didn't do the work; I thought these guys were up to par, and if they weren't, then why don't you go after them and not after me? That's what Mr. Gauvin said yesterday, and that seems to be what you're telling me today: that you were just the manager, so don't blame me. Is that right?

Mr. Dominic Crupi: There are two things to look at. One is that I've probably lost over \$1 million in salary and benefits, so I have been held responsible for things. The second thing is—

Mr. John Williams: Mr. Crupi, you just told us that it was Mr. Koziol and others who advised you that all was well, and therefore you took them at their word.

Mr. Dominic Crupi: The advice they gave me, yes, sir.

Mr. John Williams: As a manager, you felt that you were no longer responsible, because you took them at their word.

Mr. Dominic Crupi: I didn't say I wasn't responsible; I took them at their word. Another important thing to note is that I've been told since that the organization now has five different people doing what I was expected to do as one person.

So you had to trust that people were doing their job, sir. I couldn't keep on top of everything. I tried my best.

Another thing that should be understood here is that I was a brand-new director. I had never been trained to be a director.

The Vice-Chair (Mr. Brian Fitzpatrick): Mr. Crupi, I would ask you to try to keep your answers a bit shorter. We have limited time.

Mr. John Williams: I know that you feel hard done by this investigation.

Mr. Dominic Crupi: I have been, sir.

Mr. John Williams: I appreciate that, but nonetheless I'm here to ask the questions. I would appreciate that you stick to the issues.

Mr. Gauvin testified yesterday that although he was about four levels above you and had little or no contact, he sat on the pension insurance advisory committee. Therefore, since you reported to that committee, you were in somewhat closer contact in that relationship. Is that correct?

Mr. Dominic Crupi: He was on the pension advisory committee. He was not on the insurance advisory committee.

That's where I was a resource that would bring information to that committee, yes, sir.

Mr. John Williams: Did you keep the committee fully informed of what was going on regarding the pension issue and Great-West Life?

Mr. Dominic Crupi: It was my hope that we had done that, yes, sir.

Mr. John Williams: Did they approve all this?

Mr. Dominic Crupi: From the insurance perspective for pensioners, yes. From the insurance perspective for members, it was information.

Mr. John Williams: Were they just kind of rubber-stamping this, like they did in Hollinger, or were they actually reading, understanding, and giving it approval? Was it a rubber stamp or a real committee?

Mr. Dominic Crupi: I can't believe it was a rubber-stamp committee with a chief financial officer and a chief human resource officer and senior members of the force. We went to great pains. Mr. Molson was there, who walked through every Treasury Board submission, line item by line item, explaining what it was that was going to take place.

Mr. John Williams: So Mr. Gauvin can't blame anybody else because he personally would have been fully knowledgeable and briefed and made the decisions as part of the committee.

Mr. Dominic Crupi: He would have been part of the committee that would have accepted or not accepted the process moving forward, on the pension committee.

Mr. John Williams: I'm trying to understand the relationships. Did you have any contact with Mr. Gauvin other than his sitting on this pension advisory committee? Did you have any relationship of any kind—personal, private, public, in other roles?

Mr. Dominic Crupi: No. I had heard of his reputation, and I don't believe I've actually met him. If I have, I don't recall for what reason.

Mr. John Williams: I'm at a loss here, Mr. Chairman, so maybe I'll just defer the rest of my time until another point and see if I can get it back.

Thank you.

• (1700)

The Vice-Chair (Mr. Brian Fitzpatrick): Sure.

Maybe I could just ask a few questions that are relevant to this area Mr. Williams was on.

Mr. Gauvin indicated to us clearly that he had taken away your authority to make contracts.

Mr. Dominic Crupi: I never had authority to make contracts.

Mr. John Williams: If I could pick up on that, Mr. Chairman, you never had authority to make contracts, Mr. Crupi, but you did authorize about \$6 million in contracts.

Mr. Dominic Crupi: No, sir. I had authority to approve statements of work in terms of the actual work itself. That's my understanding of the authorities I had. Then they would be moved to the proper sign-off processes, and procurement was the ultimate contract provider.

That was my understanding of the authorities I had, sir.

Mr. John Williams: Staff Sergeant Frizzell.

S/Sgt Mike Frizzell: He's not entirely right. They had a whole list of people who signed, and each one who signed said "Well, I signed because the guy before me signed."

Mr. John Williams: That's a great accountability process, yes.

S/Sgt Mike Frizzell: Unfortunately, Mr. Crupi was at the beginning of that chain.

Mr. John Williams: I had a thought in my head here. I've been at this game for too long. I even forgot the question I asked. What was it dealing with?

Yes, you had a \$5,000 contracting limit. Mr. Gauvin finally figured that one out; actually, he thought it was \$50,000 or \$60,000. He said he assigned a supervisor to keep an eye on you. Are you aware of that?

Mr. Dominic Crupi: I certainly was never aware that a supervisor had been assigned. There was a procurement study done by his DG of procurement.

Mr. John Williams: Mr. Gauvin told us that he knew you were, in his words, "a corrupt individual", and I apologize for using that in

your presence. Nonetheless, I think that's what he said. And he didn't put you on the carpet; he assigned somebody to keep an eye on you. The report came back that you were still at it. Therefore it would suggest that Mr. Gauvin was aware that you were breaking the rules.

Mr. Dominic Crupi: Well, I wasn't aware I was breaking rules. That's the first thing. We were working with his procurement people every step of the way. His procurement people saw every document. His procurement people signed off every document. If they didn't speak to him, I can't answer that question. If his procurement people were not telling him things, I can't answer that question.

There was a procurement study done by the DG of procurement, and he recommended that a procurement person be put into the NCPC to assist us in writing our documents in future.

I want to put it clearly that over a year or two before that I had asked for a procurement person to be brought into NCPC, since we were having so many issues with his procurement people, and we were flatly denied that request.

The Vice-Chair (Mr. Brian Fitzpatrick): We've run out of time on this, but I have a few questions for Mr. Crupi while we're at it.

On the Morneau Sobeco and Great-West Life thing, it seemed to me you were in a kind of lead position on this as far as the outsourcing goes, right?

Mr. Dominic Crupi: Is that on the outsourcing of the pensions? I was the director who was being asked to outsource pensions and was being asked by the insurance committee to modernize the insurances.

The Vice-Chair (Mr. Brian Fitzpatrick): You also stated you thought we had gotten good value from working with this outsourcing with Morneau Sobeco. You also stated that if you had done it in Public Works, it would have probably cost you \$70 million.

The difficulty I'm having with a lot of your answers, sir, is that you say you're not involved in procurement and you're not a procurement expert, but it seems to me that you've just offered the opinion of an expert on the cost of procurement here.

