



THOMPSON-NICOLA REGIONAL DISTRICT

Forensic Audit and Special Financial Review into the Expenses of Management and The Board and Procurement Activities at Thompson-Nicola Regional District

Forensic Report

REPORT DATE: JANUARY 20, 2022

Private and Confidential



Contents

1.	Introduction.....	1
2.	Purpose	1
3.	Restrictions and qualifications	2
4.	Statement of independence.....	2
5.	Scope of review	2
6.	Scope limitations.....	5
7.	Background.....	6
8.	Approach	8
9.	Summary of observations.....	15
10.	Governance	16
11.	Culture of spending.....	20
12.	Expense reimbursement review.....	21
13.	Procurement and vendor review.....	48
14.	Other	56
	Appendix A - Search terms and criteria for email/document review	62
	Appendix B - Definitions.....	65
	Appendix C - Comparison of CAO remuneration and expenses	66
	Appendix D - Relationship Chart	67



BDO Canada LLP
Unit 1100-Royal Centre
1055 West Georgia Street P.O. Box 11101
Vancouver, BC, V6E 3P3
Canada

January 20, 2022

Private and Confidential

THOMPSON-NICOLA REGIONAL DISTRICT
300 - 465 Victoria Street
Kamloops, BC, V2C 2A9

Dear Ms. Deanna Campbell, Director of Legislative Services/Corporate Officer

RE: FORENSIC AUDIT AND SPECIAL FINANCIAL REVIEW INTO THE EXPENSES OF MANAGEMENT AND THE BOARD AND PROCUREMENT ACTIVITIES AT THOMPSON-NICOLA REGIONAL DISTRICT

1. INTRODUCTION

- 1.1 BDO Canada LLP (“We”, “Us”, “BDO”) was the successful proponent pursuant to a Request for Proposals (“RFP”) issued by the Thompson-Nicola Regional District (“TNRD”), entitled Special Financial Review and Forensic Audit Services RFP # LS-2021-01. TNRD engaged BDO under a Consulting Services Agreement, Forensic Audit & Special Financial Review Services, dated May 4, 2021 (Contract #2021-068).
- 1.2 You have asked BDO to provide you with a report (the “Report”) of our Investigation into the expenses of management and the Board of TNRD (“Board”), including the [Position], Individual 29 (“Individual 29”), generally covering the five-year period January 1, 2015 to December 31, 2019, with the exception of our analysis of per diem and telecommunication expense analysis that covered the period from 2014 to 2019 and email review that included records from the period from 2001 to 2020. In addition to our review of expense reimbursements, our analysis includes email reviews, procurement and vendor review and interviews with key individuals.
- 1.3 We understand that we may be called upon to provide independent expert evidence in legal proceedings arising from this matter.

2. PURPOSE

- 2.1 The purpose of this Report is to summarize the results of our review of the expense submissions of both management and members of the Board to assess compliance with TNRD’s policies and bylaws. We were also requested by TNRD to conduct a procurement and vendor review, and to carry out interviews of key individuals relating to matters identified in our investigation.
- 2.2 On or about January 29, 2020, Individual 02, [Position], wrote to Individual 03 outlining ■■■ concerns regarding Individual 29. There are numerous allegations outlined in this letter. We focused our review on the allegations relating to expenses of management and the Board, which include:



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 2

- (a) Expense reimbursement claims without itemized receipts.
- (b) Taxpayer funded expense claims for food and beverage, including alcohol.

2.3 In addition to the allegations set out by Individual 02, TNRD asked BDO to review specific vendors and past TNRD projects.

2.4 We understand that our Report may be used as evidence should this matter proceed to court.

3. RESTRICTIONS AND QUALIFICATIONS

3.1 This report is not to be reproduced or used for any purpose other than as approved in advance by BDO. We do not assume any responsibility or liability for losses occasioned to any user or reader by the circulation, publication, reproduction or use of this Report, contrary to the provisions of this paragraph.

3.2 Our comments and conclusions are based on review of information that has been made available to us. We reserve the right to review and revise our calculations and conclusions in light of any information which becomes known to us subsequent to the date of this Report.

3.3 This Report is not intended to constitute a quantification of the loss, if any, incurred by TNRD arising from matters identified.

4. STATEMENT OF INDEPENDENCE

4.1 We confirm that the authors and other professional staff involved in preparing this Report acted independently and objectively. The fees for this engagement were based strictly on professional time expended and were in no way contingent upon the conclusions of this Report or any action or event resulting from the use of this Report.

5. SCOPE OF REVIEW

5.1 Our investigation generally covered the Period from January 1, 2015 to December 31, 2019, with the exception of our per diem and telecommunications expense analysis that covered the period from 2014 to 2019 and email review that included records from the period from 2001 to 2020 (“Period of Review”).

5.2 This Report covers the review of management and Board expenses claims, procurement and vendor review and other matters.

5.3 During the course of this engagement, we relied on the following, provided by TNRD’s management (“Management”) or staff:



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 3

- (a) Relevant TNRD policies and Bylaws shared by Management:
 - (i) Bylaw 2450 Officers and Indemnification;
 - (ii) Bylaw 2664 2018 Delegation;
 - (iii) Bylaw 2673 Board of Directors Remuneration and Expenses;
 - (iv) Bylaw 2730 Board of Directors Remuneration and Expenses;
 - (v) Policy No. 1.1.10 Directors Service Recognition;
 - (vi) Policy No. 3.1.2 Computer and Portable Device Usage;
 - (vii) Policy No. 5.3 - Corporate Credit Cards;
 - (viii) Policy No. 5.5 Meal Expenses;
 - (ix) Policy No. 5.5.1 Hospitality;
 - (x) Policy No. 5.6 Business Meeting and Special Event Expenses;
 - (xi) Policy No. 7.1 Employee Recognition;
 - (xii) Policy No. 7.1.5 Employee Code of Conduct; and
 - (xiii) Policy No. 7.6 Special Occasion Gifts to Staff and Directors.
- (b) TNRD Strategic Plan;
- (c) Individual 29's emails extracted by Management from TNRD account and devices;
- (d) Expense reimbursement submissions, including Scotiabank corporate Visa card statements and supporting documents (where available) from January 2015 to December 2019;
- (e) Visa Coding financial records containing corporate credit card transactions relating to expense reimbursement submissions from January 2015 to December 2019;
- (f) Individual 29's per diem forms from 2014 to 2019;
- (g) Individual 33's telecommunication credit card charges and corresponding invoices from 2014 to 2019;
- (h) Vendors



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 4

- (i) Vendor 01: Supporting documents consisting of invoices/credit card receipts and purchase orders (related to AP purchases) and listing of payments for 2017 and 2018;
- (ii) Vendor 02: Supporting documents including historical contracts, invoices and cheque stubs for 2016, 2017, and 2019, historical payment listing, and incident reports and complaints compiled by TNRD;
- (iii) Vendor 03: Board meeting minutes and approvals, contract, listings of expenses, and POs and invoices for the Project 01 and Project 02;
- (i) Statement of Financial Information Reports and Financial Statements of Regional Districts in British Columbia (where available);
- (j) Discussions and correspondence with Board, Management and staff;
- (k) Interviews:
 - (i) Individual 04;
 - (ii) Individual 05;
 - (iii) Individual 06;
 - (iv) Individual 07;
 - (v) Individual 08;
 - (vi) Individual 09;
 - (vii) Individual 10;
 - (viii) Individual 11;
 - (ix) Individual 12;
 - (x) Individual 13;
 - (xi) Individual 14;
 - (xii) Individual 03;
 - (xiii) Individual 15;
 - (xiv) Individual 16;
 - (xv) Individual 17;



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 5

- (xvi) Individual 18;
- (xvii) Individual 02;
- (xviii) Individual 19;
- (xix) Individual 20;
- (xx) Individual 21; and
- (xxi) Individual 22;
- (l) Budget, application form, General Ledger printout and invoices relating to Event 01;
- (m) BDO's Investigative Due Diligence team research, including Individual 23's LinkedIn profile, Rotary Club of Kamloops news from Nov 26, 2014 meeting, and Kamloops Ribfest Facebook post [REDACTED] announcing raffle winner; and
- (n) Information, explanations and substantiating documentation relating to specific expense or vendor reviews within our scope provided to us by management.

6. SCOPE LIMITATIONS

- 6.1 Due to the high volume of expense report submissions in our Period of Review, we employed a sample approach in reviewing management and Board expenses.
- 6.2 Our observations are limited to our expense reimbursement review and a review of procurement and vendor activities and any matters related thereto.
- 6.3 We were provided with copies of Individual 29's employee emails and data files from [REDACTED] TNRD devices. We understand that emails are considered the property of TNRD and Management extracted [REDACTED] employee emails before our appointment. We were not requested to assist in the collection or imaging of the original data.
- 6.4 As of the date of this Report, we have not interviewed Individual 29. Individual 29, through [REDACTED] legal counsel, stipulated several conditions in response to our invitation for an interview. We did not believe it was appropriate to accept such conditions. There are also two other individuals who were not available or who did not respond to our interview requests.
- 6.5 The following organisations were excluded from the scope of our review pursuant to protocols implemented to maintain our professional independence:
 - (a) Company 01;
 - (b) Company 02;

- (c) Company 03; and
- (d) Company 04.

To the extent such organisations appeared in our review or data searches, we referred such information to Management for their action.

7. BACKGROUND

7.1

[REDACTED]

[REDACTED]

7.2 For the purposes of this Report, we have assumed the background information and facts with respect to this engagement, as follows.

ABOUT TNRD

7.3 TNRD is one of 27 regional districts¹, located in the southern interior of BC. It contains 11 municipalities, 10 electoral areas and provides 115 services in its region. Some of the services that the TNRD provides include the regional library system, planning and development,

¹ <https://www2.gov.bc.ca/gov/content/governments/local-governments/facts-framework/systems/regional-districts>



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 7

recycling and solid waste, an Emergency Operations Centre (“EOC”), various community services, water and wastewater utilities, and a film commission.²

BACKGROUND TO THE ALLEGATIONS

7.4 We understand that TNRD received a number of requests under the Freedom of Information and Protection of Privacy Act with respect to allegations of misuse of TNRD funds. In addition, on or about January 29, 2020, Individual 02 wrote to Individual 03 outlining ■■■ concerns regarding Individual 29. There are numerous allegations outlined in this letter. We focused our review on the allegations relating to expenses of management and the Board, which include:

- (a) Expense reimbursement claims without itemized receipts.
- (b) Taxpayer funded expense claims for food and beverage, including alcohol.

7.5 TNRD Management also shared a summary of issues/allegations that they would like to be addressed in our forensic audit. Some examples include:

- (a) “Allegation of buying backpacks annually for relatives”.
- (b) “Allegation of providing gift cards for coffee shops to family and friends regularly”.
- (c) “Coffee shop, restaurants, alcohol, gift cards and significant re-loads yet a clear pattern of coffee being bought from other coffee shops daily”.
- (d) “Jewelry purchase (\$1100) from Anne Louise in Vancouver with no receipt or justification”.

7.6 Based on our initial review, additional areas were identified for further investigation. As such, we conducted a procurement and vendor review and interviewed individuals.

OUR UNDERSTANDING OF TNRD’S OBJECTIVES IN THIS MATTER

7.7 On or about March 19, 2021, TNRD issued an RFP for an independent forensic investigation into the Management and Board expenses.

7.8 BDO was selected to conduct this investigation and we have prepared an investigative report in this matter which outlines the alleged misconduct. Additionally, we have conducted a procurement and vendor review and interviewed key individuals with knowledge of the matters subject to our investigation.

² <https://www.tnrd.ca/about-us/about-the-tnrd/>



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 8

7.9 We understand that you may also require us to provide expert witness testimony in proceedings arising from this investigation.

8. APPROACH

8.1 During the course of our engagement, we reviewed information provided to us by TNRD as well as independently-collected evidence.

REVIEW RELEVANT TNRD POLICIES AND BYLAWS

8.2 We reviewed TNRD Policies and Bylaws that were relevant to our investigation. The specific bylaws and policies that we reviewed are listed in Section 5 Scope of Review and again below for ease of reference:

- (a) Bylaw 2450 Officers and Indemnification;
- (b) Bylaw 2664 2018 Delegation;
- (c) Bylaw 2673 Board of Directors Remuneration and Expenses;
- (d) Bylaw 2730 Board of Directors Remuneration and Expenses;
- (e) Policy No. 1.1.10 Directors Service Recognition;
- (f) Policy No. 3.1.2 Computer and Portable Device Usage;
- (g) Policy No. 5.3 - Corporate Credit Cards;
- (h) Policy No. 5.5 Meal Expenses;
- (i) Policy No. 5.5.1 Hospitality;
- (j) Policy No. 5.6 Business Meeting and Special Event Expenses;
- (k) Policy No. 7.1 Employee Recognition;
- (l) Policy No. 7.1.5 Employee Code of Conduct; and
- (m) Policy No. 7.6 Special Occasion Gifts to Staff and Directors.

8.3 Previous versions of policies and change logs were requested from Management to understand standards in effect during the Period of Review. Management informed us that these were unavailable and that when a policy is amended, it is superseded and replaced and that previous versions of policies were not consistently managed in terms of record keeping.



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 9

8.4 Schedule B from Bylaw 2673 Board of Directors Remuneration and Expenses provided the most information with respect to TNRD's policy for reimbursement of meal costs. Schedule B also provides limits for allowable expenses relating to overnight per diems, travel, accommodation, airport transfers and the advisory planning commission social.

EXPENSE REIMBURSEMENT PROCESS

8.5 In conjunction with our review of the policies and bylaws, and prior to our review of Management and Board expenses, we were briefed on the expense reimbursement process for Management and the Board. There are separate processes for each group given the differences in the nature of expenses being submitted for reimbursement.

