

Rural Municipality of Reynolds

Forensic Review of Administration 2011 to 2017

October 2018



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TABLE OF CONTENTS

EXG INDEPENDENCE STATEMENT	1
TERMS OF REFERENCE	2
BACKGROUND	3
LIMITATIONS.....	5
 I. FORMER CAO EMPLOYMENT, PERFORMANCE AND SALARY	
A. Former CAO Performance Issues and Salary.....	7
B. Overtime	15
C. Sick Time.....	21
D. Vacation	24
E. Expense Cheques	28
F. [REDACTED] Termination.....	29
 II. FORMER CAO ACTIONS	
G. Disclosure of Information without Council Approval	31
H. Instructing an Employee to Lie to Council	40
I. [REDACTED] Return from Vacation Leave.....	42
J. Public Works Employee.....	49
K. Building Inspector Position	53
 III. WHITEMOUTH PARTNERSHIP COMMISSIONS	
L. Recreation Commission	60
M. Waste Management.....	70
 IV. OTHER	
N. Conflict of Interest Issues.....	74
O. Councillor Road Inspections.....	80
P. Other [REDACTED] Identified Concerns	81



INDEPENDENCE STATEMENT

Engagement

Exchange Group was engaged by DD West LLP, solicitor for the Rural Municipality of Reynolds, to prepare a Forensic Review report relating to the specific activities of the Administration for the years 2011 to 2017.

Professional Disclosures

Exchange Group is a Chartered Professional Accounting firm providing accounting, assurance and consulting services.

Rules of Professional Conduct: The Chartered Professional Accountants' Rules of Professional Conduct requires us to be independent in the preparation of this report.

Independence: Exchange Chartered Professional Accountants LLP is independent of DD West LLP and the Rural Municipality of Reynolds.

Should you have questions regarding the contents of this report, please contact Mike Stevens at 204.947.7145 or mike.stevens@exg.ca.

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October 9, 2018

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TERMS OF REFERENCE

Exchange Chartered Professional Accountants LLP ("EXG", "we", "us" or "our") was engaged by DD West LLP, solicitor for the Rural Municipality of Reynolds, ("Reynolds"), to prepare a Forensic Review report relating to the specific activities of the Administration during the period [REDACTED] was Chief Administrative Officer ("CAO") from February 24, 2011 to August 22, 2017 ("the period of review").

Our Report may be used for expert witness evidence in the negotiation, litigation, settlement, or prosecution.

On July 12, 2018 Council carried Resolution 269:

Whereas Council believes, after receipt of new information, that it is in the best interest of the Municipality to review the activities of the Administration for the period of February 24, 2011 to August 22, 2017 inclusively;

Therefore, Be It Resolved that Council proceed with a forensic review by an Auditor for Municipal financial and other actions for the period of February 24, 2011 to August 22, 2017 inclusively.

Chairperson *David Jurek* CARRIED

Chairperson _____ DEFEATED

BACKGROUND

Introduction

Reynolds consisting of 1,333 sections of land and is situated in the eastern corner of the Province. The population of 1,338 is comprised of small hamlets namely Richer East, Ste. Rita, Molson, Rennie, Hadashville, Prawda, McMunn and East Braintree.

Reynolds is governed by a Reeve and seven Councillors. The CAO manages the day-to-day operations of Reynolds and reports to Council.

History of [REDACTED] Employment with Reynolds

[REDACTED] was hired by Reynolds in January 1983.

[REDACTED] left Reynolds in 1988 and returned part-time in 1992.

In 2004, while Assistant CAO, [REDACTED] transitioned from part-time to full-time employment with Reynolds.

In 2011, [REDACTED] was hired as CAO and was entitled to an annual salary \$ [REDACTED] plus pension and benefits.

On August 22, 2017 Council passed Resolution 349/2017 to terminate [REDACTED] employment with Reynolds.