Mr. Dominic Crupi: I don't see how you can make that leap, sir. I'm just providing facts that I was told. I don't know. I'm not a procurement expert and have never been a procurement expert. My officers were told to deal with procurement every step of the way, and they did that.

The Vice-Chair (Mr. Brian Fitzpatrick): How would you know that Public Works...that this would have cost \$70 million?

Mr. Dominic Crupi: I was provided information from somebody who works in NCPC that the first estimates that came out of Public Works were over \$70 million. And that's just recently.

The Vice-Chair (Mr. Brian Fitzpatrick): The next question is one that I want clarification on, and I want your response to it too.

Mr. Gauvin has told this committee that he took away your contracting power and he also even had a supervisor in there. The way I understand it, he says that you got seconded into Public Works Canada and these \$6 million worth of contracts that went out to Abotech and Casey Computers and so on, these were all things that were done entirely under your watch through Public Works Canada, and he knew nothing about that.

I think you've mentioned before that you would have thought Mr. Gauvin would have known something about that. I'd like to get your thoughts on that matter today. Would Mr. Gauvin have known about your activities in being involved in the awarding of these contracts?

• (1705)

Mr. Dominic Crupi: He would have because I had told him. The timing of when I told him, I can't honestly tell you, but he was aware that we were using CAC. He said, "Good. They are a procurement arm. They handle all procurement processes. All you write are statements of work. That's fine."

As far as doing something without his knowledge, I believe the first memorandum of understanding we had done because we thought we could do it without going through procurement. Procurement told us we couldn't, so they went back and redid and rejigged everyone and re-signed everyone through his procurement advisers. So it would have moved forward.

The other thing is that for CAC to take payment, something would have had to be set up in the financial system for CAC to put a charge against it. I couldn't do that. Only financial people could set up a charge—

The Vice-Chair (Mr. Brian Fitzpatrick): There is just one last question that I want clarity on.

The sign-off on this, you said there are five or six different people who had to sign these things as they moved up the chain. You were the first one to sign—

Mr. Dominic Crupi: That the work was good.

The Vice-Chair (Mr. Brian Fitzpatrick): If you weren't happy with what you were doing, you wouldn't sign that, would you?

Mr. Dominic Crupi: If I wasn't happy with the work that was being described in that document, I would have said no, we don't need to do this work.

The Vice-Chair (Mr. Brian Fitzpatrick): So by signing it you gave it your blessing as it moved up the chain?

Mr. Dominic Crupi: That the work was appropriate—yes, sir.

The Vice-Chair (Mr. Brian Fitzpatrick): Okay. Thank you very much.

Mr. Dominic Crupi: But I wasn't signing that the procurement rules were being followed. That was procurement signing that.

The Vice-Chair (Mr. Brian Fitzpatrick): But you were giving your blessings to the people on those contracts?

Mr. Dominic Crupi: I was giving my blessings to the work.

The Vice-Chair (Mr. Brian Fitzpatrick): Yes, Mr. Williams.

Mr. John Williams: Mr. Chair, I would just like to table before the committee an RCMP financial coding N2020-474, funding of \$2,527,623.16. It has been approved by "Approval of Contract

Services, Insurance Committee and Pension Advisory Committee". The first signature is Dominic Crupi. The second signature is Superintendent Yves Bouchard. The third signature is Mr. Ewanovich. The fourth signature is a director; it looks like Mr. Guy Rochette.

I would like to table these documents.

Mr. Dominic Crupi: He's the director of procurement.

The Vice-Chair (Mr. Brian Fitzpatrick): Okay. That's probably a document that's quite relevant. Thank you very much for tabling that document, Mr. Williams.

We're going to move on to Ms. Sgro.

Hon. Judy Sgro: Thank you.

It's tough following Mr. Williams and you; you managed to ask every question I have on my sheet.

Mr. Crupi, we've had Mr. Gauvin, deputy commissioners, and very senior people here, including Deputy Commissioner Barb George. They've clearly indicated that you and Mr. Ewanovich were in collusion in this whole pension issue. They've said it straight out. There were no criminal charges laid simply because they didn't have 100% evidence at the time, and the time ran out.

What do you say to those comments that were made here at this committee? They weren't made just once. They've been made many times.

Mr. Dominic Crupi: First of all, as far as the time running out, that was after the criminal investigation had been closed down. That was in fact the internal investigation where the time ran out. The criminal investigation was finished and closed.

As far as collusion with Mr. Ewanovich, he was the chair of the pension committee. He would give direction in terms of certain things he wanted done and seen. That's it. I don't know where this collusion issue comes from. We were just trying to put in the best pension administration we could for the RCMP.

Hon. Judy Sgro: In the Ottawa Police Service report, you indicated that after reviewing the options Mr. Crupi decided that any legitimate process would take too long and that he might have to compete the actual underwriting as well. Why did you make those comments?

Mr. Dominic Crupi: I don't remember making those comments. That might be the opinion of Mr. Frizzell. My understanding of what took place at that time—again, I don't remember making those comments—was that Great-West Life told us that they could finish off what they had committed to do after x years of doing work. They had proposed to me that they could do anything they could to help. I asked what they could do. They suggested that they could get a subcontractor; they could look into getting a subcontractor. I said to look into it.

I then advised Mr. Roy and Mr. Casey to do a business case, because if they didn't get the subcontractor, we'd be stuck at the same place again, without options for the insurance committee. That's why they finished off their business case, even though they were going down a road to move to going to a subcontractor.

I made it very clear that I was not going to direct anyone as to which subcontractor they should use.

• (1710)

Hon. Judy Sgro: Before I go to Mr. Foley, Mr. Frizzell, do you have any comments on what you've just heard?

S/Sgt Mike Frizzell: All the evidence I saw was exactly contrary to what Mr. Crupi just said. Great-West Life may have said that they were sure that Morneau Sobeco could do it, but I saw no evidence that Great-West Life sought out Morneau Sobeco. All the evidence pointed to, and I believe the testimony we've heard today even reaffirms it, that the deals were made between NCPC and Morneau Sobeco. Great-West Life came into the circle later.

Hon. Judy Sgro: Mr. Foley, how were you able to be convinced to be the go-between for payments for Morneau Sobeco?

Mr. Peter Foley: First of all, we didn't recommend Morneau Sobeco. When we bowed out of the exercise on December 13, we did, I recall, have a discussion about what options there were. One of the things, as I mentioned in the opening statement, that we probably said and have a recollection of saying was that you could look at your pension outsourcer. There are several firms that do this type of work. At that time, we didn't know who their pension outsourcer was or would be. There are a number of firms, as I say, that do that work, and we left it at that. The next we heard was around the middle of February, and that was that there had been a determination of who that was.