8.6 In the following pages, we have outlined our understanding of the processes in flow charts.



Figure 2: Board Member Expenses Process Flowchart

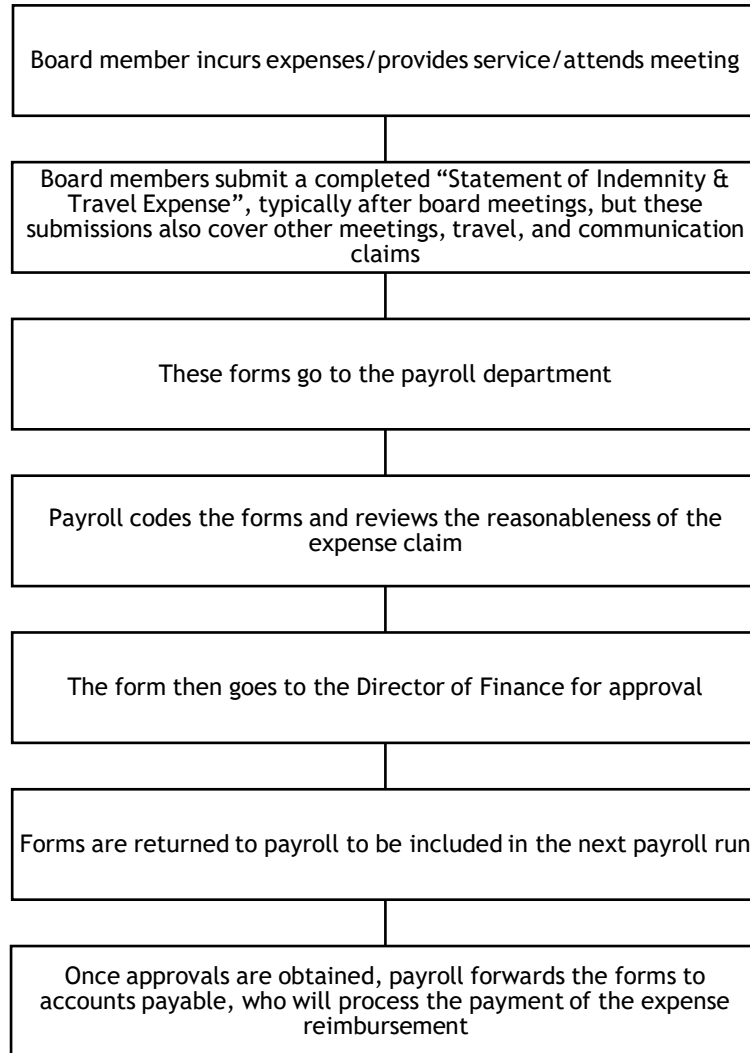
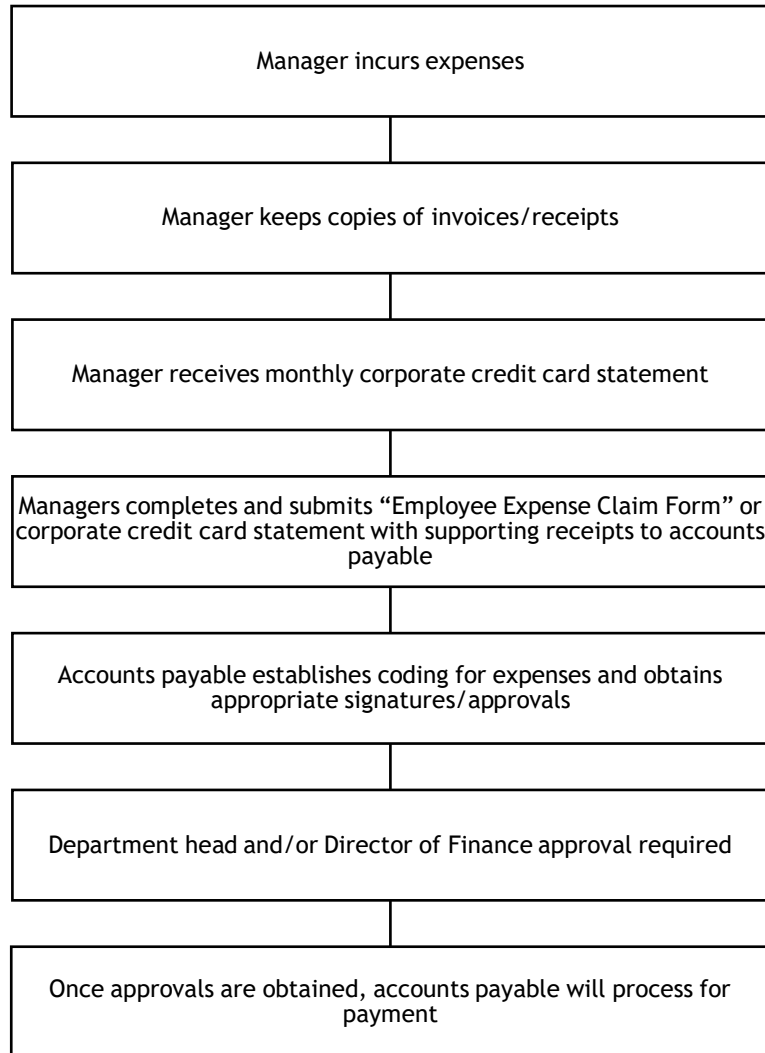


Figure 3: Management Expenses Process Flowchart



EMAIL AND DOCUMENT REVIEW

8.7 Management extracted 45,050 documents (emails and attachments) from Individual 29's TNRD email account and provided a copy of the same to us. These documents were uploaded into RelativityOne³, our digital records management platform, for review.

³ RelativityOne is a cloud-based eDiscovery software that enables us to organize documents, recognize text, conduct keyword searches and enable artificial intelligence.



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 12

- 8.8 Using keyword filters, we processed the population for documents of interest (relating to the issues subject to our investigation). After conducting the keyword searches and applying the below-specified criteria, 12,377 records were identified for manual examination.
- 8.9 The criteria applied to identify emails/documents of relevance include:
- (a) Date is within our Period of Review from January 1, 2015 to December 31, 2019;
 - (b) A list of search terms is set out in Appendix A;
 - (c) Excluded out-of-scope items;
 - (d) Most of the emails/documents reviewed from the following emails contained little relevant information or contained broadly distributed newsletters. Accordingly, we excluded emails from the following senders:
 - (i) IndoCanLinks Registration [noreply@tru.ca];
 - (ii) IndoCanLinks Registration [noreply@tru.ca];
 - (iii) FormAssembly [no-reply@formassembly.com]; and
 - (iv) KamloopsMatters.com [headlines@kamloopsmatters.com].
- 8.10 In addition to the email searches above, we conducted email searches on Individual 29's emails relating to the procurement review, such as:
- (a) Emails from Individual 10, Individual 44 (and Individual 45) and Individual 43;
 - (b) Telus;
 - (c) Project 01;
 - (d) North Library;
 - (e) Vendor 03;
 - (f) Vendor 02;
 - (g) Vendor 01;
 - (h) Vendor 04;
 - (i) IndoCanLinks; and
 - (j) Rotary Club of Kamloops.



Deanna Campbell
 Thompson-Nicola Regional District
 January 20, 2022

Page 13

EXPENSE ANALYSIS

- 8.11 TNRD provided us with 876 Management and 264 Board expense reimbursement documents (a total of 1,140) within the Period of Review.
- 8.12 We were provided with an index listing the number of scans of expense reimbursement documents for each of the 19 members of Management and for board members. We selected eight Management members that oversaw various departments as part of our sample. Individual 29 was included as a specific person of interest.

Table 1: Listing of Management selected as samples

Name	Selected as Sample
Individual 24	No
Individual 09	Yes
Individual 25	No
Individual 26	Yes
Individual 16	Yes
Individual 07	No
Individual 27	Yes
Individual 28	Yes
Individual 54	Yes
Individual 30	No
Individual 31	No
Individual 32	No
Individual 33	No
Individual 34	Yes
Individual 02	No
Individual 35	No
Individual 29	Yes
Individual 36	No
Individual 37	No

- 8.13 For the benefit of year over year comparisons, our approach prioritized reviewing expense claims submitted over time for each selected individual. We reviewed 100% of Individual 29’s expenses, approximately 75% of the scanned expense documents relating to the eight members of Management, and approximately 25% of the scanned expense documents relating to members of the Board. A total of 388 Management and 66 Board members’ expense records were reviewed (Schedules 1 to 5.1).

PER DIEM EXPENSE ANALYSIS

- 8.14 We reviewed a 25% sample of the documents from the Board’s per diem forms from 2015 through 2019. We also reviewed a sample of over 60% of Individual 29’s per diem expense forms from 2014 to 2019 for comparison with corporate credit card charges.



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 14

INTERVIEWS

8.15 Below is a listing of individuals whom we invited for interviews. We have indicated the individuals who agreed to meet with us.

Table 2: Listing of individuals for interviews

Name	Interviewed
Individual 17	Yes
Individual 15	Yes
Individual 19	Yes
Individual 20	Yes
Individual 18	Yes
Individual 21	Yes
Individual 12	Yes
Individual 13	Yes
Individual 09	Yes
Individual 05	Yes
Individual 11	Yes
Individual 08	Yes
Individual 16	Yes
Individual 07	Yes
Individual 03	Yes
Individual 10	Yes
Individual 06	Yes
Individual 22	Yes
Individual 33	No
Individual 02	Yes
Individual 04	Yes
Individual 29	No
Individual 38 / Individual 39	No
Individual 14	Yes

8.16 The individuals who we were not able to interview are Individual 33, Individual 29 and Individual 38 and Individual 39.

- (a) We attempted to contact Individual 33 on multiple occasions through email and phone but ■ did not respond to our messages.
- (b) Individual 39 explained on a phone call that ■, Individual 38 was ill and that ■ (Individual 39) did not want to meet with us.
- (c) Individual 29, through ■ counsel, Individual 40, stipulated various conditions for ■ attendance at our interview, which we did not believe were appropriate for us to accept. We did not agree to an interview based on the terms they requested. Attempts to come to mutually acceptable terms for conducting the interview were made but were not successful.



9. SUMMARY OF OBSERVATIONS

- 9.1 Based upon our investigation, we observed a pattern of behaviour or practices regarding expense claims and disbursements that existed at TNRD during the Period of Review. We have identified various areas of concern, including:
- a) Frequent and high levels of spending on meals and entertainment;
 - b) The splitting of expenses or directing subordinates by senior management to pay for and claim reimbursement for expenses, which can be used to avoid scrutiny or bypass policies, expense claimable limits or other internal controls;
 - c) Submitting expense claims without adequate support, such as itemized or legible receipts; and,
 - d) Purchase and distribution of gift cards and items of a personal nature without specifying recipients thereof.
- 9.2 We have categorized some of the issues we observed in our review into the following themes (Appendix B contains definitions of some of the themes).

BULLYING AND HARASSMENT

- 9.3 A culture of intimidation appeared to have existed, including pressure placed upon staff to participate in practices to circumvent internal controls. Examples include directing subordinate staff to use their individual corporate credit cards where senior staff (who would then approve the expenses) were present. We understand Individual 29 stated that Individual 30's [Position] "credit card was going to lose its virginity" paying for a group meal at Nandi's and that [REDACTED] was to pay on [REDACTED] corporate credit card in order "to make [REDACTED] more complicit".

OMISSION OF OR MISSTATED INFORMATION

- 9.4 We note that Individual 29's expense claims often do not include detailed receipts. This precludes analysis of the component costs, including any alcohol purchased. On several occasions, Individual 29 listed the names of attendees on invoices or credit card receipts for larger food and beverage meals or events. We have statements from several witnesses who advised that whilst their names were on one or more of these lists of attendees at meals and events, they did not actually attend the meals in question.



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 16

CONFLICTS OF INTEREST

- 9.5 Conflicts of interest are apparent in Individual 29's dealings with TNRD vendors, including accepting personal benefits from vendors. Examples include Individual 29 accepting invitations to a vacation residence of the [Position] of a TNRD contractor on at least two occasions. Individual 29's relative appears to have been hired by Vendor 04 in or around the time of the contract renewal.
- 9.6 Individual 29 appears to have leveraged [redacted] role and network at TNRD to raise funds for a charity with whom [redacted] was involved (IndoCanLinks).

10. GOVERNANCE

BOARD OF DIRECTORS

- 10.1 The purpose of a regional district includes taking care of the region's public assets and fostering the current and future economic, social and environmental well-being of the region. Collectively, the regional district board is the governing body of the regional district.
- 10.2 The TNRD Board of Directors (the "Board") consists of 26 Directors, one each from 10 electoral areas. There are also 16 Municipal Directors representing the 11 member municipalities (incorporated communities) within the regional district boundary that are appointed by their respective municipal councils. The Board sets priorities, establishes policies and makes decisions for the regional district as a whole. Each year, the Board elects one Director to serve as Chair and another to serve as Vice Chair.
- 10.3 We understand from employees that Individual 29 built [redacted] relationship with the Board to facilitate a good working relationship and to enlist support for [redacted] initiatives and management style. Based on our interviews, a number of individuals described the Board's perception of Individual 29 alike to walking on water, suggesting that there was complacency in Board governance.
- 10.4 Policies relating to food and beverage were not updated by either the Board or Individual 29 to clarify ambiguous areas such as dollar limits, numbers of meals allowed and how payment should be made. Individual 29 would often take Board members out for meals and purchase gifts for them. An employee, at interview commented that Individual 29 and the Board were close, and that [redacted] seemed to be especially close to the former Board chair.
- 10.5 Another employee claims that Individual 29 was able to influence the Board to agree with proposals such as paying out [redacted] vacation and pay rises, and [redacted] would also influence who would



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 17

be Board Chair. Anyone who talked to the Board or voiced complaints was challenged by Individual 29 and fired in some instances.

AUDIT COMMITTEE

- 10.6 According to the Chair of the TNRD Audit Committee there is no audit committee charter. The charter would govern the roles and responsibilities of the Audit Committee and its scope.
- 10.7 We understand from the audit committee chair that the audit committee's role was mainly to liaise with the external auditors and to review the external audit renewal process. We are not aware of the existence of an internal audit function and no reviews were conducted of corporate governance activities or the internal control environment.
- 10.8 It is considered good governance practice that an audit committee be comprised of members with independence and financial and accounting experience to provide effective oversight. As a result of being independent, audit committee members will not be compromised in their decision making due to close proximity to TNRD. The Chair and Audit Committee can monitor the independence of Board members through an annual declaration by each member.

CODE OF CONDUCT

- 10.9 We have reviewed Policy 7.1.5 Employee Code of conduct, effective July 19, 2018 and signed by Individual 29 [Position]. It is our understanding that this policy was first adopted in July 2018 and that it did not exist prior to 2018. The policy states that "these standards apply to all TNRD employees" and sets out both Management and employee's responsibilities. The policy references the TNRD Standards of Ethical Business Conduct.
- 10.10 The purpose of this policy is to ensure that TNRD acts in the best interest of the citizens they serve. This policy covers respect in the workplace, raising concerns (whistleblowing), conflicts of interest, outside employment, business interests, personal relationships, entertainment, gifts and services, confidentiality, protection of company assets and more.
- 10.11 In particular, the conflict of interest guidelines provide examples of what constitutes a conflict of interest, which include:
- (a) Influencing the TNRD to contract with a business owned by a close friend or family member;
 - (b) Personally benefitting from your influence in TNRD decisions, such as through purchases, contracts, policies, grants and discretionary approvals; and,
 - (c) Using TNRD property on your position to pursue personal interests.



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 18

- 10.12 With respect to personal relationships, the TNRD Standards of Ethical Business Conduct explain that personal relationships outside of work could compromise objectivity or the perception of objectivity.

POLICIES AND PROCEDURES / BYLAWS

- 10.13 The TNRD Policy Manual provides the foundation for implementing effective governance of the Thompson-Nicola Regional District. Bylaws are the rules and regulations by which local governments operate. Bylaws are created to develop and maintain a safe and livable environment for all residents within the regional district and also to provide governance surrounding certain Board activities, for example the Board Remuneration and Reimbursement of Expenses Bylaw.

Expenses

- 10.14 A common theme amongst employees and Board members we interviewed was that they did not feel that the policies and procedures at TNRD were as rigorous or sufficiently enforced as at other regional districts or municipalities. There were cases of oral agreements rather than written contracts for example. We received comments regarding Individual 29's management style, including "Individual 29 likes to keep things as corporate practices instead of policies, and is mostly resistant to changes.", and "Individual 29 was the biggest defender of having Interac slips for documentation and not the full itemized receipts."
- 10.15 Overall, the finance department did not appear to enforce expense reimbursement policies. One example of this would be with regard to having itemized receipts to support expenses, a member of the finance department admitted non-itemized receipts would be accepted on one-off occasions. We noted many examples of expense submissions without itemised receipts as support.
- 10.16 A previous member of the finance department commented that TNRD had a history of not requiring detailed receipts to be submitted with management and Board expense claims.

Gifts and Gift Cards

- 10.17 It is noted that the policies covering the purchasing of gifts for retirement and other recognitions do not sufficiently cover controlling expenditure on gift cards.

Exit Interviews

- 10.18 We were advised that exit interviews were not conducted during the period that Individual 29 was [Position] at TNRD. In our experience, it is good practice to conduct exit interviews as departing employees may be inclined to provide candid feedback on the organization. The

failure to conduct exit interviews was a lost opportunity to collect feedback on TNRD's operations, potentially including the issues identified in this report.

Budgeting

- 10.19 An employee advised that there was no policy covering situations where a contract would go overbudget over the lifespan of the contract. Overruns would typically be accepted and paid.

Structural anomalies

- 10.20 The [Position] for TNRD, subsequent to Individual 29, observed that one process that was inappropriate was the fact that Individual 29's expenses were signed off by the [Position], as the [Position] reported directly to Individual 29. Additionally, ■ thought it was odd how the [Position], who was key in issuing RFP's reported directly to Individual 29, since Individual 29 would therefore be able to control and influence the RFP process. To have such situations whereby one employee is approving the expenses of their manager or inadequate segregation of duties between project managers influential in the tender processes may be seen to be inappropriate.