Individuals Interview

To prepare this report, EXG conducted interviews with these Reynolds' individuals:

Reeve David Turchyn
Councillor Curtis Buley
Councillor De-Ann Holmes
Councillor Michael Huzel
Councillor Alan Kelly
Councillor Robert Shendroski
Current CAO Yann Boissonneault
Public Works Employee Nelson Chmuhalek

In addition, EXG conducted interviews with these Rural Municipality of Whitemouth (Whitemouth) individuals:

Reeve Bill Dowbyhuz
Councillor Martin Saxler

EXG requested but did not conduct interviews with these individuals:

Former Councillor Garry Gaetz
Former Employee [REDACTED]

NOTE that throughout this report:

- A. EXG does not identify an individual or individuals who disclosed information obtained through the confidential interviews.
- B. For both Reynolds and Whitemouth, EXG refers to the Reeves and Councillors collectively as Council Members.

LIMITATIONS

The reader is cautioned that selecting portions of the analysis in this report, without considering all factors and analysis in the calculations could cause the misinterpretation of comments and conclusions drawn. We have relied upon the information provided to us.

We reserve the right to review all calculations included or referred to in our report and, if we consider it necessary, to revise our calculations in light of any information which becomes known to us after the date of the report.

During our engagement, several actions were not taken which could limit the findings in our Report:

- A. EXG did not interview [REDACTED].
- B. The accounting records prior to 2013 were inaccessible electronically.
- C. Many searches were performed on the documents and data that was available on Reynolds' network servers during the execution of this project.

I. FORMER CAO EMPLOYMENT, PERFORMANCE AND SALARY

A. Former CAO Performance Issues and Salary

1. Through the Council Members' interviews, it was the consistent position of the Council Members that as CAO, [REDACTED] had numerous performance issues over the years that eventually lead to her termination.

2015 Performance Evaluation

Findings

2. In August 2015, Council conducted an Appraisal Profile of [REDACTED] in the role of CAO.
3. Six Council Members completed the 22-question confidential survey.

EXG Forensic Examination

4. EXG prepared a summary of the survey questions results in [Exhibit 1](#) with the following overall summarized results:

Poor Performance	23%	
Improvement Needed	35%	58%
Proper Performance	31%	
Above & Beyond Proper Performance	11%	
100%		

5. As outlined, Council Members rated [REDACTED]'s performance with 58% as Poor or Improvement Needed.

Council Meetings Lack of Support

Findings

6. In 2015, Council engaged Roger Bouvier to review [REDACTED]'s performance as CAO and evaluate a Council meeting. The following are some of the key findings in his report relating to [REDACTED] at the Council meeting:

- i. *It was also noted that the original signed resolutions seem to be left on the table in front of the Reeve and CAO. The originals should form part of the CAO's meeting package and kept in an orderly fashion for quick access during the meeting.*
- ii. *There was an ongoing discussion regarding the request for funding by the Rennie Community Club. There was lack of information available for members to make any form of decision. The CAO was unable to provide an accurate account of the funding from the VLT program.*
- iii. *I noted that throughout the meeting, several items were referred to committees, and/or tabled either due to lack of information or unavailability of a draft resolution.*
- iv. *With better preparation and research, more decisions could be made at each meeting and lessen the need for the large amount of unfinished business at each meeting.*
- v. *A lot of time was taken reading and discussing item 8.k.2 during the meeting. After the lengthy discussion, no decision was made, and the matter was referred to committee. A written report provided by the CAO may have reduced the length of discussion.*
- vi. *A copy of the financial statement should be included with the agenda, which would reduce the time spent reviewing the document during the meeting.*
- vii. *I noted that the November statement was not approved because members did not have the document in time.*


- viii. It was noted that several items were tabled due to lack of information, lack of budget preparation, or lack of a draft resolution recommending a decision.*
- ix. One of the Roger Bouvier recommendations included: Better preparation of the meeting material by the CAO – draft resolutions recommending a decision on most items and ensuring that the meeting package is better organized.*

EXG Forensic Examination



7. Based on Council Members' interviews, the following outlines some of [REDACTED]'s poor performance issues relating to Council meetings:
- a. [REDACTED] provided very poor / insufficient information to assist Council in making decisions.
 - b. [REDACTED] would provide Council with misinformation.
 - c. There was a lacking sharing of information by [REDACTED].
 - d. Council meetings were over three hours long due to [REDACTED]'s disorganization with some believing the long meetings were designed that way on purpose.
 - e. Over the years, [REDACTED] influenced Councillors to pit one against the other.
 - f. [REDACTED] was not responsive to Council requests.
 - g. [REDACTED] expected Councillors to accept whatever she said without question.
 - h. Council Members noted that over the years, [REDACTED] was resistant to the spending plans discussed at Council meetings and as such Reynolds was frequently under budget resulting in unexpected and unintended surpluses.