So that's the history. But your question was more about how we were convinced.

Hon. Judy Sgro: Yes. Why would a company with your reputation be persuaded to act as the go-between. It doesn't make sense to most anyone who's watching.

Mr. Peter Foley: They are a long-term customer of ours, and we did recognize that we were part of a failed process, perhaps, and we wanted to assist our customer.

We, at that time, didn't see anything wrong with that. We had our legal people look at the matter. We suggested that the RCMP have their legal people look at it. When we were put in contact with Morneau Sobeco, it was the same thing. We worked together. We had much legal discussion. There was talk here today about indemnity issues. We were very concerned that proper indemnity be identified in the contract, that the RCMP be protected by this indemnity, that we be protected, and that Morneau Sobeco protect themselves. We had lawyers working on this.

Hon. Judy Sgro: Mr. Crupi, there were six different outsourcing firms interested in bidding on that original contract. Why did it end up with only two firms bidding? Morneau Sobeco, of course, was the one that had a superior bid. How did you judge that they had a superior bid, as well?

Mr. Dominic Crupi: First of all, I've answered this question before. There was a clause, which was requested by our security people, that the data not leave the country. That's why most of those companies fell by the wayside. They process their data in the U.S. The second company that bid and subsequently was rejected also said that their data is processed in the United States. Our data could not go to the States, and therefore, they were rejected.

The Vice-Chair (Mr. Brian Fitzpatrick): We'll go to Mr. Sweet.

Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC): Just to be clear, there was no bid process on the pension outsourcing. Was there no bid process?

Mr. Foley, we have in an e-mail that it was indicated by the RCMP to your company that they would like to avoid signing an agreement, as it would require the involvement of the commissioner and RCMP legal. Are you aware of that e-mail?

Mr. Peter Foley: I don't have a copy with me.

Mr. David Sweet: Were you aware that there was a concern regarding keeping the commissioner and legal out of the loop?

Mr. Peter Foley: No.

Mr. Frank Pattie: When we had discussions with Pat Casey, we advised them to seek discussions with their own legal people within the RCMP.

Mr. David Sweet: Now there's another e-mail that says everybody from your legal "understands that Great-West Life is merely a conduit for payment". So I'm wondering how, if these suspicions were coming up, if you were concerned about the legal aspects of it, you ever thought that this kind of agreement, which was simply circumventing contracting for the crown, would ever pass public scrutiny.

• (1715)

Mr. Frank Pattie: As Peter had indicated earlier, we were simply asked by the RCMP to do this, and it was our understanding that it was a timing issue, that it wasn't really kind of a legal issue. We were being asked by our national police force to do something, so we were not thinking that we were being asked to do something illegal by our national police force.

Mr. David Sweet: Let me ask you a question. Do you have an agreement like this in any other circumstance?

Mr. Frank Pattie: We use subcontractors for various services.

Mr. David Sweet: And do you usually put the agreement together like this: the client puts together the whole deal, and you simply have to sign it?

Mr. Frank Pattie: Well, the client didn't put together the whole deal. We were instructed to do the subcontracting with Morneau Sobeco, and then we proceeded to have the discussions with Morneau Sobeco to put the agreements in place.

Mr. David Sweet: I would think generally you're in a process of finding the subcontractor to do the work. You normally don't have a client who comes in and says "Here—just look after this, and we want to use you as a conduit to put payments through".

Mr. Frank Pattie: Correct.

Mr. David Sweet: I guess I really have the same question as well to Ms. Pell, given that Great-West Life legal sent this e-mail to your corporation. You said in your opening remarks that you were committed to acting in the highest standards, and yet obviously there is some very clear notion in this e-mail that the whole contracting process is being circumvented. You're not billing directly. You're going through Great-West Life.

Ms. Francine Pell: We, as providers, have other life insurance companies who actually subcontract our work. So providing this service to Great-West Life I wouldn't say is an everyday occurrence. It has happened in the past with other insurers. In fact in our pension administration contract with the RCMP, we subcontract part of that to another company as well. So there are a number of subcontracting issues we've dealt with. We deal with insurance companies as well, other than Great-West Life, on this.

Mr. David Sweet: I concur with that, but generally speaking, a subcontracting arrangement means that another corporation is picking up an aspect of a contract you're already engaged in. In this case, Great-West Life is not engaged at all in that pension administration; it's simply a conduit for the payment. I just can't see why two very respectable companies would enter into that kind of agreement, knowing that regular contracting rules were being circumvented before the crown.

Mr. Frank Pattie: A point of clarification. We are not involved at all in the pension outsourcing.

Mr. David Sweet: Forgive me. I mean the insurance outsourcing.

Ms. Francine Pell: We were not aware that this was a circumvention per se. We knew that there were people on the RCMP side who dealt with contracting and who were looking into this. So when we were asked by the RCMP to subcontract with Great-West Life, we provided that service, based on their request, as we would provide a service to any other client.

Mr. David Sweet: Thank you.

Mr. Roy, Anthony Koziol and Pat Casey both testified before this committee that they were instructed to keep the focus of the business plan strictly around Morneau Sobeco's numbers. Is that correct?

Mr. Garry Roy: I wasn't involved in negotiations with either of those. I didn't do any contracting. So I don't see how I would even say that.

Mr. David Sweet: So you weren't involved in the business case development?

Mr. Garry Roy: No, I didn't write it. I didn't author it. I participated in the evaluation of the options.

Mr. David Sweet: Okay.

So you didn't have any kind of communication with Pat Casey to say that he should stay, because he testified at the last meeting here that he got that information from you. Mr. Koziol said he found it very odd and that it wasn't a complete business case if it didn't include other vendors.

Mr. Garry Roy: That's true.

• (1720)

The Vice-Chair (Mr. Brian Fitzpatrick): Your time is up, Mr. Sweet. Thank you.

Just a clarification. I'm confused on the issue. On the insurance outsourcing, the purchaser or the client obviously is the RCMP on this matter. I'm trying to figure out who the contract was with. Was the contract with Great-West or was it with Morneau Sobeco?

Mr. Frank Pattie: We contracted with the RCMP and subcontracted the work to Morneau Sobeco.

The Vice-Chair (Mr. Brian Fitzpatrick): So if there was a breach of contract here, the RCMP would have been calling on Great-West Life to deal with the matter?

Mr. Frank Pattie: Yes. We had a lot of discussions between ourselves and Morneau Sobeco in trying to incorporate appropriate indemnities into the agreements.

The Vice-Chair (Mr. Brian Fitzpatrick): Thank you.

Next on the list is Mr. Roy.

[Translation]

Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ): Thank you, Mr. Chairman.