Circumventing of Controls/Processes

- 10.21 As part of our expense review, we came across a Purchase Order for Nandi's, PO #29202, where the PO amount was crossed out from \$12,000 to \$20,000 by a different coloured pen, and manually signed off by Individual 29. During our interview with Individual 18, [Position] at TNRD, we brought up the invoice to which ■ responded ■ was aware of it.
- 10.22 Individual 18 advised that Individual 29 came to ■ and said we need to increase this PO, and they changed the PO immediately. Individual 18 commented that ■ does not recall what was the reasoning behind the increase directed by Individual 29. Individual 18 crossed out the amount, and wrote the \$20,000, then Individual 29 signed off on it. Individual 18 said that the typical process would be that if a PO needs to be changed, either a new PO should be issued, or if the amount has to be changed, it should go to the manager first to be signed off, and then to Individual 16, [Position], so that ■ is aware that it has increased.
- 10.23 Individual 18's commentary on changing the PO as directed by Individual 29 is as follows, "...with Individual 29, nothing is ever normal, if ■ says you have to change it, you would just change it and that's the end of it. Based on discussions with TNRD, this change from \$12,000 to \$20,000 was not updated within their financial system, and Individual 16 was not aware of the amount, nor did ■ sign off on the increase.

10.24 This is an apparent example of Individual 29 circumventing TNRD's PO change process, with which ■ was presumably familiar given ■ prior employment position. This particular incident is of interest considering the apparent close relationship between Individual 29 and Individual 06.

STRATEGIC PLAN

10.25 The TNRD Strategic Plan 2020-2022 sets out the commitments of the TNRD Board and staff, which are to:

- Represent and support our constituents in a professional manner;
- Be fiscally responsible with taxpayers' money;
- Provide opportunities for residents to stay informed;
- Consult and collaborate with our partners, all levels of government and First Nations;
- Support and respect one another;
- Consider different point of view, new ideas and change; and
- Embrace best practices and efficiency in everything we do.

10.26 The Strategic Plan for 2019 also sets out various operational challenges for the TNRD Board and staff, however, as in the 2020-2022 Strategic Plan, any reference to Governance in the organisation is conspicuous by its absence.

11. CULTURE OF SPENDING

11.1 During Individual 29's tenure as [Position] ■ created an inappropriate culture of spending within TNRD which had the effect of drawing in and involving many employees. The activities that perpetuated this culture, as commented on by several past and current employees, included the following:

11.2 Expenses submitted by Individual 29, relating to frequent and expensive meals, accompanied by employees, management and Board members of TNRD and external parties.

11.3 Many of these meal expenses were not supported by detailed receipts and therefore it was difficult to determine the breakdown of what was purchased. Attendees confirm expenditure on alcohol at such meals. Often, only the credit card receipt, reflecting the total amount, would be submitted for reimbursement.



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 21

- 11.4 At expensed lunches and dinners Individual 29 would direct other attendees to put the bill on their corporate credit cards resulting in other employees submitting the expense forms.
- 11.5 Individual 29 would often, usually for the larger meals, write the names of alleged attendees on the receipt. We have obtained statements from several witnesses whose names are on these lists who state that they were, in fact, not in attendance at that meal.
- 11.6 The Policies and Bylaws relating to these entertaining activities were weak, in that they did not define the detail of expense limits or frequency.
- 11.7 The senior leadership at the time made no efforts to improve governance in any way. The senior leadership could have tightened up the policies and bylaws or brought about more internal auditing, the absence of which allowed the culture to escalate.
- 11.8 Intimidation and harassment of employees, in particular those who challenged Individual 29.
- 11.9 The rectification of these cultural activities was not supported by the HR Department. Several employees advise that Individual 29 and the [REDACTED] had a close relationship.

12. EXPENSE REIMBURSEMENT REVIEW

BENCHMARKING OF CAO REMUNERATION AND EXPENSES

- 12.1 To add context to our analysis, we sought to obtain a benchmark of CAO remuneration and spending profiles.
- 12.2 We conducted an analysis and comparison of CAO remuneration⁴ and expenses across the 28 regional districts⁵ in British Columbia (Schedule 6). We acknowledge that each regional district may vary from one to another, including its population from less than 4,000 to over 2,000,000 and the geographic area it covers from 2,000 to over 119,000 km.² Accordingly, not all regional districts are directly comparable.
- 12.3 Our analysis compared CAO remuneration and expenses at TNRD with other regional districts that are a similar size in terms of total assets, total revenue and geographically bordering TNRD.

⁴ For the purpose of this analysis, we have used the same terminologies, “remuneration” and “expenses”, from the SOFI reports. Remuneration amounts include regular pay, taxable benefits, vacation taken and paid out, Hospital District Board admin, overtime in the EOC and does not include expenses in our analysis.

⁵ There were 29 regional districts listed, however, as we could not identify relevant financial information for the Stikine Region, it was excluded from our analysis..

12.4 When comparing the amount of the former CAO's remuneration and expenses to the average remuneration and expenses from other regional districts based on total assets, total revenue, and regional borders, the former CAO's remuneration and expenses surpassed those average amounts in each comparative category (Appendix C).

12.5 In 2017, the former CAO's remuneration was 47% to 81% higher than the various average CAO remuneration we analyzed, as summarized in the following table. Of the \$323,481 remuneration paid to the CAO in 2017, \$117,843 related to overtime worked at the EOC.

Table 3: Comparison of CAO remuneration in 2017

Ref	2017 Comparison	Amount (\$)	TNRD is higher (%)
1	Former CAO's Remuneration	323,481	
2	Average CAO Remuneration (for BC regional districts excl. TNRD)	185,403	74%
3	Average CAO Remuneration (based on comparable regional districts' total assets)	178,233	81%
4	Average CAO Remuneration (based on comparable regional districts' total revenues)	191,683	69%
5	Average CAO Remuneration (based on regional districts bordering TNRD)	220,038	47%

12.6 Similarly in 2019, the former CAO's expenses were 207% to 368% higher than the various average CAO expenses we analyzed, as summarized in the following table.

Table 4: Comparison of CAO expenses in 2019

Ref	2019 Comparison	Amount (\$)	TNRD is higher (%)
1	Former CAO's Expenses	28,493	
2	Average CAO Expenses (for BC regional districts excl. TNRD)	9,276	207%
3	Average CAO Expenses (based on comparable regional districts' total assets)	8,149	250%
4	Average CAO Expenses (based on comparable regional districts' total revenues)	6,807	319%
5	Average CAO Expenses (based on regional districts bordering TNRD)	6,087	368%

12.7 Based on the above, it appears that the former CAO's remuneration and expense reimbursements were significantly higher than their peers in similar roles.

VENDOR ANALYSIS

12.8 One of the concerns raised by management was the amount of expenses reimbursed by TNRD for Management or Board members spending at particular vendors or the number of times they were frequented. Based on the samples selected, we conducted a vendor analysis (Schedules 7 to 7.2) of the top 10 vendors by amount and by number of visits from 2015 to 2019.

12.9 Based on our sample review, below is a table summarizing the top ten vendors for which expenses were reimbursed, by amount during the Period of Review. Other than hotels and government-related expenses (e.g., CivicInfo BC, Union of BC Municipalities and Federation of

Canadian Municipalities), Nandi’s Flavours of India (“Nandi’s”, previously known as Goldie’s Flavors of India)⁶ and Terra Restaurant is amongst the top 5 on the list. Management explained to us that expenditure at CivicInfo and Union of BC Municipalities is relevant and necessary to certain employees of TNRD, such as for training, membership fees and conventions, and is not necessarily relevant to this investigation.

Table 5: Top 10 vendors, by total amount (2015-2019)

Ref	Vendors	2015	2016	2017	2018	2019	Total
1	CivicInfo BC	6,040	10,224	19,783	5,984	13,124	55,154
2	Union of BC Municipalities	7,984	9,555	2,970	8,660	11,057	40,226
3	Federation of Canadian Municipalities	4,399	5,916	7,941	6,258	9,216	33,730
4	Nandi’s Flavours of India	1,968	6,512	3,771	4,476	10,310	27,036
5	Terra Restaurant	4,052	1,633	2,096	6,751	6,111	20,644
6	Marriott Hotels	-	14,352	312	-	4,585	19,248
7	Radisson Hotel	3,179	4,797	5,036	4,995	-	18,007
8	Executive Hotel Le Soleil	-	-	16,064	-	-	16,064
9	Fairmont Hotel	12,274	-	-	737	2,712	15,723
10	Best Western	220	8,374	429	6,341	-	15,364
Total		40,116	61,362	58,401	44,201	57,115	261,196

12.10 To supplement the foregoing analysis, we analyzed the number of visits to each vendor by TNRD employees. Based on our sample review, several coffee shops were included in the top 10 most frequented vendors, including Caffe Motivo, Frankly Coffee and Bistro, Tim Hortons and PDK Café. Nandi’s also qualified for the top 10 frequency list as well. As noted in the above table, the total amount expensed at Nandi’s more than doubled from 2018 to 2019; however, the number of visits only increased from 13 to 19, which is less than double during the same period, suggesting an increase in the average value spent on each visit in 2019.

⁶ Based on our understanding that Goldie’s Flavors of India was rebranded as Nandi’s Flavours of India, we have combined our analysis for these two companies and refer to them as Nandi’s for the purposes of this Report.

Table 6: Top 10 vendors, by total number of visits (2015-2019)

Ref	Vendors	2015	2016	2017	2018	2019	Total
1	Caffe Motivo	4	6	35	70	29	144
2	Hotel 540	37	24	33	33	-	127
3	CivicInfo BC	19	27	48	15	8	117
4	Dorian Greek House	18	25	30	25	11	109
5	Frankly Coffee and Bistro	6	16	13	39	29	103
6	Nandi's Flavours of India	12	18	19	13	19	81
7	Union of BC Municipalities	21	22	11	13	8	75
8	Tim Hortons	10	7	14	21	19	71
9	PDK Cafe	20	16	20	13	-	69
10	Petro Canada	12	9	11	17	15	64
Total		159	170	234	259	138	960

12.11 We also analyzed the vendors, by TNRD employee for each year in Schedules 7.3 to 7.7. For all five years in our Period of Review, Individual 29 consistently expensed the most at the top vendor (Caffe Motivo) for each year. In three of the five years reviewed, Individual 29 expensed the most at hotels and the other two were at CivicInfo BC.

Food and beverage expenses

12.12 There have been multiple allegations surrounding spending at food and beverage vendors. More specifically, there have been allegations around excessive spending at Nandi's as it was often used as a preferred vendor for food, drinks and catering, as well as excessive spending at a Whistler champagne room. Our review of food and beverage vendors indicated that Nandi's was at the top of the list totalling \$26,836 during the Period of Review, followed by Terra's Restaurant at \$20,644 and Dorian Greek House at \$14,579 (Schedules 8 to 8.1).

Table 7: Top 10 food and beverage vendors, by total amount (2015-2019)

Ref	Vendors	2015	2016	2017	2018	2019	Total
1	Nandi's Flavours Of India	1,868	6,512	3,671	4,476	10,310	26,836
2	Terra Restaurant	4,052	1,633	2,096	6,751	6,111	20,644
3	Dorian Greek House	2,270	3,512	3,514	3,697	1,586	14,579
4	Hotel 540	3,607	2,918	2,007	2,040	-	10,573
5	The Keg Steakhouse & Bar	1,066	712	5,379	-	-	7,157
6	Bearfoot Bistro	-	-	-	6,899	-	6,899
7	Cactus Club	5,312	68	300	376	628	6,684
8	Moxies Grill & Bar	536	988	256	3,900	49	5,729
9	Al Porto Ristorante	-	-	-	-	5,664	5,664
10	Mitz Kitchen	865	995	645	1,634	785	4,924
Total		19,577	17,337	17,868	29,773	25,135	109,689



Note: Table 7 only considers expenses that we have categorized as food and beverage. The difference in amounts for Nandi's between Table 5 and Table 7 relates to gift cards, which is considered as a separate category in our analysis.

Table 8: Top 10 food and beverage vendors, by total number of visits (2015-2019)

Ref	Vendors	2015	2016	2017	2018	2019	Total
1	Caffe Motivo	4	6	34	65	26	135
2	Hotel 540	36	24	32	31	-	123
3	Dorian Greek House	18	24	30	25	10	107
4	Frankly Coffee and Bistro	6	16	12	38	27	99
5	Nandi's Flavours Of India	11	18	18	13	19	79
6	PDK Cafe	20	15	18	11	-	64
7	Mitz Kitchen	9	12	8	19	10	58
8	Boston Pizza	9	3	10	6	6	34
9	Amplified	-	-	-	-	33	33
10	The Noble Pig	11	7	3	7	3	31
Total		124	125	165	215	134	763

12.13 We reviewed the transactions and invoice descriptions for each of the top five food and beverage vendors, by total amount (2015-2019) in Schedules 9 to 9.4.

(a) **Nandi's:** Based on our sample review of the expenses at Nandi's, there were 81 visits, totalling \$27,036 of expenses that were reimbursed for the period 2015-2019. Individual 29 submitted the highest amount, totalling \$24,069 (or 89% of the sample total) from 66 visits. 95% of the amount of Individual 29's expenses at Nandi's was not supported with an itemized or legible receipt. There were a number of expenses with handwritten notes that indicated to charge to different departments such as "admin", "EHS", "planning" and "library".

Table 9: Analysis of sample expenses - Nandi's

Ref	Individual	Sample Total		No itemized/legible Receipts		% of Total	
		# of Visits	Net Amount (\$)	# of Visits	Net Amount (\$)	# of Visits	Net Amount (\$)
1	Individual 29	66	24,069	59	22,763	89%	95%
2	Individual 26	4	1,514	3	1,314	75%	87%
3	Individual 09	8	925	8	925	100%	100%
4	Individual 34	3	527	3	527	100%	100%
Total		81	27,036	73	25,530	90%	94%

(b) **Terra's Restaurant:** Based on our sample review of the expenses at Terra's Restaurant, there were 25 visits, totalling \$20,644 of expenses that were reimbursed for the period



2015-2019. Individual 29 submitted the highest amount, totalling \$20,519 (or 99% of the sample total) based on 23 visits. 90% of the amount of Individual 29’s expenses at Terra’s Restaurant were not supported with an itemized or legible receipt.

Table 10: Analysis of sample expenses - Terra’s Restaurant

Ref	Individual	Sample Total		No itemized/legible Receipts		% of Total	
		# of Visits	Net Amount (\$)	# of Visits	Net Amount (\$)	# of Visits	Net Amount (\$)
1	Individual 29	23	20,519	13	18,501	57%	90%
2	Individual 34	2	125	2	125	100%	100%
Total		25	20,644	15	18,626	60%	90%

(c) **Dorian Greek House:** Based on our sample review of the expenses at Dorian Greek House, there were 109 visits, totalling \$14,754 of expenses that were reimbursed for the period 2015-2019. Individual 16 submitted the highest amount, totalling \$6,113 (or 41% of the sample total) based on 40 visits. Individual 29 submitted the second highest amount of expenses, totalling \$5,541 (or 38% of the sample total) based on 41 visits. 90% of Individual 16 and Individual 29’s expenses claimed for Dorian Greek House were not supported with an itemized or legible receipt.

Table 11: Analysis of sample expenses - Dorian Greek House

Ref	Individual	Sample Total		No itemized/legible Receipts		% of Total	
		# of Visits	Net Amount (\$)	# of Visits	Net Amount (\$)	# of Visits	Net Amount (\$)
1	Individual 16	40	6,113	36	5,521	90%	90%
2	Individual 29	41	5,541	36	4,982	88%	90%
3	Individual 34	9	934	6	368	67%	39%
4	Individual 27	5	907	5	907	100%	100%
5	Individual 09	6	727	1	54	17%	7%
6	Individual 28	6	307	1	33	17%	11%
7	Individual 26	1	133	-	-	0%	0%
8	Individual 54	1	92	-	-	0%	0%
Total		109	14,754	85	11,865	78%	80%

(d) **Hotel 540:** Based on our sample review of the expenses at Hotel 540, there were 127 visits, totalling \$12,282 of expenses that were reimbursed for the period 2015-2019. Individual 29 submitted the highest amount, totalling \$8,131 (or 66% of the sample total) based on 60 visits. 80% of the amount of Individual 29’s expenses at Hotel 540 were not supported with an itemized or legible receipt.