Disorganization

Findings


8. In 2016, Council again engaged Roger Bouvier to assist  in identifying her priorities as CAO to begin to accomplish tasks required of a CAO.
9. As a result of Roger Bouvier's work, Council passed Resolution 470/2016 ([Exhibit 2](#)) with 31 goals to accomplish for the CAO, Council, Public Works and the Fire department.

EXG Forensic Examination

10. Council Members stated that  work was disorganized, and many time assigned tasks were either not completed or took unacceptable long periods of time to complete even with continued reminders from Council Members.
11. Council Members noted that 's desk and office were disorganized.

Poor Financial Reporting

EXG Forensic Examination

12. Council Members noted the financial statements and information provided by  at Council meetings were in a format that was difficult to read and understand.
13. This lead one Councillor to ask for financial statements to be provided in advance and to be "accepted as presented" since the Councillor could not understand the information presented at Council meetings.

Resignation Letter from Waste Management

Findings

14. On August 4, 2016, [REDACTED] resigned as the Secretary of the Whitemouth-Reynolds-North Whitemouth Waste Management via a letter ([Exhibit 3](#)) citing the Reynolds and Whitemouth Councillors' comments about her performance as Secretary of the Whitemouth-Reynolds Recreation Commission Board:

On July 19th, 2016 I withstood an hour and a half of blame and false accusations from representatives of the Whitemouth council and the Reynolds' councillors for the status of the Rec Commission.

Given what has happened, I am sure that you can understand, to be berated and bullied unproductively for an hour and a half was unacceptable. Anyone who knows me, understand that I go above and beyond in everything I do and to have my own council question my integrity was shocking.

I do not want to put myself in a position to ever be publicly attacked again, therefore I resign my position as secretary, with great regret as I really enjoyed my time working with the Waste Management Committee and Lorne Charney.

Denial of Salary Increases Due to Performance Issues

Findings

15. The following table outlines [REDACTED]'s base salary during the period under review:

Salary Analysis	2011	2012	2013	2014	2015	2016	2017 8 months
Approved Hourly Rate (1)	25.15	26.50	28.09	28.93	28.93	28.93	28.93
Hours Worked	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Approved Annual Salary	\$ 47,408	\$ 49,953	\$ 52,950	\$ 54,538	\$ 54,538	\$ 54,538	\$ 36,359
Actual Gross Salary Paid (2)	\$ 47,411	\$ 49,953	\$ 52,950	\$ 54,538	\$ 54,538	\$ 54,538	\$ 36,359
Over (Under) Paid	3	-	-	-	-	-	-

(1) Source: [REDACTED] annual salary approved by resolution

(2) Source: Salary payments to [REDACTED] recorded in the accounting system

EXG Forensic Examination

16. In reviewing [REDACTED]'s personnel file, EXG did not locate any CAO employment contract.
17. Council Members stated that [REDACTED] continually requested salary increases from Council, however, Council would not give her a salary increase due to ongoing substandard performance issues and that her work did not improve.
18. In the April 21, 2016 Legislative, Finance, Personnel Committee meeting minutes stated:

3.1 CAO wages and hours for 2016 – CAO provided information from various surrounding municipalities on CAO wages and hours worked – Council requested that Roger Bouvier update the CAO Benefits By-law and make a recommendation on CAO wages.