Mr. Pattie, I would like to come back to what you said earlier to my colleague. You stated that there was no contract with the Royal Canadian Mounted Police, yet for the last while we are only talking about a contract and an agreement. You stated—and I am not the only one to have heard this—that there was no contract.

Was there, yes or no, a contract between the Royal Canadian Mounted Police and Great-West Life, and was this contract awarded without a call for tenders, did it just happen like that?

[English]

Mr. Frank Pattie: Is that directed at Mr. Casey or me? The translation said Mr. Casey.

[Translation]

Mr. Jean-Yves Roy: It's for you.

[English]

Mr. Frank Pattie: The contract to do the outsourcing work was between the RCMP and Great-West Life. Subsequently, we contracted that work to Morneau Sobeco.

[Translation]

Mr. Jean-Yves Roy: All right. You have answered my question. A little earlier, you stated that there was no contract.

Great-West Life, which had been working for the Royal Canadian Mounted Police for years, was chosen as the insurer to continue to provide the service which it had already been offering the Royal Canadian Mounted Police, and it happened without bidding from any other insurance company. So your company was the only one the RCMP dealt with, and somehow Morneau Sobeco ended up being the subcontractor. In other words, no other insurance company was contacted when the contract in question went out.

Was any insurance company other than Great-West Life contacted to see whether it would be interested in providing the insurance service to the Royal Canadian Mounted Police?

[English]

Mr. Frank Pattie: I'm not sure I fully understand the question, but I'll give it a try.

As Peter indicated earlier, Great-West Life has insured the RCMP for more than 50 years, providing life insurance and disability insurance benefits. The services in question are outsource services, which are services that are normally done by an HR department at the employer. They had asked us to take on some of these services, which we did for some other clients. We felt we could do that work. That's why we had worked with them for approximately a year and a half to develop those business requirements.

As we said earlier, as the requirements developed it became clear that the web-based services were something we couldn't do in this outsourcing capacity. You have to understand that the outsourcing is just a very small part of our business. Normally, Morneau Sobeco does the outsourcing. We had what I'd call a not-so-robust capability, but we felt that with the initial requirements we had from the RCMP that we were quite capable of doing what they had requested. It was only as the requirements became more complicated that we determined we couldn't deliver the web-based services.

[Translation]

Mr. Jean-Yves Roy: I understand that there was a problem with regard to access to computer services for your client. I clearly understand what you're talking about. But my question goes further than that.

If Great-West Life is my insurance company and it tells me it cannot provide a service I need, and it wants to turn to other insurance companies to see if they can provide the service, I think that I would ask other companies if they can provide the service in question.

But in this case, Great-West Life was the only company which was contacted, and we learned that it had outsourced services to Morneau Sobeco in order to maintain the advantages it had received after working with the Royal Canadian Mounted Police for so many years.

I think it's a matter of ethics. If, as an insurance company, you cannot provide a service, the insured organization must turn to other companies, but not necessarily to a subcontractor, for the services your company is incapable of providing.

I believe you wish to respond, Mr. Foley.

• (1725)

[English]

Mr. Peter Foley: I'll take a stab at it.

First of all, the services that we were asked to provide were services above and beyond the norm of what an insurance company does. They are normal services that a human resource department within a corporation would provide.

[Translation]

Mr. Jean-Yves Roy: I'm sorry, but I am not getting the interpretation, Mr. Chairman.

[English]

The Vice-Chair (Mr. Brian Fitzpatrick): Mr. Roy, you're out of time. I know you have good questions.

[Translation]

Mr. Jean-Yves Roy: I've lost at least one minute.

[English]

The Vice-Chair (Mr. Brian Fitzpatrick): No, we have to move through the list here.

I think I have Mr. Williams on here again. Is that correct?

I'm sorry, I thought you were finished your answer.

Mr. Peter Foley: Are you okay now, Mr. Roy? Is it okay?

On the services that we were asked to provide, we don't want to harp on the fact that we've been a long-term supplier, but the RCMP wanted to take certain functions that were normally done by an employer and outsource them, have somebody else do them. They came to us. Then we've been through why we stopped the process.

We didn't feel the determination was ours as to who should be the one to take over from us on that. Those were employer-type functions, so we expected the RCMP to make a selection as to who would do that. We didn't see that as a Great-West Life responsibility. We stated to everyone involved that we wanted to fully participate and help our customer, but it was up to the RCMP to determine who they would outsource to, and even, in fact, if they still wanted to outsource those services, and then who it would go to, and we would work with that.

The Vice-Chair (Mr. Brian Fitzpatrick): Thank you very much, Mr. Foley.

We'll go to Mr. Williams now. He's anxious to go.

Mr. John Williams: I'm always anxious, Mr. Chairman.

Mr. Foley, I understand Great-West Life had three people on the payroll at Great-West Life who lodged over at the RCMP offices to do the work over there. Is this a normal practice for Great-West Life to have their employees on the premises of their clients?

Mr. Peter Foley: We have a number of situations where we have that.

Mr. John Williams: So this is not unusual.

Mr. Peter Foley: It is unusual, but it happens. We have staff on site of other employers.

Mr. John Williams: Staff Sergeant Frizzell had indicated to us that this arrangement was to prevent Great-West Life writing cheques to the RCMP and then somebody would ask questions on why this was being done. Therefore, to alleviate the show of cheques being issued and cashed, they would just put these people on the payroll.

Would you agree with that assessment?

Mr. Peter Foley: No, I wouldn't agree with that.

Mr. John Williams: You didn't see anything immoral or unethical about having these people on staff.

Mr. Peter Foley: We were asked by the officer in charge of the compensation branch to provide these people. It was with the full knowledge of the insurance committee. Again, we were providing support. We have letters requesting this from Superintendent Mole and Superintendent Fortin.

Mr. John Williams: Staff Sergeant Frizzell, did you feel this was unethical?

S/Sgt Mike Frizzell: There wasn't much about this that I didn't think was unethical, but not necessarily on Great-West Life's part.

Mr. John Williams: Mr. Gork, when you were restricting the criminal investigation, did you receive any instruction, or did you communicate with anybody, or did anybody give you any advice about restricting it so that it would not include the contracts to Morneau Sobeco?

A/Commr David Gork: Mr. Williams, I didn't restrict any investigation. The restrictions were controlled by Paul Roy as to when the investigation ended and where it was going, not by me.

Mr. John Williams: Okay, so nobody contacted you regarding it.

A/Commr David Gork: No, no one.

Mr. John Williams: You didn't issue any instructions on your own.

A/Commr David Gork: No, any discussions that I had with regard to the investigation were with Paul Roy. Paul Roy had the final shot, or called the shots on the investigation, not me, and you've had Paul Roy here to testify to that, and also the chief of Ottawa Police Service.