Table 12: Analysis of sample expenses - Hotel 540

Ref	Individual	Sample Total		No itemized/legible Receipts		% of Total	
		# of Visits	Net Amount (\$)	# of Visits	Net Amount (\$)	# of Visits	Net Amount (\$)
1	Individual 29	60	8,131	58	6,481	97%	80%
2	Individual 26	20	1,464	5	489	25%	33%
3	Individual 16	10	1,349	10	1,349	100%	100%
4	Individual 28	10	477	4	172	40%	36%
5	Individual 34	11	424	10	381	91%	90%
6	Individual 09	14	360	4	327	29%	91%
7	Individual 27	2	77	2	77	100%	100%
Total		127	12,282	93	9,275	73%	76%

(e) **The Keg Steakhouse & Bar (“The Keg”)**: Based on our sample review of the expenses at The Keg, there were eight visits, totalling \$7,157 of expenses that were reimbursed for the period 2015-2019. Individual 29 submitted the highest amount, totalling \$6,991 (or 98% of the sample total) based on seven visits. 100% of the amount of Individual 29’s and Individual 16’s expenses at The Keg were not supported with an itemized or legible receipt.

Table 13: Analysis of sample expenses - The Keg Steakhouse & Bar

Ref	Individual	Sample Total		No itemized/legible Receipts		% of Total	
		# of Visits	Net Amount (\$)	# of Visits	Net Amount (\$)	# of Visits	Net Amount (\$)
1	Individual 29	7	6,991	7	6,991	100%	100%
2	Individual 16	1	167	1	167	100%	100%
Total		8	7,157	8	7,157	100%	100%

12.14 Based on the above analysis, there is a pattern of itemized or legible receipts not being provided when submitting expense reimbursements. Individual 29 usually expensed the most at these top food and beverage vendors and would often not provide an itemized receipt.

12.15 A summary of our analysis of expenses, indicating itemized, non-itemized or no receipts, by claimant individual, can be found at Schedule 10. The data is organized by year, according to the individual who benefited from the expense, which was indicated by TNRD in the “Personal” column of their Visa Coding Files.

INDIVIDUAL 29’S MEAL CHARGES

12.16 We reviewed Individual 29’s corporate credit card charges at F&B vendors from 2015 through 2019. We took a conservative approach by only including the F&B vendors that serve meals/drinks as a primary business. For example, we would not include most hotels, unless it



was evident that it was a hotel restaurant. Below is a conservative summary of Individual 29’s meal charges from 2015 through 2019:

Expense approvals

- 12.17 As part of the expense reimbursement claim process, we understand that each claim required two signatures: one from the submitter of the expense report to confirm the accuracy of the claim, and a second from the individual the submitter reports to, such as the department head, or the Director of Finance. If the Director of Finance was away, the approver would then be the CAO. We were able to identify the signatures of the approvers with TNRD’s assistance (Schedule 11).
- 12.18 We summarized the approvals obtained for the expense reimbursement claims reviewed. In our analysis of the sampled expense reports, we reviewed expenses totalling \$755,258. We note that Individual 29 had \$14,059, and Individual 26, [Position], had \$18,988, of expenses submitted with no approvals (Schedule 12). Individual 16 was the first approver for \$13,102 of expenses, without a second approver (Schedule 12).

EXPENSES DIRECTED BY INDIVIDUAL 29

- 12.19 One of the concerns brought to our attention by a former staff of TNRD is that Individual 29 directed other attendees to pay for excessive food and alcohol events. We understand that staff would be scolded and treated poorly if they refused to comply with the request. We were informed that some staff wrote “as directed by Individual 29” on the back of the receipts. In addition, there was a specific event where it was alleged that a champagne room from a hotel in Whistler was expensed by Individual 29, but the tip was directed to be paid by Individual 26. ■ chose to write “as directed by Individual 29” on the back of receipt “for protection”.
- 12.20 We reviewed the handwritten notes on the receipts to understand patterns of expenses that were purportedly directed by Individual 29 (Schedules 1 to 5.1). After we summarized the handwritten notes, we filtered for key words such as “approved”, “authorized”, “directed”, “consulted” and “charge” to identify expenses that outlined who and how things were charged (i.e., to which specific department). Below is a table summarizing the potential amounts that were directed by Individual 29.

Table 14: Amount of expenses potentially directed by Individual 29

Ref	Description	2015	2016	2017	2018	2019	Total
1	Directed by Individual 29	8,989	13,287	9,725	11,621	15,690	59,312

Bearfoot Bistro



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 29

- 12.21 We understand the bill from the restaurant in Whistler was in reference to Bearfoot Bistro. When searching for the transactions on Schedule 5.1, there were two visits:
- (a) \$59.60 was incurred at 8:11pm on Sep 12, 2018 and Individual 29 submitted this expense for reimbursement. The expense was charged to 10-2-110100-5430 Convention/Seminar Costs for four individuals (Non-Staff, Individual 09, Individual 26 and Individual 29). Individual 16 approved the expense and no itemized receipt was attached.
 - (b) \$6,839.55 was incurred at 11:15pm on Sep 13, 2018 and Individual 29 submitted this expense for reimbursement. The expense was charged to 10-2-110000-6210 Accommodations & Meals with no names for attendees listed. Individual 16 approved the expense and no itemized receipt was attached. There was an illegible handwritten note that indicated "Charge 3/4 to ? And 1/4 to ?", referring to allocating the expense to different departments.
 - (c) TNRD explained that itemized receipts not being attached to expense reimbursement reports was a common practice and attendees were instructed not to provide itemized receipts by Individual 29.
- 12.22 A third visit was identified but the transaction was not included in our sample and therefore is not found on Schedule 4. \$1,762.86 was incurred at 11:18pm on Sep 13, 2018 and Individual 26 submitted this expense for reimbursement. The expense was charged to 10-2-110100-5430 Convention/Seminar Costs with no names for attendees listed. No itemized receipt was attached; however, the amount was broken down as \$393.60, and a tip of \$1,369.26, for a total of \$1,762.86. Handwritten note indicates "UBCM member municipality dinner (partial pmt)". This transaction was not in our sample; however, we conducted a targeted search for Bearfoot Bistro and identified the expense reimbursement documents.
- 12.23 There was no itemized receipt for the expenses at Bearfoot Bistro on the evening of September 13, 2018. The total expenditure at Bearfoot Bistro was \$8,602.41, which was paid in two separate transactions. Individual 29 expensed \$6,839.55 and Individual 26 expensed approximately 20% of the remaining expense (\$1,762.86/\$8,602.41). Although there were handwritten notes on Individual 26's receipt, none suggest that the partial expense was directed by Individual 29. We are limited with our analysis without an itemized receipt to understand what was purchased and the lack of documentation of who attended.
- Hotel 540 (Former) / Cordo Resto & Bar at the Delta Hotels by Marriott Kamloops**
- 12.24 Individual 47, [Position] shared with us an example of "forced use" of ■ corporate credit card by Individual 29. ■ received an invitation at around 4:30pm by Individual 29 to attend an after-



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 30

work social at a Hotel 540. At the end of the evening, we understand Individual 47 was asked by Individual 29 to use ■■■ corporate credit card to pay for the bill, which included alcohol, for all attendees. When Individual 47 informed Individual 29 that ■■■ had forgotten ■■■ corporate credit card, Individual 29's response was "never leave the office without your corporate card". Individual 47 believes that ■■■ was invited to the gathering to help divert the expense away from Individual 29's own expense submission. Further, Individual 47 said ■■■ witnessed similar situations at other functions where managers were directed by Individual 29 to pay with their corporate credit cards.

12.25 Individual 37, [Position], attended the same social on December 19, 2017 and was instructed by Individual 29 to charge the Hotel 540 expense (\$326.82) to ■■■ corporate credit card. ■■■ followed Individual 29's instruction. The eight individuals listed on the Visa coding included Individual 29, Individual 19, Individual 47, Individual 49, Individual 27, Individual 50, Individual 02, Individual 37). No itemized receipt was provided as support.

12.26 On another occasion, we understand Individual 37 was attending a business meeting at Cordo Resto & Bar on November 21, 2019. Coincidentally, there were a few TNRD staff and politicians who were at the same restaurant. Specifically, Individual 37 recalls Individual 29, Individual 02 and Individual 26 sitting in the lounge area having food and drinks. Individual 37 stated that Individual 29 instructed ■■■ to charge the cost of their meals (\$158.47) onto ■■■ bill and ■■■ conformed to ■■■ direction.

Nandi's

12.27 On July 18, 2018, Individual 29 and nine others were listed on the Visa coding that suggested they were at Nandi's and incurred \$707.42. We understand Individual 30 commenced ■■■ employment with the TNRD on ■■■ and was pressured by Individual 29 to pay although ■■■ was uncomfortable in doing so. Individual 17, [Position], attended the dinner and witnessed Individual 29 declaring that "[Individual 30's] credit card was going to lose its virginity that night" and that ■■■ was to pay on ■■■ corporate credit card in order "to make ■■■ more complicit".

MEALS THRESHOLD ANALYSIS

12.28 Schedule B from Bylaw 2673 Board of Directors Remuneration and Expense prescribes amounts that are allowed for meals, travel, accommodations and other expenses. Staff/Senior Management meal expenses are governed by Policy No. 5.5 Meal Expenses which states that meal per diems for staff will follow what is in Bylaw 2673 for Directors. Management has



Deanna Campbell
 Thompson-Nicola Regional District
 January 20, 2022

Page 31

informed us that the amounts stipulated are on a pre-tax basis so that if they are treated as a taxable benefit, then taxes would be deducted from these rates.

12.29 Based on our review of the expenses, it is not easily distinguishable when meal reimbursement were due to overtime or working away from the office. Also, Bylaw 2673 does not clearly indicate what time frames relate to breakfast, lunch or supper (“dinner”). Accordingly, as agreed by Management, we have assumed the following time frames for each meal for the purposes of analyzing allowable meal reimbursement thresholds (Schedule 13):

- Breakfast: 6am-11am;
- Lunch: 11am-2pm; and
- Dinner: 2pm - 6am.

12.30 We compared the number of instances when individuals expensed meal costs that exceeded the allowable threshold based on Bylaw 2673 (Schedule 13.2). Individual 29 was at the top of the list with a total of 278 occurrences during our Period of Review where █████ submitted and was reimbursed an amount that was in excess of what was allowed in the bylaw. Following Individual 29 were expenses related to non-TNRD individuals, and meals where the personal column was left blank. This occurs when individual names were not listed at the back of the receipt for this information to be captured. According to Policy No. 5.5 - Meal expenses, receipts submitted must include the names of all individuals who took part in the meals as well as the business purpose of the meeting.

Table 15: Top 10 individuals/categories where meal expenses were above meals threshold, by total number of times (2015-2019)

Ref	Individuals/Categories	2015	2016	2017	2018	2019	Total
1	Individual 29	69	54	45	61	49	278
2	Non Staff	46	31	36	48	35	196
3	NOT YET DETERMINED	39	27	22	32	15	135
4	Individual 26	24	25	25	19	22	115
5	Individual 09	34	23	15	17	14	103
6	Individual 16	21	22	19	25	16	103
7	Individual 34	13	14	20	23	15	85
8	Individual 02	14	15	12	16	6	63
9	Emergency Operations Center	1	-	56	3	2	62
10	Individual 27	-	-	16	24	15	55
Total		261	211	266	268	189	1,195



Deanna Campbell
 Thompson-Nicola Regional District
 January 20, 2022

Page 32

Note: The roles and relationship to TNRD of many of the individuals listed have not yet been identified and are therefore classified as “NOT YET DETERMINED”. We understand TNRD uses “Non Staff” to describe a person at a meeting that is not an employee or Board member of the TNRD.

12.31 As indicated in the table above, in addition to the 278 instances where Individual 29 appears to have exceeded the prescribed expense thresholds according to TNRD bylaw, there were 196 instances where non-TNRD individuals benefited from expenses that were also over the allowable threshold and also 135 instances in the Period of Review where an unspecified individual also benefited from this breach of the bylaw. Individual 29 is the individual with the highest frequency at 278 compared to the next identifiable individual, Individual 26 at 115.

12.32 We also ranked the individuals who benefited the most from a dollar value perspective, who were reimbursed amounts that were higher than the allowable amounts permitted by the bylaw (Schedule 13.3). The highest amount of \$6,793 was attributed to non-TNRD individuals, followed by \$4,347 by the EOC, and then by Individual 29 who expensed \$3,187 over the threshold limits from 2015-2019. Individual 29 is the individual with the highest amount totalling \$3,187 and followed by Individual 09, who is the individual with the second highest amount totalling \$1,906.

Table 16: Top 10 individuals/categories where meal expenses exceeded meals threshold, by total amount (2015-2019)

Ref	Individuals/Categories	2015	2016	2017	2018	2019	Total
1	Non Staff	1,392	710	698	1,811	2,183	6,793
2	Emergency Operations Center	23	-	4,214	93	17	4,347
3	Individual 29	645	573	519	584	867	3,187
4	Thompson Regional Hospital District	811	1,571	127	200	239	2,949
5	NOT YET DETERMINED	409	1,019	272	192	140	2,032
6	Individual 09	556	1,004	124	88	134	1,906
7	Individual 26	168	255	260	194	362	1,239
8	Individual 03	184	8	90	72	323	677
9	Individual 16	100	158	106	139	120	623
10	Individual 34	88	85	186	133	134	626
Total		4,378	5,381	6,595	3,506	4,518	24,379

Note: The roles and relationship to TNRD of many of the individuals listed have not yet been identified and are therefore classified as “NOT YET DETERMINED”. We understand TNRD uses “Non Staff” to describe a person at a meeting that is not an employee or Board member of the TNRD.



Deanna Campbell
 Thompson-Nicola Regional District
 January 20, 2022
 Page 33

BOARD EXPENSE CLAIMS

12.33 We reviewed 66 Board expense reimbursement claims totalling \$33,496 (Schedule 14). We summarized 295 transactions from the 66 Board expense reimbursement claims. 107 of these transactions complied with the relevant bylaws. There were 15 transactions where the claimed amount increased due to increase in rates and 8 transactions where the claimed amount was reduced to the threshold allowed by the bylaws, and 26 transactions where the claimed amount was adjusted by the authorizing signatory to zero for reasons unknown. We did not observe any other instances of non-compliance with the relevant bylaws. 139 transactions were categorized as N/A, which is when there was no supporting documentation attached to the claim (Schedule 14.1).

INDIVIDUAL 29’S PER DIEM CLAIMS AND EXPENSE REIMBURSEMENTS

12.34 Supplementing our expense reimbursement review above, we also conducted a comparison of Individual 29’s per diem claims and [redacted] corporate credit card expense reimbursements. We selected a sample of over 60% of Individual 29’s per diem claims to review and below is a summary of the per diem expenses Individual 29 claimed in excess.

Table 17: Summary of per diem expenses Individual 29 claimed in excess

Description	2014		2015		2016		2017		2018		2019		Total	
	# of Meals	Amount	# of Meals	Amount	# of Meals	Amount	# of Meals	Amount	# of Meals	Amount	# of Meals	Amount	# of Meals	Amount
Breakfast (-6:00AM to 11:00AM)	2	33	-	-	2	29	1	6	3	111	2	30	10	209
Lunch (-11:00AM to 2:00PM)	7	145	2	37	6	117	3	97	1	5	4	137	23	538
Dinner: (-\$2:00PM to 6:00AM)	18	687	16	1,580	11	497	14	458	16	575	9	359	84	4,156
Total	27	\$ 865	18	\$ 1,617	19	\$ 642	18	\$ 561	20	\$ 691	15	\$ 526	117	\$ 4,903

Inconsistent information

12.35 Some of the per diem forms we reviewed contained inconsistent or irregular information. In order to calculate the number of nights allowed for on the per diem forms, we reviewed the departure and return dates.