19. EXG noted that in the April 21, 2016 Legislative, Finance, Personnel Committee meeting Bundles information in the Reynold's network drive there was no information relating to salaries of surrounding municipalities found, only one email from the Rural Municipality of Ste. Anne's with their CAO's salary.
20. In 2016, Council engaged Roger Bouvier to survey CAO salaries in other municipalities.
 - a. EXG could not locate a specific report with Roger Bouvier's recommendation for [REDACTED]'s salary.
 - b. EXG discovered an attachment to the Resolution 470/2016 with the approved 31 goals that also had a handwritten note "Roger Bouvier presentation – Roger's salary review" which listed various municipalities CAO's salaries ([Exhibit 2](#)).
 - c. While the December 6, 2016 Council Meeting Minutes approves Resolution 470/2016's goals listing, Council moves the discussion about [REDACTED]'s salary to a Personnel Committee meeting.
21. EXG located [REDACTED]'s CAO Report for the January 24, 2017 revised for January 31, 2017 Personnel Meeting ([Exhibit 4](#)) that included these comments:

Roger Bouvier recommended that my salary (\$54,538.14 gross) should be \$61,457.00 for 2016 which would be an increase of \$6,918.86 or 12.7%.

For the CAO salary, I was asking for a 7% increase for 2016 and 7% increase for 2017 which would bring my salary up to \$58,355.81 for 2016 and \$62,440.72 for 2017 which is almost at the value of \$61,457.00 plus cost of living.

Instead of a wage increase for 2016, Council approved zero percent in appreciation for all the time I worked (including donated time) to getting the municipality back on track after the interim staff experiment. I trust council will provide a reasonable explanation in a performance appraisal as to where I have not met targets or when my work was so substandard that I deserve zero increase for two years in a row.

22. The \$61,457 noted in [REDACTED]'s CAO report appears to refer to the average CAO salary of six Rural Municipalities reported in the attachment in the Resolution 470/2016 ([Exhibit 2](#)). EXG could not locate a Roger Bouvier report that specifically recommended this salary level for [REDACTED].
23. EXG also noted a reference in this [REDACTED]'s CAO Report that "[REDACTED] gets zero percent for 2016 since her wages are based on 75% of my wages." It is not clear why [REDACTED]'s terms of employment were linked to [REDACTED]'s salary and any further increases.
24. In the March 1, 2017 Council Meeting Minutes, Resolution 88 Council does not provide for a salary increase:

BE IT RESOLVED that the CAO's salary be unchanged. 0% increase for 2017.

FOR: D. Turchyn, D. Holmes, R. Shendroski, C. Buley, M. Huzel, G. Gaetz

AGAINST: A. Kelly

ABSENT: M. Turchyn

Carried.

Subsequent CAO

EXG Forensic Examination

25. Council Members stated that the subsequent CAO ([REDACTED]) hired by Reynolds has resulted in significant improvement of the Reynolds CAO's functions including operations, Council meetings' organization and information provided to Council Members, financial reporting, etc. with overall higher performance compared to [REDACTED]'s performance.

B. Overtime

26. [REDACTED] accumulated, used and was paid out Overtime over the years.

Overtime Tracking

Findings

27. [REDACTED] used an Attendance Sheet Excel spreadsheet to track her Overtime acquired and used.
28. Council was provided with a PDF of the monthly Attendance Sheet to approve at Council meetings.

EXG Forensic Examination

29. Based on the interviews, Council Members commented the Attendance Sheet spreadsheet prepared by [REDACTED] was difficult to understand.
30. During EXG's examination of [REDACTED]'s Attendance Sheets, EXG noted there may have been errors in the continuity of Overtime recorded during the period under review.
31. As part of our examination, EXG used Overtime hours recorded per day.

Overtime Calculation

Findings

32. **By-Law No. 19/95, "Article 2 Hours of Work" states:**

2.1. Administration office employees normally shall work 36.25 hours per week Monday thru Friday from 8:30 a.m. to 4 30 p.m. each day with forty five minutes (45) off for noon meals as scheduled.

2.2. Recording of work hours shall be the responsibility of each Department head and shall be reported to the Administrative office once each month.

*2.3. Administration office personnel shall be entitled to time off for overtime required.
Employees shall calculate overtime rates at **one hour** for all hours worked outside their regular hours of work.*

EXG Forensic Examination

33. In 2014, [REDACTED] changed her method for accumulating Overtime from one hour for all hours worked outside her regular hours of work as required in By-Law No. 19/95 to 1.5 hours.