Mr. John Williams: Mr. Frizzell, is that correct?

S/Sgt Mike Frizzell: Not at all. In fact, Mr. Gork and I had an argument over it when I stated that the original mandate of the investigation was to examine how the pension money was spent and whether there was anything criminal, and at that point he told me no, that our job was to investigate Mr. Crupi and Mr. Ewanovich, which was not—

• (1730)

Mr. John Williams: And stay away from Morneau Sobeco?

S/Sgt Mike Frizzell: No, there was nothing as specific as that.

A/Commr David Gork: Excuse me, if I may respond, that is totally incorrect.

As I said, if you would like, call in Paul Roy again and question him if there was any involvement whatsoever of my controlling that investigation. And that's the first time we've even heard that allegation, that this was a criminal investigation on these two people.

Mr. John Williams: It's a strange situation. We have two senior members of the RCMP disagreeing with each other under oath. We have all kinds of disputations, disagreements, and denials everywhere around this table. It is really a serious issue that we have these kinds of things.

Mr. Crupi, I'm going to come back to you. You seem to deny everything, yet you were the manager of the NCPC. You've basically passed the puck on to everybody.

Do you accept responsibility for what went on in your office—as a manager?

Mr. Dominic Crupi: As a director I was responsible. But I couldn't keep my finger on everything, as I explained.

Mr. John Williams: No. I just asked you if, as the manager of the office, you were responsible for the management of that office and the actions of the people underneath you. Were you?

Mr. Dominic Crupi: I tried my best.

Mr. John Williams: Okay. And you accepted that responsibility?

Mr. Dominic Crupi: I tried my best, sir.

Mr. John Williams: You were issuing these contracts to Consulting and Audit Canada in the amounts of \$2.5 million, \$3 million, and \$4 million. You approved those contracts?

Mr. Dominic Crupi: No. As Mr. Frizzell suggested here, they were signed off by the procurement people. They issued the contracts.

Mr. John Williams: Yours was the first signature on the sheet.

Mr. Dominic Crupi: In terms of the type of work that needed to be done—yes.

Mr. John Williams: Okay. But you didn't have authority to do that.

Mr. Dominic Crupi: I don't know why I wouldn't have authority to say that was the type of work that needed to be done.

Mr. John Williams: But Mr. Gauvin testified that you exceeded your contracting authority.

Mr. Frizzell, did you find that he exceeded his contracting authority?

S/Sgt Mike Frizzell: In the document you just tabled, Mr. Crupi signed for \$2.5 million.

Mr. John Williams: That was the contract authorization.

S/Sgt Mike Frizzell: It was.

Mr. John Williams: Okay.

You signed a contract. Yours was the first signature.

The Vice-Chair (Mr. Brian Fitzpatrick): Last question, Mr. Williams.

Mr. John Williams: Okay.

Yours was the first signature on a contract authorization that totalled about \$2.5 million. Do you accept that?

Mr. Dominic Crupi: I accept that I was signing that this was the work to be done. From a financial perspective, I was not aware that I was signing anything—

The Vice-Chair (Mr. Brian Fitzpatrick): You approved the work.

Mr. Dominic Crupi: I approved the work.

Mr. John Williams: Mr. Frizzell, was he approving the contract in that document I tabled earlier?

The Vice-Chair (Mr. Brian Fitzpatrick): Was the person who did the work named on that contract?

Mr. Dominic Crupi: I don't know.

Mr. John Williams: Let's just find out what Staff Sergeant Frizzell has to say.

Was he approving a contract for \$2.5 million?

S/Sgt Mike Frizzell: The way the document was captioned, it appears he was approving the contract.

The Vice-Chair (Mr. Brian Fitzpatrick): Would the contractor be named on the contract?

S/Sgt Mike Frizzell: Is the photocopy back yet?

The Vice-Chair (Mr. Brian Fitzpatrick): We can check that out.

We're running out of time here, folks. The bell is going to start ringing. I have a long list here of three people. I'm going to cut it down to three minutes, and hopefully we can get everyone in before the bells force us out of here.

Mr. Christopherson.

Mr. David Christopherson: Thank you.

I have three minutes?

The Vice-Chair (Mr. Brian Fitzpatrick): Yes. Sorry, but you can handle it.

Mr. David Christopherson: Sure. Thanks.

I want to read something and then ask a question.

[Translation]

Mr. Jean-Yves Laforest: I have a point of order, Mr. Chairman. I would simply like to remind that I advised you earlier that I would be moving a notice of motion.

A voice: There is a motion here, on the table.

Mr. Jean-Yves Laforest: I just want to make sure we will have enough time. It will only take two minutes.

[English]

The Vice-Chair (Mr. Brian Fitzpatrick): We'll hear your motion when we wrap this up.

Mr. David Christopherson: Thank you, Chair.

Staff Sergeant Frizzell testified, and I quote:

They have the meeting, and Great-West Life is told by NCPC, "Keep it quiet that you're not going to do the administration. You guys should go see Morneau Sobeco. You just got them as a pension outsourcer. They're going to do the pension administration, and I'm sure they can do your insurance administration at the same time."

Then there is an e-mail from Great-West Life to NCPC stating: "Following the meeting in Ottawa that our members attended, it was our understanding that your investigation into an alternate service provider was to be treated as confidential and not to be shared with our resources."

They decided to cancel the next meeting because they didn't have an outsourcer, and they had to look for one. An e-mail is sent out to let everybody know the meeting is cancelled, but they're not told why. The e-mail reads that some of the members of the project team couldn't be there, so they were going to cancel the January 7 meeting "due to the scheduling conflicts of some team members". This is from one of the people who knows Great-West Life isn't doing the outsourcing any more, or doing the administration. One of his co-conspirators—for lack of a better term—writes back to him giving some feedback on the e-mail, just one word: "Smooth".

Staff Sergeant Frizzell said further:

It was a pretty good deal they had going. Great-West Life was going to be administrator; nobody was going to ask any questions. Mr. Crupi had already committed to that insurance outsourcing happening. He was going to bring in

both insurance and pension outsourcing. When some hiccups came in along the way, they found ways around them.

How this happened in our organization is beyond me. I've asked that question very many times. I have a very hard time believing that Mr. Crupi would have been so bold as to do all that on his own.

And then you've already raised the discussion you had with Mr. Gork.

Now, Mr. Roy, you sent an e-mail to Mr. Casey. In it, you responded that you thought his dealings in cancelling the meeting were—and I quote—"smooth".

Staff Sergeant Frizzell again:

Mr. Casey sent the e-mail around saying that this meeting was rescheduled. It was Mr. Roy who replied, "Smooth". My interpretation of that was everyone had bought the reasoning, even though it was untrue.