- (a) Individual 29 submitted a per diem form for an event [redacted] “Victoria/MFA Forum” that indicated travel dates from March 28, 2017 to March 31, 2017. However, according to the flight itinerary, Individual 29’s return flight was scheduled to arrive in Kamloops at 19:16 on March 30, 2017.
- (b) There are numerous instances where the number of nights claimed does not match the period of travel recorded on the per diem forms. For example, for the 2015 Union of BC



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 34

Municipalities (“UBCM”) Vancouver event, the departure date is September 20, 2015 and return date is September 25, 2015 (5 nights) but Individual 29 claimed 4 nights.

- (c) Individual 29 submitted a per diem form that was for “Strategic planning/LGLA/UBCM Fire Safety Meeting” with handwritten dates referring to January 17-19 and 22-25, 2019. The per diem form claims two nights only, however, we do not know which period the claim is for. We identified expenses charged on ■ corporate credit for local government leadership academy (“LGLA”) from January 23 to 25, 2019.
- (d) From May 29 to June 3, 2019 (5 nights), Individual 29 travelled to Quebec to attend FCM Quebec City. The hotel invoice for Individual 29’s indicates that ■ would arrive on May 30 and depart June 3. It appears that an extra day of per diem was claimed by Individual 29 for May 29.

Splitting Expenses - Meals

- 12.36 A TNRD staff also commented that Individual 29 instructed staff attending meals to split expense or told subordinates to pay, presumably to reduce the amount claimed by an individual or to divert the expense from ■ own account.
- 12.37 A member of the finance department commented that, in some instances, it would be appropriate to split expenses for meals, such as if there were different members of management gathering together for an event, thus it would be appropriate for the expense to be split across finance and engineering, for example.

Charging expenses to GL codes

- 12.38 There is a practice of charging meal expenses to various GL codes instead of listing individuals and this makes it difficult to allocate the charge to individuals for reporting purposes. For example, all UBCM events from 2014 through 2017 did not list names for meal charges and we were unable to split them to determine if they were in excess on a per individual basis according to TNRD’s policies.

False listing of attendees

- 12.39 There are a number of individuals whose names were listed as attendees on Individual 29’s expenses but advise that they did not, in fact attend.
 - (a) Individual 29 submitted an expense for \$494.95 at The Noble Pig Brewhouse that was charged on ■ corporate credit card on December 15, 2019. The receipt indicates that “Individual 47 plus one” attended. However, Individual 47 advised us that ■ was not present.



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 35

- (b) Individual 57, [Position], was listed on Individual 29's expense claimed at the Marriott Victoria Inner Harbour for a stay that was from September 20 to 25, 2019, which overlapped with the UBCM convention dates from September 22 to 27, 2019 and was held in Vancouver (based on Individual 29's per diem form). However, Individual 57 advised that [REDACTED] had no need to be in Victoria and \$303.44 was apportioned to [REDACTED].
- (c) Individual 21, [Position], also said that there was one specific instance [REDACTED] recalls for a Radisson Vancouver airport restaurant event on January 22, 2015. LGLA was held in Vancouver at the Radisson hotel. Individual 21 is adamant that [REDACTED] was not in Vancouver with TNRD at any point during this date nor was [REDACTED] at the Radisson hotel. [REDACTED] suggested that we could potentially confirm this with the existence of any flight expense, as Individual 21 says [REDACTED] never flew to Vancouver with TNRD around this time and that no proof of registration would exist for [REDACTED] as all attendees would have to have registered for the event.

Missing receipt

- 12.40 When no itemized or payment receipt is submitted, we only have the corporate credit card transaction details, which include the date, vendor and amount. Individual 29 incurred \$234 on June 4, 2015 at the Courtyard By Marriott but we are missing information such as the time of the expense, details of the nature of the expense, and possibly the individuals relating to that expense.

Meal amount allocated to Individual 29 is higher than per diem threshold

- 12.41 There are a number of instances where the meals charged were much higher than the per diem threshold. For example:
 - (a) On April 30, 2014, \$1,283 was charged to Individual 29's corporate credit card at Salty's Beach House for 23 people. The amount allocated to Individual 29 is \$56, which is more than double of the \$24 dinner threshold. No itemized receipt was provided.
 - (b) There were two nights of multiple dinners charged by Individual 29 during the LGLA Richmond event from January 19 to 21, 2019. On the first evening, \$486 was charged at Richmond - Boathouse at around 7:03pm for 9 people (\$54/person) and at 11:18pm, \$69 was charged at the Radisson Vancouver Airport for 3 people (\$23/person). On the second evening, there were three dinner transactions. The first transaction of \$88 was charged at the Radisson Vancouver Airport for 7 people (\$13/person) at 6:48pm. Individual 29 then charged \$464 for 10 people (\$46/person) at the Richmond Red Star Seafood



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 36

restaurant at 8:47pm. By 10:55pm, Individual 29 charged a third dinner transaction in the amount of \$130 for 5 people (\$26/person) back at the Radisson Vancouver Airport.

Reload of coffee gift cards

- 12.42 There are a number of instances where gift card purchases or reload values are expensed at coffee shops like Tim Hortons and Starbucks by Individual 29. The back of the receipt would include a list of names, but the purchase was only for the reload of purchase of gift cards, and not the purchase of meals/drinks.
- 12.43 For example, when Individual 29 attended the FCM Ottawa event from May 31, 2017 to June 5, 2017, ■ loaded \$50 into a Tim Card on June 2, 2017 and listed 9 names on the back of the receipt. It is unknown whether the \$50 loaded onto the Tim Card was used for specific purchases related to the FCM event or if individuals listed actually benefited from the reloaded Tim Card.
- 12.44 Another example of this occurred on May 23, 2018 at Tim Hortons where Individual 29 expensed \$75 to load ■ Tim Card. A handwritten note on the receipt listed the expense to be charged to admin - meals, and was signed off by Individual 29.

2019 Uji, Japan Delegation Trip

- 12.45 Individual 29 visited Uji, Japan, the sister city of Kamloops, from October 2 to 11, 2019. We understand that October 2, 2019 was a travel day and ■ arrived in Tokyo on October 3, 2019. We further understand that the period October 3 to October 8, 2019 was considered personal time. The official visit commenced on the morning of October 9 and ended on the afternoon of October 11, 2019. During the official visit, we understand the host provides accommodations and meals. By the evening of October 11, 2019, Individual 29 flew out of Osaka and returned to Vancouver on the morning of the same day.
- 12.46 On the per diem forms, Individual 29 claimed 5 nights of accommodation for reimbursement, where October 2 and 9 to 11, 2019 would only be 4 nights and this includes the period when ■ was hosted and was provided accommodation and meals. Individual 29 also claimed two dinners during the personal time period, one on October 3, 2019 for \$847 (11 people) and another one on October 7, 2019 for \$201 (6 people).

Meals with unspecified non-TNRD individuals

- 12.47 We understand that a post-Japan dinner was organized and food was ordered from Nandi's on December 10, 2019. Individual 29 listed Individual 03, Individual 51, Individual 52 and "8 non TNRD folks" on the back of the receipt. We understand that the non-TNRD individuals in attendance were individuals from the Japan trip. Individual 29 expensed \$357.08 and did not



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 37

provide an itemized receipt as support. Further, Individual 29 noted instructions to charge the one-half of the meal cost to Legislative General and the other one-half to Admin General.

PERSONAL EXPENSES PAID BY TNRD

Telus expenses

- 12.48 Concerns were raised by TNRD Management regarding the personal home use of Telus services by Individual 29, which was paid for by TNRD, through the expenses claims of Individual 33, [Position]. We reviewed expense claim forms and supporting documentation from Individual 33 from 2014 to 2019. During our review, we noted that the addresses on these Telus invoices were not the address of TNRD but were instead the addresses of three employees: Individual 53, [Position], Individual 33, and Individual 29. Furthermore, there were several instances when there no receipts or supporting documentation provided for the corporate credit card charges. Management noted that finance server backups were periodically performed at Individual 29's home prior to the switch to cloud servers.
- 12.49 We summarized TNRD's Telus expenses during the Period of Review on Schedule 22. We identified the following observations related to Telus expenses:
- (a) The account for Individual 53 was closed on February 17, 2015. Management stated that internet services were provided to Individual 53 to perform TNRD Library website program maintenance on the weekends while working from home.
 - (b) From January 2014 to around March 2016, Individual 29 only had Telus internet services and it was paid by the TNRD. Closer to March 2016, monthly internet services cost around \$80-\$100/month. We understand the reasoning for this expense being eligible for reimbursement was because the back up of the TNRD server was located in ■ home. We understand that sometime in 2016, TNRD moved to the cloud for its servers and a physical back up was no longer required at Individual 29's home. However, from April 2016 to December 2019, Individual 29's internet, TV and phone services were provided by Telus and the invoice was continued to be charged on Individual 33's corporate credit card. The TNRD appeared to continue to pay up to \$93/month from April 2016 to December 2019, even though the internet portion of the bill decreased. During 2014 to 2019, 71 Telus charges were noted for Individual 29 totalling \$5,899.24. There were 47 Telus charges submitted without any corresponding receipts, totalling \$4,144.07. During this period, the expense claims were typically approved by Individual 16; however we noted four instances where Individual 29 approved ■ own Telus expenses.



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 38

(c) In addition, there were 70 Telus home internet charges for Individual 33 totalling \$5,326.90 from 2014 to 2019 and 14 charges for Individual 53 totalling \$629 from 2014 to 2015. The total Telus expenses paid by TNRD without receipts or supporting documents included one payment of \$67.20 for Individual 33 and four payments totalling \$210.56 for Individual 53.

12.50 Upon interviewing the [Position] at TNRD, the individual commented that it was unclear why Individual 29's Telus expenses were paid for by TNRD and that it was not clear why there would be server backup equipment at Individual 29's house related to TNRD. However, [REDACTED] was advised not to question it. Furthermore, through Individual 29's instruction, TNRD also paid the Telus mobile bill for a [position] from Vendor 06. This was unusual that a non-TNRD employee would have their phone expenses reimbursed. Prior to Individual 29's departure, TNRD's [position] was aware of the vendor's cell phone expenses were paid for by TNRD, but when inquiring with Individual 29 and Individual 16, no response was given as to why an exception was provided. When the vendor [REDACTED] was interviewed about the cellphone expenses, [REDACTED] stated that having a cellphone was one of the conditions for TNRD hiring [REDACTED], so that they could contact [REDACTED] when they needed work to be done.

OTHER CONCERNS/ALLEGATIONS:

Fitbit and CAO bonus

12.51 One of the concerns that TNRD raised was a Fitbit purchased from London Drugs that appeared to be personal in nature. There was another concern that there was a CAO bonus provided along with Kamloops Blazer season tickets and donations to a religious organization.

12.52 Based on our review of these expenses, we confirmed that Individual 26 purchased a Fitbit Alta and Fitbit Alta band from London Drugs on May 6, 2016 totalling \$235.63. On the corporate credit card statement, a handwritten note indicates that the reason for the expense is a recognition gift for Individual 29 per Board's direction and that a resolution is provided to the Director of Finance. The expense reimbursement was approved by Individual 16.

12.53 We obtained a copy of the Board closed meeting minutes dated April 28, 2016. The following motion was moved by Individual 59, seconded by Individual 73 and was ultimately carried:

“THAT at the discretion of [REDACTED]. Individual 29, [REDACTED] Individual 29 be provided a one-time \$2000 bonus, seasons tickets to the Kamloops Blazers, or a donation to the charity of [REDACTED] choice with the opportunity to receive a tax deductible receipt from that charity in recognition for [REDACTED] outstanding work in 2015 as [Position].”



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 39

- 12.54 The motion that was carried does not appear to specify a Fitbit purchase. Management further explained to us that “with the money, Individual 29 then requested this Fitbit, ■ also ordered some jackets for senior management with a portion and then ■ asked for a donation.” Management shared with us supporting documents that indicated that a \$300 sponsorship donation was made to the Sikh Cultural Society by TNRD on behalf of Individual 29 on May 13, 2016.
- 12.55 With respect to the jackets ordered for senior management, we reviewed the underlying supporting documents that TNRD provided us and we were satisfied that the documentation was complete and duly authorized.
- 12.56 The \$235.63 Fitbit, \$300 donation and \$1,649.76 jackets for management total \$2,185.39, which is \$185.39 over the approved \$2,000 bonus for Individual 29 from the Board resolution. TNRD explained that it is possible that some jackets were purchased for outside workers but was included into the same order for convenience.
- 12.57 Policy No. 7.6 Special Occasion Gifts to Staff and Directors explains the practice of gifts for staff and directors. It outlines a number of occasions recognized for gifts/cards that are up to \$80 in value. Examples are for death of an immediate family member, staff or director’s marriage, child born to a staff or director, staff member retirement and staff or director suffering significant illness or injury. The policy does not include gifts that are for performance recognition. However, an exception appears to exist in this instance by way of the Board resolution. Policy No. 7.1 Employee Recognition appears to include recognition of exceptional performance, as well as career milestones such as service, retirement and individual or departmental awards.

Gift cards

- 12.58 A former staff at TNRD raised the concern of coffee shop gift cards that were regularly provided to Individual 29’s family and friends, as well as “significant re-loads” for coffee shop, restaurants and alcohol gift cards. In addition to this, they were concerned that there is a pattern of coffee being purchased daily from coffee shops.
- 12.59 Schedule 16 summarizes the transactions where a gift card was purchased or reloaded. Based on our review of sampled expenses, there are 62 gift card transactions from 27 unique vendors totalling \$6,442. The expense documentation does not specify the beneficiary or recipient of the gift cards. Based on the expense reimbursement submissions, supporting documents and email reviewed, we are not now in a position to independently determine whether these gift cards were gifted to family and friends.



Deanna Campbell
 Thompson-Nicola Regional District
 January 20, 2022

Page 40

12.60 We analyzed the top 10 vendors with gift card transactions, by total amount (2015-2019) at the bottom of Schedule 16.1. The highest cumulative amount spent on gift cards/reloads during the Period of Review is \$1,574 over 23 transactions at Tim Hortons. The other top four vendors where gift cards were purchased or reloaded were at Tourism Sun Peaks (1 transaction), Chapters (1 transaction), BC Liquor Stores (3 transactions) and Starbucks (7 transactions). The amounts for the remaining four vendors ranged from \$650-750 during the total Period of Review. Table 18 and Table 19 summarizes the top 5 vendors with gift card transactions, by total amount and by total number of transactions (2015-2019).

Table 18: Top 5 vendors with gift card transactions, by total amount (2015-2019)

Ref	Vendors	2015	2016	2017	2018	2019	Total
1	Tim Hortons	-	20	349	660	545	1,574
2	Tourism Sun Peaks	-	-	750	-	-	750
3	Chapters	-	-	675	-	-	675
4	BC Liquor Stores	-	-	300	375	-	675
5	Starbucks	-	-	-	-	650	650
Total		-	20	2,074	1,035	1,195	4,324

Table 19: Top 5 vendors with gift card transactions, by total number of transactions (2015-2019)

Ref	Vendors	2015	2016	2017	2018	2019	Total
1	Tim Hortons	-	1	6	9	7	23
2	Starbucks	-	-	-	-	7	7
3	BC Liquor Stores	-	-	1	2	-	3
4	Brownstone Restaurant	-	2	-	-	1	3
5	Amplified	-	-	-	-	3	3
Total		-	3	7	11	18	39

Gift cards - BC Liquor Stores

(a) \$300 on Dec 10, 2017: The expense reimbursement for Individual 29's purchase of BC Liquor Store gift cards was approved by Individual 16. The handwritten note indicated "Charge: General: Admin, Planning, Library, Building". The expense was charged to:

- (i) 10-2-120000-6400 General;
- (ii) 10-2-725000-6400 General;
- (iii) 10-2-610000-6400 General; and
- (iv) 10-2-590100-6400 General.