2011 to 2013

34. From 2011 to 2013, [REDACTED] recorded one hour of overtime for each hour worked outside regular work hours.
35. The following is an example of [REDACTED]'s September 2011 Attendance Sheet Excel spreadsheet:

ATTENDANCE REPORT							
NAME: Trudy Turchyn		MONTH: September					
DAY		REG HRS	VAC (used)	SL (used)	OT (used)	OT (acq)	REASON FOR OT
1	Thurs	7.25					
2	Fri	7.25			7.25		closed
3	Sat						
4	Sun						
5	Mon	STAT					
6	Tues	7.25					
7	Wed	7.25					
8	Thurs	7.25				6.50	council mtg
9	Fri	7.25					
10	Sat						
11	Sun						
12	Mon	7.25				1.00	regional forum
13	Tues	7.25					
14	Wed	7.25					
15	Thurs	7.25					
16	Fri	7.25					
17	Sat						
18	Sun						
19	Mon	7.25			4.00	6.25	Personnel & Jt Mtg
20	Tues	7.25			3.50		
21	Wed	7.25					
22	Thurs	7.25				6.25	council mtg
23	Fri	7.25					
24	Sat						
25	Sun						
26	Mon	7.25					
27	Tues	7.25			3.50	5.50	CU hearing
28	Wed	7.25					
29	Thurs	7.25					
30	Fri	7.25					
TOTAL		152.25	0.00	0.00	18.25	25.50	
<u>VACATION LEAVE SUMMARY</u>							
BALANCE:						46.4	
2011 DAYS ACQUIRED:						20.0	
LEAVE TAKEN:						0.0	
BALANCE:						66.4	
<u>OVERTIME SUMMARY:</u>							
PREVIOUS BALANCE:				210.16	<u>SICK LEAVE SUMMARY</u>		
HOURS ACQUIRED:				25.50	BALANCE FWD:		
HOURS TAKEN:				18.25	DAYS ACQUIRED:		
BALANCE:				217.41	DAYS TAKEN:		
					BALANCE:		
EMPLOYEE'S SIGNATURE				SUPERVISOR'S SIGNATURE			



Rural Municipality of Reynolds Forensic Review of Administration 2011 to 2017

2014 to 2017

36. From 2014 to 2017, additional Overtime was recorded under the "1 ½" column of [REDACTED]'s Attendance Sheets. For example, the following is [REDACTED]'s April 2016 Attendance Sheet:

NAME:		Trudy Turchyn		MONTH:		April		
DAY		REG HRS	VAC (used)	SL (used)	OT (used)	OT (acq)	REASON FOR OT	1 1/2
1	Fri	7.25						
2	Sat							
3	Sun							
4	Mon	7.25						
5	Tues	7.25				4.75	FIN COMM MTG	0.5
6	Wed	7.25						
7	Thurs	7.25						
8	Fri	7.25						
9	Sat							
10	Sun							
11	Mon	7.25						
12	Tues	7.25				5.00	Council mtg	0.625
13	Wed	7.25				2.00	file cleanup	1
14	Thurs	7.25				2.00	file cleanup	1
15	Fri	7.25				3.00	minutes	1.5
16	Sat					6.00	2015 bookkeeping	3
17	Sun					6.00	2015 bookkeeping	3
18	Mon	7.25		2.75			medical appt	
19	Tues	7.25				2.00	minutes	
20	Wed	7.25				2.00	mtg prep	0.125
21	Thurs	7.25				4.50	Personnel comm	2.25
22	Fri	7.25				3.00	review GL	1.5
23	Sat					6.25	meeting prep	3.125
24	Sun							
25	Mon	7.25						
26	Tues	7.25				4.50	Council mtg	0.375
27	Wed	7.25						
28	Thurs	7.25				2.50	Finance Comm mtg	1.25
29	Fri	7.25						
30	Sat					4.00	Journal entries	2
TOTAL		152.25	0.00	2.75	0.00	57.50	21.25	78.75

37. EXG could not determine how the hours in the "1 ½" column was calculated as they were inconsistent.
38. EXG could not locate a Council Resolution approving [REDACTED] to change her Overtime calculation from 1.0 hours to 1.5 hours in the years under this review.

Overtime Banking / Payout

Findings

39. Resolution 527/05 effective January 1, 2006 Policy No. 3 states:

Effective January 1, 2006 no more than 40 hours can be carried over into the New Year.