He further said:

Later that month Mr. Roy and Mr. Casey had another e-mail exchange in which Mr. Roy stated, "Uh-oh, the foxes have the scent". Mr. Casey's reply seemed to indicate that someone was asking questions about the insurance outsourcing, and he was devising answers that would put her off the scent. Mr. Roy replied, "Sounds good, and we should be able to come out of the closet soon as well". This would seem to indicate that again they were keeping it well hidden that they were having these negotiations with Morneau Sobeco.

Mr. Roy, what do you have to say about those e-mails? They look very incriminating, sir, in light of the allegations of Staff Sergeant Frizzell and Chief Superintendent Macaulay.

● (1735)

Mr. Garry Roy: So we find out that Great-West Life can't provide us the service. We pretty much have just spent \$250,000 and we have no value for it. We've had a team working on this for a number of months. That work has to be analyzed to see if we can salvage anything.

Basically, we needed to buy some time to figure out what our next steps were going to be. That's why I was.... It was basically a thanks. We had determined that we needed some time to find out what our next steps would be.

Mr. David Christopherson: But in doing this, you're avoiding—

The Vice-Chair (Mr. Brian Fitzpatrick): We have to move along, Mr. Christopherson. We're out of time.

Before we move to Mr. Wrzesnewskyj, we'll swear in Fraser Macaulay. We'll just stop the clock. We're rushed for time here, and I want to deal with everybody who's on the list.

Mr. Macaulay, please take a seat.

Chief Superintendent Fraser Macaulay (Chief Superintendent, Royal Canadian Mounted Police): I, Fraser Macaulay, do swear that the evidence I shall give on this examination shall be the truth, the whole truth, and nothing but the truth, so help me God.

The Vice-Chair (Mr. Brian Fitzpatrick): Thank you very much.

We'll turn it over to Borys for three minutes.

Mr. Borys Wrzesnewskyj: Thank you.

Mr. Macaulay, we've heard from Assistant Commissioner Gork that he wasn't aware that the materials he provided to an officer candidate...that this was inappropriate. But this officer candidate, Carma Mackie, realized it, and reported it.

You did an investigation. Who did you report to?

C/Supt Fraser Macaulay: Who did I report to at that time?

Mr. Borys Wrzesnewskyj: Yes.

C/Supt Fraser Macaulay: Barb George.

Mr. Borys Wrzesnewskyj: We heard from Assistant Commissioner Gork that she was not in the loop. But you reported on this to Barb George?

C/Supt Fraser Macaulay: Barb George was aware of it; she was my immediate supervisor and was aware of the matter.

Mr. Borys Wrzesnewskyj: I understand she was the head of office staffing at the time. Would she have had to support a promotion to assistant commissioner?

● (1740)

C/Supt Fraser Macaulay: She was head of executive development and officer resourcing, so she was on the committee and was the person who assisted in senior executive selection for senior promotions.

Mr. Borys Wrzesnewskyj: Okay, thank you.

So we've heard from a deputy minister that the contracting was rigged in this whole process. We've also heard vis-à-vis Commissioner Zaccardelli that the criminal investigation that began in 2003 was shut down two days later. Pressure kept building and building and building. Finally, in the spring of 2004, Commissioner Zaccardelli was forced to have an arm's-length criminal investigation by the Ottawa Police.

Mr. Gork, who came to you and requested that you be the liaison? Was it former Commissioner Zaccardelli?

A/Commr David Gork: No, it was Barb George who asked me, and then I took it to Deputy Commissioner Loepky, who was my line officer.

Mr. Borys Wrzesnewskyj: So Deputy Commissioner Barb George is the person who asked you to investigate.

We've heard that you did in fact have input into the criminal investigation. With hindsight, you stated that you shouldn't have sent that e-mail to one of the investigators, Mr. Frizzell. You've also stated that you didn't sign the memorandum of understanding—but it names you. It says that the investigator, Mr. Roy, reported to you; it doesn't say he reported to Chief Bevan, but to you. And Deputy Commissioner Gary Loepky signed off on it.

So was this in fact an arm's-length investigation?

A/Commr David Gork: Yes, it was.

And as I said, please go and ask Paul Roy. You've asked him; you've asked the chief of the Ottawa Police Service. You have my word on it, and you have their words on it. That's all I can tell you.

You're trying to create something that isn't there, I'm sorry.

The Vice-Chair (Mr. Brian Fitzpatrick): Borys, you're out of time, I'm sorry. I know you had a good question, but we have to move to the next person on the list.

Mr. Sweet, I understand you might be sharing your time with one of your colleagues, so go at it.

Mr. David Sweet: Mr. Roy, could you tell me, did you ever falsify any insurance committee minutes?

Mr. Garry Roy: No, I did not.

Mr. David Sweet: I'm trying to figure out, and all of us are trying to figure out, what the motivation was for doing all of these backflips and making sure Morneau Sobeco got the work for the insurance.

You just said that the e-mail Mr. Christopherson was referencing was sent because you were trying to buy time. Was the motivation behind all of those machinations that you were caught with your proverbial pants down, that all of a sudden the big project you were working on was falling through and you had to get a supplier and had to ram the thing through? Was that the motivation for doing this?

Mr. Garry Roy: Again, it was six years ago, but at the time, I would say it was not. We just didn't know what to do next at that particular time; we needed time. There was no sense having a meeting following that, because it was of no value.

Mr. David Sweet: Okay.

Mr. Casey, you testified that Mr. Roy limited your scope of investigation. You're a professional consultant; I challenged you on doing a thorough investigative job for value for money, and you said the reason you did not go beyond Morneau Sobeco was that your supervisor, Garry Roy, said you should go no further. Now he has said that was not the case. Do you still hold by your words?

Mr. Pat Casey: My mandate was to analyze the data I was given.

Mr. David Sweet: With a simple yes or no, sir, do you still stand by your testimony before this committee that Mr. Roy directed you to keep the scope of your investigation for the business case to Morneau Sobeco's numbers?

Mr. Pat Casey: It was one of my supervisors, Mr. Roy or Mr. Crupi.

Mr. David Sweet: Mr. Roy or Mr. Crupi.

Could you tell me, Mr. Crupi, did you communicate that they should keep their numbers strictly to Morneau Sobeco's business case?

Mr. Dominic Crupi: I don't recall saying that, sir.

Mr. David Sweet: You don't recall saying that? Well, Mr. Koziol testified that was the case. We have a situation here where apparently a team—

Mr. Dominic Crupi: Sorry, sorry, I recall saying "Those are the numbers we have; use them in your business case." Yes, sorry.