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 41

- (b) \$100 On Jan 27, 2018: The expense reimbursement for Individual 29's purchase of BC Liquor Store gift cards was approved by Individual 16. The handwritten note indicated "Charge general admin". This expense was charged to 10-2-120000-6400 General.
- (c) \$275 on Dec 16, 2018: The expense reimbursement for Individual 29's purchase of BC Liquor Store gift cards was approved by Individual 16. This expense was charged to 10-2-120000-6400 General.

Gift cards - Husky gas station

- 12.61 There was a concern raised by TNRD that gift cards were purchased at Husky gas stations for over \$1,000. We conducted a targeted search for Husky and identified that Individual 16 submitted an expense reimbursement claim for \$1,250 incurred at Sahali Husky on June 8, 2016. No itemized or legible receipt was attached and Individual 29 approved the expense. The code that this expense was charged to was 10-3-270120-0300 AR: Gas Cards.
- 12.62 TNRD provided us with Individual 16's explanation that there was a shortage of gas (due to the Fort McMurray fires in 2016 and unplanned outages in Edmonton) at the gas stations where the company Suncor gas cards were used. As a temporary measure, Husky gas cards were purchased to allow TNRD field staff to continue their jobs. During the 2017 wildfires, there was a request to donate the cards to the EOC for evacuees, however there are no documentation for the donation other than a journal voucher to show the recording of the expense. We have reviewed and are satisfied with the explanation and documentation that has been provided.

Gift cards - Restaurants and other

- 12.63 With respect to concerns raised about gift cards purchased for restaurants, and other vendors. We reviewed vendors and restaurants where gift cards were purchased, such as Earls, Michaels, White Spot, and Boston Pizza. Of the 62 gift card transactions, 27 transactions were above the \$80 limit as stipulated in Policy No. 7.6 Special occasion gifts to staff and directors. Most handwritten notes indicated a department to charge and some indicated they were for staff recognition or appreciation. We are not aware of a Policy or Bylaw that prohibits the purchase of gift cards. Hence, the purchase of gift cards does not in itself indicate apparent misconduct. However, it is common practice to document the recipient of gift cards so as to mitigate the potential for abuse.

Gift cards - Coffee shops

- 12.64 Of the 28 unique vendors, we identified Starbucks and Tim Hortons as coffee shop vendors where gift cards were purchased. Based on our review of the sampled individuals, Individual 29



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 42

and Individual 28, [Position], were the only two individuals who purchased gift cards at coffee shops and there was a total of 30 transactions totalling \$2,224. Of the 30 transactions, there are three transaction where the handwritten notes referenced individuals (Schedule 16):

- (a) Individual 28's expense reimbursement claim on November 3, 2017: "Gift card coffee for [REDACTED] retirement".
- (b) Individual 29's expense reimbursement claim on February 2, 2017: "Individual 72, Individual 61, Individual 73, Individual 29".
- (c) Individual 29's expense reimbursement claim on June 2, 2017: "Individual 58, Individual 59, Individual 60, Individual 61, Individual 62, Individual 52, Individual 64, Individual 29, Individual 65".

12.65 Our observations are based on the scope of our review. We are aware of numerous other examples of expense policy breaches.

Coffee/Tea analysis

12.66 We understand that the personal column of the Visa coding files relate to the individual who benefited from an expense and that this reflected the handwritten notes of names indicated at the back of a receipt. Based on our review of the sampled expenses, we reviewed the invoice descriptions for coffee/tea and separated these transactions out (Schedule 17).

12.67 The highest number of instances is when the personal column was blank or "NO ASSIGNED INDIVIDUALS" at 86 followed by Individual 29, who benefited 51 times from 2015-2019. Non-TNRD staff members benefited from coffee/tea 39 times in our Period of Review.



Table 20: Top 10 individuals/categories who benefited from coffee/tea purchases, by total number of times (2015-2019)

Ref	Individuals/Categories	2015	2016	2017	2018	2019	Total
1	NO ASSIGNED INDIVIDUAL	4	8	21	32	21	86
2	Individual 29	12	6	25	4	4	51
3	Non Staff	11	4	10	7	7	39
4	Individual 09	9	7	7	6	2	31
5	NOT YET DETERMINED	12	4	5	3	4	28
6	Individual 26	6	3	9	2	5	25
7	Individual 28	-	4	7	5	9	25
8	Emergency Operations Center	-	-	19	3	2	24
9	Individual 34	6	4	6	4	4	24
10	Individual 36	4	2	11	-	-	17
Total		60	34	99	34	37	264

Gifts/Miscellaneous

12.68 Schedule 18 summarizes a listing of 370 expenses totalling \$93,995 that we have categorized as gifts or miscellaneous based on our sampled review. 48 of the 370 expenses totalling \$4,178 is not supported by an itemized or legible receipt. Examples of items purchased include: laptops, shelves, mats, organizers, computer speakers, card game kits, cordless phone, Board games and Apple products (e.g., iPads).

Backpacks

12.69 There was a concern raised regarding purchases of backpacks for personal/family use. We searched the term “backpack” under this category and identified three expenses which had itemized receipts (Schedule 18):

- (a) \$80.24 on Sep 16, 2018: Individual 29 expensed the purchase of a Swiss M. Purpose RFID backpack from Bentley. The handwritten note indicated to “Charge admin supplies” and the expense was charged to code 10-2-120000-3131 Furn & Equip under \$1000. Individual 16 approved the expense.
- (b) \$64.18 on Jun 14, 2019: Individual 28 expensed the purchase of “2 toddler backpack 12” elephant school bags from Amazon.ca. There was no handwritten note and the expense was charged to code 10-2-725000-6100 Programming. Individual 16 approved the expense.



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 44

- (c) \$90.94 on Aug 27, 2019: Individual 29 expensed the purchase of a Swiss Gear basic backpack from Bentley. The handwritten note indicated “Admin-general” and the expense was charged to code 10-2-120000-6400 General. Individual 16 approved the expense.

12.70 The supporting documents provided do not provide adequate reasons for these purchases. When we inquired with TNRD Management about these expenses, they were unable to confirm the purpose for Individual 29’s purchases, but it was explained to us that Individual 28 likely purchased the backpacks for an educational initiative as part of a Library program.

Retirement gifts

12.71 There are 17 expense transactions including the term “retire” in the notation column, totalling \$8,302 (Schedule 18). Only one of the expenses did not reference an individual’s name, and that expense appeared to be for a gift bag, card and wrapping tissue for \$18.

Retirement gifts: Apple products

12.72 There are five expense transactions with the term “Apple” in the item (invoice/receipt description) column totalling \$3,528 (Schedule 18). These Apple products given as retirement gifts all have itemized receipts attached.

12.73 We inquired TNRD about these expenses and they informed us that there are no Board resolutions related to these expenses as the process is dictated by the policies. The details of the transactions are as follows:

(a) Individual 29:

- (i) Individual 29 expensed an Apple iPad Pro purchase from Best Buy on October 19, 2017 for \$970 (after tax). The handwritten note indicates that the expense was a “Retirement gift for Individual 66 - ipad pro”. TNRD explained that Individual 66 was hired on July 1, 1984 and retired on November 30, 2017 (33 years of service). Policy 7.1 Employee recognition provides for \$25/year for a retirement gift, which means Individual 66 is eligible for a retirement gift value of \$825. The difference between the gift cost and retirement gift value is \$145 (\$970-\$825) and was paid back to TNRD on November 6, 2017.
- (ii) Individual 29 expensed an Apple iPad purchase from Best Buy on October 26, 2017 for \$675. The handwritten note indicates that the expense was a “Retirement gift for Individual 67 (library)”. TNRD explained that Individual 67 had 29 years of service, which means ■■■ is eligible for a retirement gift value of \$725 (\$25/year



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022
Page 45

x 29 years). As the cost of the Apple iPad \$707 (after tax) is less than the eligible amount, no repayment was required from Individual 67.

(iii) Individual 29 expensed an Apple iPad purchase from Costco on November 16, 2018 for \$568. The handwritten note indicates that the expense was a “Retirement gift for Individual 68. ■■■ owes \$95 back to us”. Management did not advise of the number of years of service Individual 68 contributed to TNRD; however, the handwritten notes indicate that a \$95 repayment was owed to TNRD and we verified that this payment was collected by TNRD.

(b) Individual 34

(i) Individual 34 expensed an Apple iPad Air 2 purchased from Best Buy on November 25, 2016 for \$590. The handwritten note indicates that the expense was a “Individual 69’s Corp. retirement gift”. TNRD explained that Individual 69 had 24 years of service, which means ■■■ is eligible for a retirement gift value of \$600 (\$25/year x 24 years). The cost of the Apple iPad Air 2 was \$617 (after tax) and is higher than the eligible amount. A \$17 payment was required from Individual 69 but it appears that TNRD compared the cost to policy limits on a before tax basis and therefore did not deem a repayment to be required.

(c) Individual 54, [Position]

(i) Individual 54 expensed two Apple iPad mini 2 purchased from Best Buy on November 25, 2016 for \$768. The handwritten note indicates that the expense was for “...contests the Library will run for initiatives associated with the Strategic Plan implementation. Please code to 6400 Individual 54”. TNRD’s explanation was:

(1) “Board approval would not be required for this. Individual 54 was in charge of creating the first library strategic plan, ■■■ toured all the communities and gathered the public data to assist with the compilation so this would have been considered a justified department expense for ■■■ job activities. Finance does not have record of who won or what the requirements were for the winning.”

(ii) The policy and bylaw surrounding gifts or prizes does not require the disclosure of who the gifts/prizes are for. If a purchase was for a contest, it would not be possible to know who would win the prize at the time of purchase.



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 46

Jewelry

- 12.74 There is a concern raised regarding jewelry purchased (\$1,100) from Ann Louise Jewellers in Vancouver with no receipt or justification.
- 12.75 We summarized expenses that we have categorized as Gifts or Jewelry on Schedule 18. We identified two significant transactions related to jewelry, of which the second transaction appears to relate to the concern based on the similar amounts:
- (a) Individual 29 purchased “18K white gold chain, 14k .29 diamond” from Doug’s Karateristics on Oct 17, 2018 for \$890. The handwritten notes indicate the expense is for “Years of service Board gift for Individual 71, ■■■ owes back \$221.80”. This expense was split into two transactions, \$668 and \$222, both charged to the same 10-2-120000-6400 General code. TNRD calculates the years of service for Individual 71 to be 28 years, instead of the 31 years used to calculate the \$775 for the eligible gift. The after-tax cost of the gift was \$997 and we were provided with confirmation of the repayment of \$222 to TNRD.
 - (b) Individual 29 made a purchase from Ann Louise Jewellers on Nov 5, 2018 in the amount of \$1,069, but there was no itemized receipt provided. The expense was split into two transactions, \$600 was charged to 10-2-120000-6400 General and \$469 was charged to 10-3-270120-0100 A/R: Other (Projects Etc). TNRD explained that the gift was for [Position], Individual 42, who had 24 years of service. TNRD’s Policy No. 1.1.10 Directors Service Recognition stipulates that the individual Directors who leave their position following their service period will be recognized with a gift based on \$25/year as a member of the Board. Based on the policy, Individual 42 is eligible for a gift valued at \$600. We received the underlying supporting document and confirmed that \$469 was repaid to TNRD by Individual 42 and that the gift was delivered to ■■■ at the November 8, 2018 Board meeting.

Alcohol

- 12.76 Schedule 19 summarizes expenses that contained alcohol during the Period of Review. Based on our review, there were 18 alcohol expenses totalling \$3,602 from 2015-2019. The largest component of this total is an expense from Monte Creek Ranch on April 12, 2018 submitted by Individual 29 totalling \$2,664. The description of the purchase was “90 Hands up white, 15 frontec gris, 15 riesling, 120 hands up red” and was charged to 10-2-250310-4237 Grant: ESS Volunteer Appreciation. There were no approval/authorization signatures obtained.



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 47

12.77 We understand that prior to 2019, there was no policy related to alcohol at TNRD-hosted event. However, a hospitality policy was introduced on October 29, 2019 and was amended in 2020 and in 2021 subsequently. We did not identify any transactions in our sample review that contained alcohol after this policy was introduced (Schedule 19).

IndoCanLinks

12.78 We understand that IndoCanLinks is a non-TNRD related organization that hosts an annual golf tournament to raise money for local education and health charities. We note that the domain-related costs of \$73.51 and \$128.11 were expensed by Individual 33, [Position] at TNRD in 2015 and 2018, respectively. We understand that this non-TNRD related expense was being reimbursed prior to 2015; however, due to the Period of Review being from 2015 to 2019, we have not reviewed the amounts prior to 2015. In addition, Individual 29's personal address is used as IndoCanLinks' business address.

12.79 Albeit these non-TNRD related expenses were being submitted and reimbursed by Individual 33, we identified receipt records showing that Individual 29 repaid TNRD for these non-TNRD related expenses. Policy No. 5.3 - Corporate Credit Cards indicates that corporate credit cards are to be used for appropriate travel and business expenses only. Individual 33 using ■■■ corporate credit card for a non-business expense is directly in breach of this policy. The document clearly states that personal use of the corporate credit card is absolutely prohibited.

Carpet at Vendor 01

12.80 A TNRD employee observed that the pattern of the carpet inside Vendor 01's side room is the same as carpet installed at the top floor at TNRD. A concern was that the excess carpet from TNRD was shared or gifted to Vendor 01. However, TNRD does not have sufficient records to facilitate an investigation of this issue. In particular, the purchase records are no longer available and an inventory or reconciliation of the materials purchased and used were not maintained.

12.81 We emailed some follow-up questions to Individual 06. With respect to Individual 29, we asked if ■■■ was ever a partner, shareholder, or received any sort of profits/commissions from Individual 06 and ■■■ responded no. We also asked if the flooring was redone recently and Individual 06 said no upgrades were done and that would have been the landlord's responsibility.



13. PROCUREMENT AND VENDOR REVIEW

BACKGROUND TO THE ALLEGATIONS

- 13.1 As a result of our enquiries with regard to the Management and Board expenses review, TNRD management shared with us their concerns over issues/allegations with regard to procurement activities that they would like us to be addressed in our forensic review.
- 13.2 We conducted a review of the general ledger and expenditure records to determine the larger vendors utilised by TNRD, in the Period of Review.
- 13.3 We were further advised during our interviews of concerns over issues/allegations with regard to procurement activities in respect of certain vendors.

VENDORS

Vendor 01

- 13.4 Vendor 01 is an establishment in central Kamloops, British Columbia that is frequented by TNRD and it's management and employees. Vendor 01 has therefore been flagged as a vendor of interest, due to frequency and amount spent at Vendor 01 specifically by Individual 29 and we have proceeded to analyse and investigate expenses relating to Vendor 01.
- 13.5 Upon review of TNRD's expenses relating to Vendor 01, it was noted that payments have been made to Vendor 01 for goods and services, both from their Accounts Payable, and paid out through TNRD's corporate VISA, relating to management and Board expenses. Our analysis has consisted of reviewing the supporting documents for Vendor 01 for the years 2017 and 2018. The supporting documents, consisting of invoices/credit card receipts and purchase orders (relating to accounts payable purchases) , and payment listings for the years 2017 and 2018.
- 13.6 Based on a review of the supporting documents provided, we noted several payments to Vendor 01 relating to a number of occasions and events.
- 13.7 We have continued to analyze Vendor 01's expenses covered under Individual 29's per diem, and further commentary on some of Vendor 01's expenses under the Event 01 listed below, where Vendor 01 was one of the selected vendors for the event.
- 13.8 In our interview with Individual 06, [REDACTED] commented that the relationship between [REDACTED] and Individual 29 is entirely of a business nature, with no special arrangements made. [REDACTED]

[REDACTED]
[REDACTED] From a contact perspective, [REDACTED] corresponds with



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 49

various employees at TNRD, and says that Individual 29 [REDACTED] never made direct orders to Vendor 01. Outside of work, [REDACTED] said there was an instance of [REDACTED] giving Individual 29 the authorization to sign off on Vendor 01's payroll in 2018 when [REDACTED] was away for a period of 2.5 months. Individual 06 is of the perspective that business and friendship can be separate, and claims that Individual 29 did not favour Vendor 01 in any way as a vendor.