Staff is to be paid for accumulative banked time earned up to December 31st, 2005 (pursuant to clause 1 above).

Due to special circumstances, if employee is unable to use banked time during the year it was accumulated (pursuant to clause 1 above) council can either agree to pay out the banked time or allow employee to carry over the hours into the New Year.

EXG Forensic Examination

40. Council passed Resolutions approving Overtime payouts to [REDACTED] based on the hours recorded in her Attendance sheets presented to Council.
41. The following table outlines [REDACTED]'s actual Overtime Accumulated as calculated, Used and Paid out as presented to Council for the period under review:

OVER TIME per SUMMARY	1.0 Hours Rate			1.5 Hours Rate			
	2011	2012	2013	2014	2015	2016	2017
Carryforward Balance	135.41	40.00	32.00	85.40	80.54	167.95	82.46
Acquired Overtime (1)	281.00	213.60	279.90	200.64	180.16	392.63	128.47
Used Overtime (2)	(162.25)	(49.75)	(126.50)	(165.50)	(92.75)	(97.20)	(134.00)
Overtime Paid out (3)	(214.16)	(171.85)	(100.00)	(40.00)	-	(380.92)	(54.83)
Net Overtime	40.00	32.00	85.40	80.54	167.95	82.46	22.10

EXG did not verify the Carryforward Balance

(1) Source: "HOURS ACQUIRED" in "OVERTIME SUMMARY" of Attendance [REDACTED]

(2) Source: "OT (used)" column

(3) The 2017 Overtime Paid Out for 54.83 hours was part of [REDACTED] Severance Payment.

42. The following table outlines the Overtime hours paid out to [REDACTED]:

OVER TIME Payout	2011	2012	2013	2014	2015	2016	2017
Resolution No. Approved by Council	468	460	394	349		491	
Hours Paid per Attendance Sheet	214.16	171.85	100.00	40.00	-	380.92	-
Hours approved per Resolution	214.16	171.85	100.00	40.00		380.92	-
Overtime Paid (Gross)	\$5,386	\$4,554	\$2,809	\$1,157		\$11,020	

43. As per By-Law 19/95, EXG prepared the following table that calculates Overtime Accumulated at 1.0 hours only, with actual Used and Paid out for the period under review which shows that under this method [REDACTED] was overpaid 175 hours or \$5,063:

	1.0 Hours Rate						
OVER TIME at 1:1	2011	2012	2013	2014	2015	2016	2017
Carryforward Balance	135.41	40.00	37.00	90.40	18.40	73.85	(101.37)
Acquired Overtime	281.00	218.60	279.90	133.50	148.20	302.90	115.20
Used Overtime	(162.25)	(49.75)	(126.50)	(165.50)	(92.75)	(97.20)	(134.00)
Overtime Paid out	(214.16)	(171.85)	(100.00)	(40.00)	-	(380.92)	(54.83)
Net Overtime	40.00	37.00	90.40	18.40	73.85	(101.37)	(175.00)

44. EXG has also prepared the following table that calculates Overtime Accumulated at 1.5 hours for all the years, with actual Used and Paid out for the period under review which shows that under this method [REDACTED] was underpaid 507 hours or \$14,670:

	1.5 Hours Rate						
OVER TIME at 1.5:1	2011	2012	2013	2014	2015	2016	2017
Carryforward Balance	135.41	180.50	286.80	480.15	474.90	604.45	580.68
Acquired Overtime at 1.5	421.50	327.90	419.85	200.25	222.30	454.35	115.20
Used Overtime	(162.25)	(49.75)	(126.50)	(165.50)	(92.75)	(97.20)	(134.00)
Overtime Paid out	(214.16)	(171.85)	(100.00)	(40.00)	-	(380.92)	(54.83)
Net Overtime	180.50	286.80	480.15	474.90	604.45	580.68	507.05

45. Note for this table, EXG re-calculated the 2014 to 2017 Acquired Overtime on [REDACTED]'s recorded overtime hours in her Attendance Sheets as the 1.5 hours multiplier in her Attendance Sheets were not calculating consistently (without explanation).