Mr. David Sweet: Well, could you tell me why you did not go any broader than that?

Mr. Casey actually said in his last testimony that it was first because of security, and then it was because of direction.

But could you tell me why you didn't go beyond Morneau Sobeco's numbers to ensure those were accurate?

Mr. Dominic Crupi: At the time, she thought the numbers were good enough, and we could move forward. It was an estimate; it was a business case estimate we would have in our pockets and move forward with.

Mr. David Sweet: I find it difficult that no one on this team pushed back on this issue. You're a payroll specialist; we have professional consultants. You obviously know something of finances if you're a payroll specialist, and no one ever stopped to say that this would not pass public scrutiny if we didn't go out and get some competitive numbers. Everyone just said Morneau Sobeco's numbers were okay, and they ended up with the business.

Mr. Dominic Crupi: We thought the numbers were....

• (1745)

The Vice-Chair (Mr. Brian Fitzpatrick): Try to keep your answer quick.

Mr. Dominic Crupi: We just thought the numbers were sufficient to do the business case.

The Vice-Chair (Mr. Brian Fitzpatrick): Thank you very much.

That concludes our allotted—

Mr. Pierre Poilievre: I have a motion to extend until the vote.

The Vice-Chair (Mr. Brian Fitzpatrick): Do we have unanimous consent to extend?

Some hon. members: Agreed.

The Vice-Chair (Mr. Brian Fitzpatrick): Okay.

Go ahead, Mr. Laforest.

[Translation]

Mr. Jean-Yves Laforest: Mr. Chairman, I will give my consent only after I've moved my motion.

[English]

Mr. Pierre Poilievre: We'll keep going until.... We have time. It all just adds to the ambiance.

The Vice-Chair (Mr. Brian Fitzpatrick): That's provided we have some time to deal with Mr. Laforest's motion. Maybe we can deal with his motion right now and then come back to questioning.

Could you read your motion, Mr. Laforest?

[Translation]

Mr. Jean-Yves Laforest: Mr. Chairman, I would like to advise committee members that I intend to table a motion which we will deal with tomorrow, during committee business, since we will be having another meeting.

I will read it, but it has not yet been translated. The motion reads as follows:

Pursuant to Standing Order 108(2), that the Committee review the June 12, 2007 report of the Auditor General of Canada, and that it undertake a study on the issues raised by inviting the Auditor General of Canada, Sheila Fraser, and the former Lieutenant-Governor of Quebec, Lise Thibault.

Thus, we can discuss this motion tomorrow during committee business.

[English]

The Vice-Chair (Mr. Brian Fitzpatrick): Do we have unanimous consent on this motion? It's a notice of motion.

[Translation]

Mr. Jean-Yves Laforest: If you agree, we will vote on it immediately.

Voices: Yes.

Mr. Jean-Yves Laforest: Mr. Chairman, I believe there is unanimity. Everyone agrees.

[English]

The Vice-Chair (Mr. Brian Fitzpatrick): We'll discuss it tomorrow, then. Is there agreement...?

[Translation]

Mr. Jean-Yves Laforest: Oh! There was unanimity to discuss the motion. I thought that everyone supported the motion.

[English]

Mr. Brian Fitzpatrick: Okay; it's on the agenda tomorrow.

Now we have to start over on the list here; Mr. Poilievre is next.

Mr. Pierre Poilievre: My question is for the representatives of Great-West Life. Why was it you insisted on having Morneau Sobeco as your subcontractor?

Mr. Frank Pattie: We were directed by the RCMP to use Morneau Sobeco.

Mr. Pierre Poilievre: Do you consider it customary to have other outside entities tell you to whom you contract as a company?

Mr. Frank Pattie: No, it wouldn't be normal.

Mr. Pierre Poilievre: It wouldn't be normal, but you allowed it to go ahead regardless. You allowed another entity to tell you to whom you were going to contract.

Mr. Frank Pattie: The RCMP was going to pay for the services, so there was no cost to Great-West Life.

Mr. Pierre Poilievre: Didn't you find it strange that you were being asked to provide no service whatsoever, except to be used as a pipeline for money?

Mr. Frank Pattie: It was an unusual request.

Mr. Pierre Poilievre: Who asked you to undertake this unusual request?

Mr. Frank Pattie: I'm not sure exactly who it was at the RCMP or whether it was Pat Casey who provided us with that direction.

Mr. Pierre Poilievre: Pat Casey might have provided that direction. That's very unusual, given that he wasn't with the RCMP.

Mr. Frank Pattie: He was who we were working with on the insurance outsourcing.

Mr. Pierre Poilievre: Wait a sec, here. He was working on the estimate side and preparing the business case. Pat Casey wasn't supposed to be involved in determining who got contracts.

Mr. Frank Pattie: You were just asking me who we got the communication from, and I said I'm not sure.

Mr. Pierre Poilievre: But you're telling me he was working with you.

Mr. Frank Pattie: No; we were dealing with the RCMP. We were dealing—

Mr. Pierre Poilievre: No, no, no; you were working with Mr. Casey.

Mr. Frank Pattie: We were working also with members of the RCMP.

Mr. Pierre Poilievre: Why would you be dealing with Mr. Casey?

Mr. Frank Pattie: He was their representative on the insurance outsourcing.

Mr. Pierre Poilievre: Mr. Casey, you were the representative on insurance outsourcing—not just preparing the business plan, but actually determining who would get the contract?

Mr. Pat Casey: No. I was doing the day-to-day work with Great-West Life for that one year.

Mr. Pierre Poilievre: What do you mean by day-to-day?

Mr. Pat Casey: We were working on data interfaces and—

Mr. Pierre Poilievre: You told them that they would be subcontracting to Morneau Sobeco.

Mr. Pat Casey: I did not. In fact I recommended that an ACAN be published on MERX.

Mr. Pierre Poilievre: Can you, Great-West Life, please get back to us in writing on who it was that directed you to subcontract to Morneau Sobeco?

Mr. Frank Pattie: I don't have a specific name.

Mr. Pierre Poilievre: I'm asking you to get back to us in writing. There must be some record of this somewhere.

Who is active with Great-West Life? Mr. Kitchen, are you with Great-West Life?

• (1750)

Mr. Jeff Kitchen: Yes.

Mr. Pierre Poilievre: Can you commit to get back to us in writing indicating who from the RCMP, or anyone outside the RCMP, told you to subcontract to Morneau Sobeco?

Mr. Jeff Kitchen: I can say that we've reviewed our records. We also cooperated with Staff Sergeant Frizzell when he investigated a couple of years ago. We, as Mr. Pattie has just said, have not been able to find any record as to which person it was at the RCMP who gave us the name.