13.9 After our interview with Individual 06, we learned that there are a number of individuals who dined at, or had food catered by, Vendor 01 with Individual 29. These individuals either witnessed Individual 06 suggest that alcohol can be categorized as a non-alcohol item (such as appetizers) or know alcohol was served but never saw a receipt that had alcohol itemized. We asked Individual 06 whether [REDACTED] has offered or in actuality served alcohol while categorizing/billing the item as a non-alcohol item to the TNRD or Individual 29. As of the date of this report, we have not received a response from Individual 06.

Vendor 02

13.10 Vendor 02 provides professional services to TNRD, and have signed several multi-year contracts to do so since 2001. It is noted that TNRD's public procurement process for vendors would occur at the expiration of each contract if the total amount of the contract exceeds \$75,000 (net of taxes).

13.11 TNRD delegation bylaw #2664 states under Sole Source Contracts that contracts greater than \$75,000 per year require Board approval after following TNRD's procurement policy and a public procurement process (tender or request for proposal) for non-construction services greater than \$75,000.

13.12 BDO noted that the amounts paid to Vendor 02 for the years 2015 to 2019 are as follows (before taxes):

2015: \$74,194

2016: \$69,054

2017: \$73,810

2018: \$75,913

2019: \$76,698

13.13 In order to investigate TNRD's adherence to this bylaw, testing has been done to confirm whether or not TNRD has breached their policy to have a public procurement process. Since 2001, no such public procurement process has occurred since the origin of the contract agreement.



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 50

- 13.14 We examined two years that were above and below the \$75,000 limit, to see what were the differentiating costs which resulted in the increase from year to year. We selected years 2016 and 2017 for sampling initially. In 2016, \$69,054 was expensed, and in 2017, \$73,810 was expensed. The difference between the two years is approximately \$4,750, which we reviewed and compared between the two years to assess what is the cause of the difference, and whether these are reasonable business expenses which have been agreed upon in the signed contract. We understand additional purchase orders were raised for services as a result of the wildfires.
- 13.15 The following is a summary of the contracts that were requested, our commentary is as follows for the historical contracts of Vendor 02:
- 2001 to 2014: Outside the scope of our analysis, therefore these contracts were not reviewed.
 - 2015 - July 2016: No contracts were provided during this time frame by TNRD for our review. Based on discussions with TNRD, there is a gap in their contract records for this time period, due to either no contract being in place, or the contract being lost and not saved within their recordkeeping system. As the scope of our analysis is to review contracts that were above and below the tendering process limit of \$75,000, we were able to complete our analysis without this contract by reviewing the years of 2017 and 2019 for our expenses.
 - August 2016 - July 2019: The agreement covers the period of 36 months from August 2016 to July 2019, based on the amounts stipulated within Schedule C of this contract.
 - August 2019 - July 2020: For the latest agreement that we reviewed, this agreement covers a period of 12 months from August 2019 to July 2020.
- 13.16 As noted above, for our sampling purposes, our sampling approach was to compare the agreed and signed off contract amount with the amounts that were listed on each monthly invoice. This testing method allowed us to examine whether there were any significant discrepancies between the invoice amount and the contract amount, and any one-off costs or discounts. As listed above, while we initially selected the months of 2016 and 2017 for testing, we did not have 2016's contract available for comparison purposes, and were unsure whether TNRD's policy stipulated that the \$75,000 should be before or after taxes, which was confirmed to be before taxes after we began our testing. Therefore, we decided to examine 2019's expensed amount of \$76,698 in further detail.
- 13.17 Our sampling results are as follows:



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 51

- 2016: As mentioned, for the year of 2016, we were not in a position to compare this against the contract, because as listed above, for the period of January - August 2016, no contract record was available.
- 2017: For the year of 2017, there were no differences noted between the contract amount and the invoice amount. Additional fees on top of the contract amounts included variable costs for services, and a one-off cost in August 2017, for which the additional invoice was reviewed and approved appropriately.
- 2019: For the year of 2019, there were also no differences between the fixed amounts on the contract versus what was expensed out on the invoices. However, we did note that for several months, there were additional fees of \$900 listed as extra services/calls which were not part of the initial contract. Upon investigation/discussion with the client, we found that the fees related to one-off costs for a newer project that was completed in 2018, which were verbally agreed upon.

13.18 BDO also reviewed a series of incident reports and complaints from TNRD on internal communications and email correspondence between TNRD and Vendor 02 about the poor service.

13.19 In 2017, there was one document noted where comments were compiled together by a staff person at TNRD on several issues noted with the quality of their services.

13.20 In 2019, further complaints were communicated by several employees to management and to Vendor 02 as well.

13.21 Furthermore, in 2020, there were additional complaints with specific examples of poor service.

13.22 We conducted a few interviews with employees and Board members on their thought of Vendor 02 as a vendor. A small number of employees said they didn't notice any issues with Vendor 02 while the majority were vocal that Vendor 02 didn't do a good job during their time of service at TNRD. Employees also commented that they were aware that Vendor 02 has been TNRD's supplier of these services for multiple years (since 2001), and was never tendered out. A board member commented that they thought that Individual 29 was close to the [Position] of Vendor 02, Individual 38, and employees noted Individual 29 refused considering any other services besides Vendor 02. Individual 07 says that after discussing some employee concerns with Vendor 02, ■ thought they corrected some of the issues, but did comment that the newer vendor had better service.



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 52

Vendor 03

- 13.23 Vendor 03 was used by TNRD for various works and projects during the Period of Review, the largest of which was Project 01.
- 13.24 Vendor 03 was owned by Individual 05 and Individual 41 who were also [Positions] of Vendor 03. Individual 05 commented that TNRD is one of Vendor 03's bigger clients.
- 13.25 The concern with Vendor 03 was that additional fees were added on to the original agreed upon contract prices as a result a personal relationship between Individual 29 and the [Positions] of Vendor 03.
- 13.26 Our review led us to examine the expenses for the period of 2015 - 2019 for Vendor 03, as follows:
- 2015: \$850
 - 2016: \$10,017
 - 2017: \$118,547
 - 2018: \$1,049,694
 - 2019: \$86,152
- 13.27 We reviewed the Vendor 03 expenditure in 2018 due to it being the largest amount, most notably for Project 01.
- 13.28 Referring to the tendering process, as per TNRD's Bylaw No.2664, 2018, specifically for construction tendering, it states that for projects over \$250,000, the Board of Directors have the authority to approve these projects, and the Board and Corporate Officer have the authority to execute documents connected with these projects. To confirm the Board approval, BDO was provided with the March 23, 2017 Board Meeting Minutes, where it was confirmed that \$600,000 was approved by the Board for Project 01. In addition, TNRD also communicated that an additional \$350,000 was approved as part of an informational report to the Board in a separate document, leading to a total of \$950,000 that was approved for this project.
- 13.29 For the signed contract No. 2018-085, relating to Project 01, we noted that it was signed and approved accordingly by Individual 42, and Individual 09. The signed contract amount was approximately \$865,846 before tax, which is within the \$950,000 Board approved limit.
- 13.30 A listing of the expenses coded as part of Project 01 was provided by TNRD, to which we noted that the total amount expensed across 2018 and 2019 was a total of approximately \$1,089,232. Firstly, we reviewed the payments made during the year for 2018, in the sum of \$1,049,694. We vouched the invoices for these expenses, confirming their amounts, that there were no



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 53

unusual or non-related construction expenses in terms of their descriptions, and that the documentation listed these projects as being related to Project 01.

- 13.31 The amounts we reviewed for the project's invoices matched the amounts listed for TNRD's general ledger code for Project 01, with a difference of negative \$2,329 noted. As a result, the amount of expenses we confirmed as part of our vouching for the project was \$1,086,903 compared to the \$1,089,232. For non-Project 01 related costs, two unusual expenses we noted which were coded to Project 01 included a \$6,000 grand opening meal for Project 01 from Nandi's Flavours of India, as well as a \$636 meal at Romeo's Kitchen, for which no receipt was available to be reviewed.
- 13.32 Summarizing the above, the budgeted amount which was approved by the Board initially was \$950,000, the signed off contract amount by TNRD and Vendor 03 for Project 01 was approximately \$865,846, while the total amount expensed as part of this project which we confirmed was \$1,086,903. Comparing the difference between the amounts expensed to both the agreed contract amount as well as the Board approved amount, the amount expensed of \$1,086,903 is a difference of \$221,057 compared to the signed contract amount of \$865,846, which is a percentage difference of approximately 25.53%. Comparing the difference between the amount expensed of \$1,086,903 to the Board approved amount of \$950,000, there is a difference of \$136,903, and a percentage difference of approximately 14.41%. Based on discussions with TNRD, while there is a cost overrun present for this project, additional approval is not required from the Board for any cost overruns.

Project 02

- 13.33 For the Vendor 03, we have also reviewed another project which was completed in 2017, Project 02. Our analysis consisted of comparing the budgeted amount of the project as agreed upon by the Board to the amounts expensed, as well as comparing the purchase order amounts to their corresponding invoices.
- 13.34 Documents that were provided for our review included the Board meeting minutes where the project was approved, a listing of all of the expenses coded to the project, as well as their corresponding purchase orders and invoices.
- 13.35 For the Board meeting minutes that were provided by TNRD, we noted that \$65,000 was initially approved for the project in September 2015's Board meeting, which was amended to \$250,000 in February 2017's Board meeting, and then finally amended to a maximum limit of \$310,000 during the September 2017 Board meeting. The total amount paid out for the project was



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 55

- 13.41 We carried out an interview with Individual 12 the [Position] at Vendor 04, Kamloops on November 29, 2021 and asked ■■■ about ■■■ and Vendor 04's relationship with Individual 29, both during the process of the provision of services and also at the time of renewal. Individual 12 explained that ■■■ relationship with Individual 29 was limited during the provision of services as ■■■ main point of contact is with the [Position], Individual 16. ■■■ went on to explain that ■■■ was not involved in the renewal in 2016 so ■■■ could not comment on relationships with Individual 29 at that time.
- 13.42 We asked Individual 12 about the Vendor 04's recruitment of the relative of Individual 29 around the time of the last renewal for that client. We also inquired about Vendor 04 on policies regarding potential conflicts of interest regarding such recruitment and such employees being able to be members of teams providing these services. Individual 12 explained that Vendor 04 has a policy covering restrictions of relatives of clients from being members of the team providing the services but ■■■ was not aware of internal rules or policies surrounding the recruitment of relatives of clients.
- 13.43 We asked Individual 12 if ■■■ knew the date that Individual 29's relative commenced employment with Vendor 04. ■■■ said that ■■■ could not recall. We asked ■■■ to supply us with a copy of Individual 29's relatives application form or letter applying for the position. ■■■ said that ■■■ would do so. To the date of this report we have not received the requested document from Vendor 04, due to privacy obligations.

Vendor 05

- 13.44 As part of our expense review, we noted that there was an unusual expense labelled as Attic Insulation upgrade for \$6,195 in 2010 from Vendor 05. What is unusual about this expense is that there is no attic space at TNRD. We were unable to uncover much further information on this expense as employees did not remember this particular expense that occurred over a decade ago, and no supporting documentation appears to be available in respect of this expense. Based on our interviews with employees, we understand that Individual 29 had a large renovation done at ■■■ house around this time. The employees suggested that there may be a connection associated with this expense, though we are not in a position to verify these concerns.

Vendor 06

- 13.45 Individual 13 is a self-contracted employer who was hired by TNRD over the past few years on a contractual basis to assist with tasks such as changing filters, renovations with buildings, etc. Employees thought it was unusual for Individual 13 (a self-contracted employer) to have a TNRD



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022
Page 56

corporate cell phone, as this was not a common occurrence. Individual 13 advised that ■■■ cell phone is paid for by TNRD so that they could call ■■■ at any time when they needed help. An employee in the IT department commented on the situation, that “When Individual 29, tells you to get a phone, you just do it.” The same employee then commented that while there was no official policy in place, Individual 13’s phone bill was on the consolidated billing account, so the employee also commented that managers would have known that Individual 13’s phone plan was on there, but no one questioned it. When Individual 13 was interviewed, ■■■ said that ■■■ interacted mostly with Individual 36 for maintenance, and claims that ■■■ does not have much of a relationship or worked directly with Individual 29 for TNRD. However, Individual 13 commented that ■■■ did do home renovations on Individual 29’s home, but the supplies for these renovations were provided by Individual 29 and not bought by TNRD. We understand a TNRD staff has witnessed Individual 13 using TNRD vehicles for transporting supplies to work on Individual 29’s home.

14. OTHER

EVENT 01

- 14.1 An additional area of interest in which TNRD expressed concern was Event 01.
- 14.2 For Event 01, TNRD hosted a volunteer dinner on behalf of a funding body. The funding body provided monetary support to community organizations such as TNRD. TNRD’s portion of the funding was used to provide financial assistance for this volunteer dinner.
- 14.3 In order to apply for this grant, TNRD had to fill in an application form, in addition to a budget template. These documents were sent to the funding body in order to apply to host the event, and be reimbursed for funds connected with the event.
- 14.4 The information that was provided by TNRD for review included this budget template that was filled out with budgeted and actual expenses for Event 01, the amounts that were coded to the G/L which were expensed as part of Event 01, and the supporting documentation for these expenses.
- 14.5 We thus examined the expenses incurred as part of this event as to whether they actually were Event 01 related expenses, or if there were any unusual items included within the total cost of the evening.
- 14.6 To do this, we reviewed the supporting documentation that was provided by TNRD. The total amount that was expensed as part of the GL for Event 01 was \$118,298.38, with the breakdown



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 57

of eligible vs. non-eligible expenses to be reimbursed as the following, (as communicated by Individual 17, [Position] at TNRD), approximately \$101,449 as eligible expenses, and approximately \$16,849 as non-eligible expenses .

- 14.7 For the purposes of our testing and efficiency, we compared expenses \$1,000 and greater to the supporting invoices that were received. Overall, the majority of these expenses were broken down into different categories by TNRD, with the bulk of them relating to catering, facility rentals, AV/Production and entertainment, and some other categories.
- 14.8 Two categories of expenses were of interest based on our review.
- 14.9 The first relates to a significant amount of fees that were paid to Vendor 01 for the rental of jugs, glasses, plates, and utensils, as well as table cloths, napkins, and other items used for Event 01. The total amount expensed for these items was about \$6,963, which was the sum of \$4,586, and \$2,378. Throughout our interviews, we came to learn that Vendor 01 rented these items from another vendor, and then rented these out back to TNRD with a mark-up.
- 14.10 As we are aware of the close relationship between Individual 06 and Individual 29, there was concern that Vendor 01 may have used an inappropriate mark-up when renting these items back to TNRD. However, our analysis of the prices charged by Vendor 01 and the posted prices from the other vendor indicates that little or no profit markup appears to have been charged by Vendor 01.
- 14.11 The second area of interest was connected with the meal expenses for Event 01. Based on our review, there were a total of three vendors used for the meals.
- 14.12 All three of the expenses amounts listed to be exactly \$9,750.00. Based on the descriptions of the invoices/receipts (no itemized invoices were provided for all three vendors, with two vendors only providing receipts as documentation rather than invoices), each of the three charges related to meals for 650 guests.
- 14.13 In addition, one vendor house back-up that was provided had no signoffs for authorization, unlike the other two receipts which were signed off and approved by both Individual 16 and Individual 29.
- 14.14 On its face, it appeared unusual for there to be orders for three different restaurants for the same event, as each individual invoice for the three vendors listed 650 orders or guests for the dinner. Thus, appeared as if food was being ordered for 650 guests multiplied by three vendors, so food for 1950 people.