We can go through our records and get back to you as to whether we have uncovered anything, but we have already done that exercise.

Mr. Pierre Poilievre: Do you have any interest in Morneau Sobeco, Mr. Casey?

The Vice-Chair (Mr. Brian Fitzpatrick): Mr. Poilievre, your time is up.

I have Mr. Wrzesnewskyj on the list again.

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

Staff Sergeant Frizzell, you've made it quite clear that you felt that there was direction. We've seen it in e-mails. The memorandum of understanding makes it clear that this was not arm's length.

Inspector Paul Roy reported to Assistant Commissioner Gork.

We've seen the Ottawa Police investigation report that came from ATIP to us. The inside cover calls it a joint investigation of the RCMP and Ottawa Police. In fact it has both the Ottawa Police and the RCMP logo right on the front of that report.

We heard it was a rigged contracting process. With a great deal of effort, a criminal investigation finally began. It was supposed to be arm's length. It didn't appear to be.... You go through the rigged contracting. You do your interviews.

Did anyone ever do the accounting forensics to follow the money? Did anyone go into the bank accounts? Was any of that work ever done? If not, why not, and who stopped the investigation?

S/Sgt Mike Frizzell: The only forensics was that we had a forensic accountant look at the contracts themselves. They did not interview any of the contractors or do anything beyond look at the paper. As far as following the money, that wasn't done. No search warrants were executed. We simply ran out of time.

Mr. Borys Wrzesnewskyj: You ran out of time. As a consequence of that, no criminal or internal charges ensued. Is that correct?

S/Sgt Mike Frizzell: Despite running out of time, there seemed to be ample evidence as to Mr. Crupi's conduct as a public officer. However, there was more to look into, yes.

Mr. Borys Wrzesnewskyj: Thank you.

The Vice-Chair (Mr. Brian Fitzpatrick): Mr. Kitchen, if you have something to contribute to this discussion, go ahead. We want wholesome answers on our inquiries here.

I see the lawyer is putting his hand on your arm.

Mr. Jeff Kitchen: I'm not sure of the process, sir, but in reply to Mr. Poilievre's question, the one thing we do have is an e-mail from Mr. Roy to people at Great-West indicating they were confident that they had found a service provider to provide the administrative services. It does not name Morneau.

A voice: Do you have the date?

Mr. Jeff Kitchen: February 15, 2002.

The Vice-Chair (Mr. Brian Fitzpatrick): Can you provide that document to the committee?

Mr. Jeff Kitchen: Certainly we can. I believe we probably already have provided it to Staff Sergeant Frizzell.

The Vice-Chair (Mr. Brian Fitzpatrick): Quickly, Mr. Christopherson, you have three minutes.

Mr. David Christopherson: Thank you.

Chief Superintendent Macaulay, toward the end of your presentation I asked if you had remaining investigations. You said, "One of our issues is that somebody review the criminal investigation to determine whether it should be reopened. That's one of the things we would like to see done."

Chief Superintendent Macaulay and Staff Sergeant Frizzell, does that remain something that you believe still should be done to properly address this?

C/Supt Fraser Macaulay: From my perspective, yes.

S/Sgt Mike Frizzell: To be honest with you, I don't even want to think about it.

Mr. David Christopherson: I hear you. But technically, you stand by what you said.

S/Sgt Mike Frizzell: Yes, I do.

Mr. David Christopherson: Staff Sergeant Frizzell, talk to me a little bit about the minutes that were changed. You said “Whether the insurance committee agreed to it or not”—and that was whether the money should come out of the insurance fund—is really a side issue. But the fact that somebody thought it was important enough to apparently falsify the minutes....” The quote ends there. Please tell me about that.

S/Sgt Mike Frizzell: The people I talked to who were at the meeting stated emphatically that it was agreed upon at that meeting that any moneys paid back to the pension fund would be paid out of the RCMP's budget, not out of the funds themselves. That seems to be in direct contradiction to the actual minutes of the insurance committee meeting.

• (1755)

Mr. David Christopherson: Do you know who changed the minutes?

S/Sgt Mike Frizzell: I do not know who changed the minutes. I know who was accused of changing the minutes, and that would be Mr. Roy.

Mr. David Christopherson: Well, Mr. Roy, what do you have to say about that, sir?

Mr. Garry Roy: I don't know how much time we have—

Mr. David Christopherson: Did you change the minutes?

Mr. Garry Roy: No.

Mr. David Christopherson: Were you the one who recorded those final minutes?

Mr. Garry Roy: First of all, it was related to the March 15 insurance committee meeting. It was an hour long. It was an ad hoc meeting called by my DG. A number of issues were presented during that meeting. I wrote the minutes. There was a lot of confusion over the \$540,000 amount when she was trying to explain it.

What she was trying to explain was that the \$540,000 that was taken out of the pension fund and put into the members' insurance plans, according to the agreement between Jim Ewanovich and Deputy Commissioner Lange, was being rescinded and that money that came out of the members' pension plan had to go back.

I would like to finish this, please. This is very important.

The Vice-Chair (Mr. Brian Fitzpatrick): We're running out of time here. We have a higher calling here. It's a vote on the budget.

Mr. David Christopherson: It's a bad budget anyway. Don't worry about it.

The Vice-Chair (Mr. Brian Fitzpatrick): The opposition parties and Mr. Williams are trying to frustrate the budget here.

Mr. Garry Roy: So that \$540,000 was to be put back into the pension fund.

There was some confusion. We had a number of new members. It was the first time I took the minutes, by the way, on an insurance committee meeting. There was confusion among the SRRs and the retired member in the insurance committee. So what I did was, instead of writing that there was confusion, I wrote down the essence of what Rosalie Burton had stated. Following that, I sent those minutes to my director at the time and to Rosalie Burton for her comments before I disseminated them to the members of the insurance committee.

Following that, on the June 30 insurance committee meeting, they have always an opportunity to change the minutes of the meeting if they have objections to them. So they did raise their objections, and they did say that according to their understanding of that conversation the RCMP appropriations would cover the \$540,000.

The Vice-Chair (Mr. Brian Fitzpatrick): Thank you, Mr. Roy.

Mr. Garry Roy: Basically, in closing, they did have their chance, and the minutes were accepted as they stated.

Mr. David Christopherson: Do you accept that, Staff Sergeant Frizzell? Does that still leave it as falsified, in your opinion?

S/Sgt Mike Frizzell: The comment of question is—

The Vice-Chair (Mr. Brian Fitzpatrick): You're out of time, Mr. Christopherson. We're going to have to pursue these matters another time.

I want to thank the witnesses for their time today.

We have to adjourn the meeting. We have important things to attend to.

Thank you very much.

The meeting is adjourned.

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

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

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.