Deanna Campbell
 Thompson-Nicola Regional District
 January 20, 2022

Page 58

14.15 Based on our interviews with Individual 06 and other employees at TNRD, we noted that the reason behind ordering from three vendors was that the event was noted to be a large group of people (around 650 attendees), with the venue being a hockey arena. The meals in question were not 650 individual dinners provided by each of the three vendors, but rather, a buffet style of various foods provided by each vendor, to serve the 650 people.

CONDUCTING PERSONAL MATTERS DURING REGULAR WORK HOURS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

IndoCanLinks / Rotary Club of Kamloops

14.19 In our review of Individual 29’s emails, we observed a high volume of emails relating to Individual 29’s involvement in non-TNRD related matters. Referencing the same TNRD Computer and Portable Device Usage Policy, section 1.11 references the use of company computers or portable devices for private enterprise is not permitted. From 2015 to 2019, emails relating to IndoCanLinks and Rotary Club of Kamloops dramatically increased. Emails relating to these organizations usually surround planning for events, soliciting sponsors/donations, and setting up meetings (frequently at Nandi’s).

Table 21: Number of Individual 29’s emails based on our search parameters relating to IndoCanLinks or Rotary Club of Kamloops (2015-2019)

Ref	Organization	2015	2016	2017	2018	2019	Total
1	IndoCanLinks	10	17	22	90	605	744
2	Rotary Club of Kamloops	14	21	40	77	408	560



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 59

14.20 From 2015 through 2019, there were 530 emails exchanged from 8:30am to 5:30pm that were related to IndoCanLinks (based on our keyword search).

Individual 29 directing staff to conduct non-TNRD related work

14.21 Based on our interviews, multiple TNRD staff were either directly instructed by Individual 29 to conduct non-TNRD related work or witnessed it. Some examples include:

- (a) Helping Individual 29 deliver a TV to ■■■ home using a TNRD truck during work hours;
- (b) Individual 29 would direct ■■■ assistant to conduct personal errands, such as dry cleaning, for ■■■ during regular office hours; and
- (c) A TNRD staff was instructed by Individual 29 to work on non-TNRD related work during regular office hours, such as organizations IndoCanLinks, Rotary Club of Kamloops, and/or Kamloops Ribfest.
- (d) A TNRD staff commented that they witnessed Individual 29 making requests to Individual 36 to obtain donations/sponsorship for IndoCanLinks by soliciting TNRD vendors. While we were unable to witness this, we identified an email where Individual 29 copied Individual 36 in ■■■ correspondence and asked a vendor to sponsor a hole for ■■■ IndoCanLinks golf tournament. Individual 36 separately emailed the vendor indicating, "It would be awesome if you could help Individual 29 out on this one. ■■■ is the one who okay's all of the P.O.'s I issue, so it would look great on your companies part."

CONFLICT OF INTEREST / RELATIONSHIPS

Disclosures

14.22 Individual 29 was required to complete an annual Statement of Disclosure that discloses ■■■ financial interests and is limited to ■■■ only. We understand that the Province of British Columbia complies with generally accepted accounting principles in the Public Sector Accounting Handbook. These standards require disclosure of material transactions between related parties that occur at a value other than fair value. This standard applies to Individual 29 and ■■■ close family members. To date, we have received a copy of the Declaration of Related Party Transactions Involving Key Management Personnel, signed by Individual 29 on July 8, 2019.



Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022
Page 60

Individual 29's relationships

- 14.23 In [redacted] capacity as [Position], we understand Individual 29 had a strong relationship with the Board and with key members of senior management (notably, Individual 16, Individual 26 and Individual 09). Outside of TNRD, we understand Individual 29 served on the organizing committee for IndoCanLinks, is the [Position] at TRU, sits as a [Position] for the Municipal Insurance Association of BC and was involved as part of [Position] for the Rotary Club of Kamloops (Appendix D).
- 14.24 In Appendix D, we have mapped out some of the known relationships and connections of Individual 29. We have highlighted some of these relationships below:
- (a) Individual 09 worked closely with Individual 29 at TNRD and is involved with the Rotary Club of Kamloops.
 - (b) Individual 06 is a close friend of Individual 29 and is involved with both the Rotary Club of Kamloops and IndoCanLinks. There are numerous events and meetings organized by TNRD, IndoCanLinks or the Rotary Club of Kamloops that were hosted at Nandi's. Several employees have expressed their concern surrounding the frequency of visits or catered meals by TNRD. Based on our analysis, we also note that Nandi's is the most frequented food vendor for TNRD (by amount), and Individual 29 frequented and expensed the most at Nandi's from TNRD. We reviewed emails between Individual 06 and Individual 29 that contained information regarding IndoCanLinks and Rotary Club of Kamloops, to Individual 06 sharing a copy of [redacted] lease agreement and a meeting invitation titled as "Nandi payroll advance".
 - (c) Individual 55 is the [Position] at Thompson Rivers University ("TRU"), where Individual 29 is the [Position]. Individual 55 is also part of the same IndoCanLinks organizing committee.
 - (d) We understand Individual 56 is Individual 55's partner. Individual 56, Individual 29, and a relative, Individual 46, purchased a rental property with the address [redacted]
[redacted]
 - (e) Individual 10 is the [Position] of Vendor 06. We understand that Individual 10 and Individual 29 have worked together since Individual 29 was a [Position], prior to joining TNRD in 1999. Vendor 06 is a vendor of TNRD for professional services. [redacted]
[redacted]
[redacted]

Deanna Campbell
Thompson-Nicola Regional District
January 20, 2022

Page 61

- (f) We identified an unexecuted shareholders' agreement between Individual 46, Individual 56, Individual 10 and Company 05 relating to the shareholders being the beneficial ownership of Company 05, which in turn holds a company providing the same professional services as Vendor 06. Vendor 06 was the other entity listed on the agreement. When we asked Individual 10 whether [REDACTED] has a business relationship with Individual 46, was conducting any business, or owned anything with [REDACTED]. Individual 10 responded that Vendor 06 has nothing to do with that." In addition, when asked about Individual 46's relationship with Vendor 06, Individual 10 responded, "nothing, that [REDACTED] a customer. As the [Position]'s relative, a conflict of interest would arise in owning a company or be a shareholder with any vendors of TNRD, such as with Individual 10 at Vendor 06.
- (g) On November 7, 2011, Individual 29, on behalf of the Board, invited Individual 10 and [REDACTED] partner to the Inaugural Board of Directors Meeting and Reception on December 8, 2011. We understand that the purpose of the meeting is for the election of the Chair and Vice Chair of the Board and is meant for elected officials and potentially their family. Based on our correspondence with Management, it is unclear why Individual 10 would be invited to this event.
- (h) Individual 29's relative, Individual 23, [REDACTED]
[REDACTED]
[REDACTED]
We understand that Individual 29 also worked at Vendor 04 and that Vendor 04 has been providing services to the TNRD for over several decades.
- (i) There is a Daybreak Rotary Raffle at an event called Ribfest, and Individual 46 and Individual 48 won groceries for a year in [REDACTED]

Please contact us if you would like to discuss the content contained within this Report.

Yours very truly,



Jervis Rodrigues, CPA, CA, CFE, CIRP, LIT
Partner - Advisory Services Leader
BDO Canada LLP



Simon Padgett, CPA, CGA, FCCA (UK), CFE, MBA
Director Forensic Disputes and Investigations
BDO Canada LLP

APPENDIX A - SEARCH TERMS AND CRITERIA FOR EMAIL/DOCUMENT REVIEW

Using keyword filters, we processed the population for documents of interest. After conducting the keyword searches and applying the below-specified criteria, 12,377 records were identified for manual examination.

Ref.	Search Terms
1	██████████
2	██████████
3	██████████
4	Individual 47
5	Individual 19
6	Apartment
7	Backpacks
8	Individual 21
9	██████████
10	Bitcoin
11	Bribe
12	Building Permit
13	Car
14	Individual 09
15	Cash
16	Casino
17	Crypto
18	Individual 11
19	Individual 26
20	Deck
21	Dishwasher
22	Individual 08
23	Individual 16
24	██████████
25	Excel kitchens
26	Favour
27	Fitbit
28	Fraud
29	Fund
30	Funds
31	Garage
32	Individual 74
33	██████████
34	Gift cards

Ref.	Search Terms
35	Goldie
36	Golf tournament
37	Greed
38	Greedy
39	Holiday
40	Home Renovations
41	Individual 07
42	IndoCanLinks
43	Individual 27
44	Jewelry
45	Individual 28
46	Kamcraft
47	██████████
48	Kick back
49	Kick-back
50	Kitchen
51	Kitchen cabinets
52	KPMG
53	Individual 01
54	Individual 46
55	██████████
56	██████████
57	Mission flats
58	Individual 70
59	Mortgage
60	██████
61	Necklace
62	Individual 55
63	Pay
64	Payments
65	Individual 63
66	Pool
67	Individual 32
68	Individual 33
69	RBC building
70	Individual 34
71	Rich
72	Individual 02
73	Scam
74	███
75	████
76	██████████

Ref.	Search Terms
77	Individual 04
78	[REDACTED]
79	[REDACTED]
80	Individual 14
81	Team equipment
82	Terra
83	Individual 36
84	[REDACTED]
85	Trusses
86	Individual 37
87	Wealth
88	Weddings
89	[REDACTED]
90	Wire transfer

Additional criteria:

1. Date is within our Period of Review from January 1, 2015 to December 31, 2019;
2. A number of key-words were Excluded out of scope items in our search;
3. Excluded emails from the following senders:
 - (a) "IndoCanLinks Registration [noreply@tru.ca]"
 - (b) "IndoCanLinks Sponsorship [noreply@tru.ca]"
 - (c) "FormAssembly [no-reply@formassembly.com]"; and
 - (d) KamloopsMatters.com [headlines@kamloopsmatters.com].

APPENDIX B - DEFINITIONS

Bullying and harassment: (a) includes any inappropriate conduct or comment by a person towards a worker that the person knew or reasonably ought to have known would cause that worker to be humiliated or intimidated, but (b) excludes any reasonable action taken by an employer or supervisor relating to the management and direction of workers or the place of employment.

Bribery: *The offering, giving, receiving, or soliciting of anything of value to influence an official act or business decision. There are two types:*

- a) *Commercial bribery: The corruption of a private individual to gain a commercial or business advantage.*
- b) *Official bribery: The corruption of a public official to influence an official act of government.*

Conflict of Interests: *An employee or agent has an undisclosed personal or economic interest in a transaction that adversely affects their professional role.*

Corruption: *The wrongful use of influence to procure a benefit for the actor or another person, contrary to their duty or the rights of others. Examples of corrupt payments can include:*

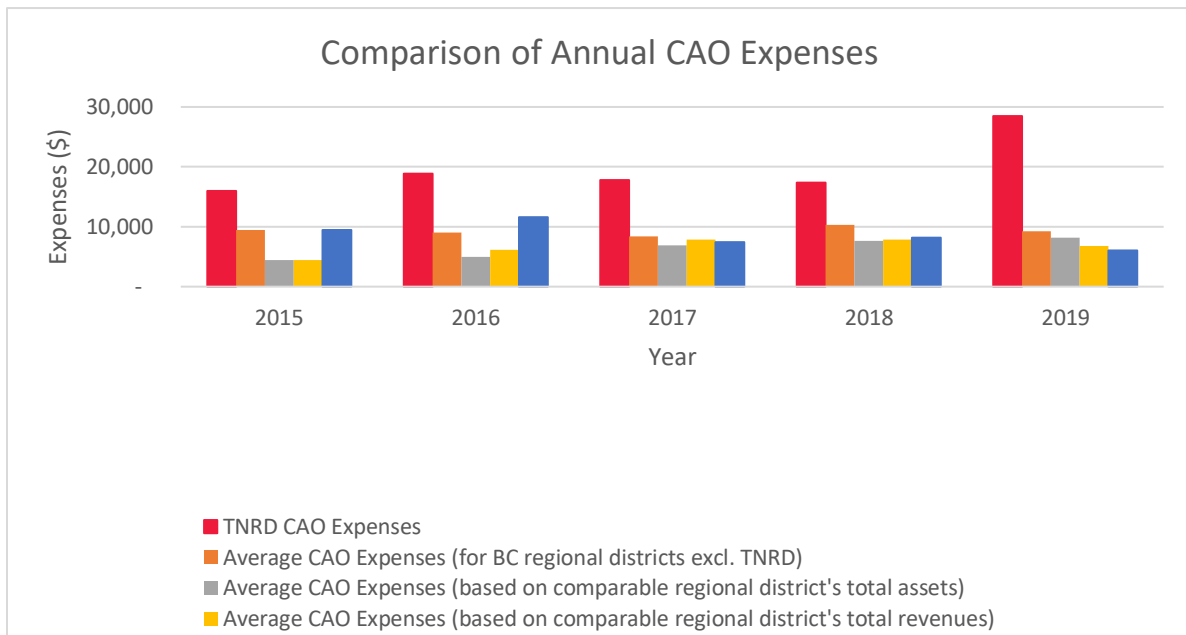
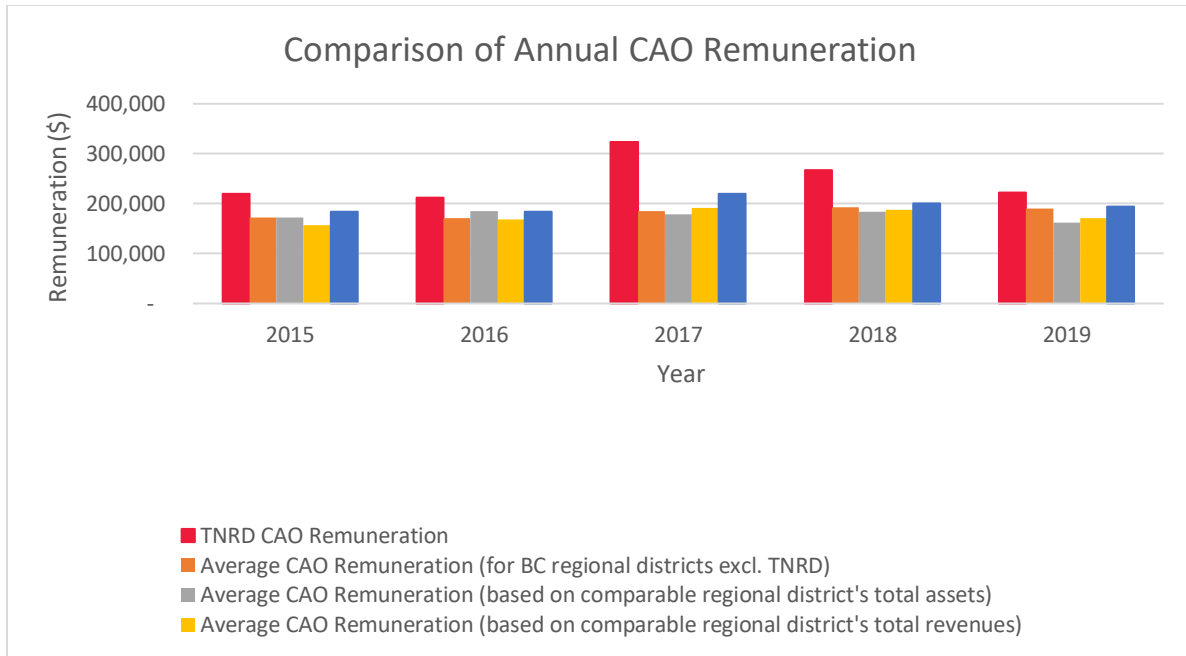
- a) *Free use of or discounted rent for housing or vehicles, or;*
- b) *Selling or leasing property to the recipient at a value that is less than the fair market value.*

Fraud: *A knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment.*

Internal fraud or occupational fraud: *the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the organization's resources or assets.*

Intimidation: *To frighten or threaten someone, usually in order to persuade them to do something that you want them to do.*

APPENDIX C - COMPARISON OF CAO REMUNERATION AND EXPENSES



APPENDIX D - RELATIONSHIP CHART