Current CAO Overtime

EXG Forensic Examination

46. Since becoming the current CAO in October 2017, Yann Boissonneault has accrued significantly less overtime for a total of 39 hours in 11 months:

Current CAO Overtime Hours	2017			2018							
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
	3.33	10	5.25	6.83	1.58	0	3.33	0	2.5	0	6.2

CAO March 8, 2016 Report

Findings

47. In her CAO Report dated March 8, 2016, [REDACTED] states the following about the Interim CAO (ICAO) that council hired while [REDACTED] was on her four-month vacation:

CAO report for March 8th, 2016

ICAO charged time and a half on certain occasions. Ron Musick was also a contract worker and charged straight time for all hours over 8 hours a day. Who approved time and a half for a contract worker? This added \$610.00 to the cost for the ICAO.

Who approved ICAO to work at home? ie January 9 (Saturday 3 hours overtime at home); January 27, 29, February 5 and February 8?

EXG Forensic Examination

48. As reported, since 2014 [REDACTED] charged overtime at 1.5 hours on her Attendance Sheets.

C. Sick Time

49. [REDACTED] accumulated and used Sick Time over the years.

Sick Time Accumulated

Findings

50. Per By-Law 19/95, Article 5:

5.2 All employees will be entitled to eighteen (18) days sick leave per year of service for the first four (4) years of service. Thereafter employees will be entitled to twenty six (26) days sick leave per year of service. The maximum of five (5) days of which may be used to attend to the medical needs of employee's immediate family; namely wife, husband, and children. The unused portion of the annual sick leave allocation which can be used in regard to family is not cumulative from year to year, but will be credited to the employee's cumulative sick leave. Accumulated sick leave of any employee who is employed with the District at the time of this By-law coming into force, shall stand to the credit of such employee.

5.3 Sick leave shall not accumulate beyond two hundred and eight (208) working days.

5.4 The employing authority may grant, in addition to the sick leave accumulated under this Agreement:

b) to an employee who has been employed for not less than fifteen (15) years but less than twenty (20) years, and who has been granted not more than two hundred and twenty-eight (228) working days of sick leave during his years of service, an additional period of sick leave with pay which additional sick leave will increase the total leave for all the employee's years of service to not more than two hundred and fifty-six (256) working days;

c) to an employee who has been employed for not less than twenty (20) years and who has been granted not more than two hundred and fifty-six (256) working days of sick leave during his years of service, an additional period of sick leave with pay which additional leave will increase the total sick leave for all the employee's years of service to not more than two hundred and ninety-six (296) working days.



51. [REDACTED] used the Attendance Sheet spreadsheet to track Sick Time acquired and used.

EXG Forensic Examination

52. Based on the interviews, Council Members commented the Attendance Sheet spreadsheet prepared by [REDACTED] was difficult to understand.
53. During EXG's examination of [REDACTED]'s Attendance Sheets, EXG noted there may have been errors in the continuity of Sick Time recorded during the period under review.
54. As part of our examination, EXG used Sick Time hours recorded per day.
55. The following table outlines [REDACTED]'s Sick Time earned and used as outlined in By-Law 19/95 compared to the Sick Time recorded in her Attendance Sheets:

SICK TIME	2011	2012	2013	2014	2015	2016	2017
As outlined in By-Law 19/95							
Years of Service	19	20	21	22	23	24	25
Sick Days Earned	26	26	26	26	26	26	17
Sick Hours Earned (1)	189	189	189	189	189	189	126
Sick Time per Attendance Sheet							
Carryforward Balance (2)	1,418	1,584	1,705	1,864	2,013	1,848	2,001
Earned per contract	189	189	189	189	189	189	126
Sick Hours Used	(23)	(67)	(30)	(40)	(353)	(36)	(45)
Net Sick HOURS	1,584	1,705	1,864	2,013	1,848	2,001	2,082
Net Sick DAYS (3)	218	235	257	278	255	276	287

(1) Sick Days Earned X 7.25 hours per working day

(2) EXG did not verify the 2011 opening balance

(3) 2017 Net Sick Days is at time of termination

56. Based on the hours recorded in the Attendance Sheet spreadsheets, [REDACTED] accumulated 287 Sick Days at August 22, 2017.

Sick Time and Overtime Accumulated

EXG Forensic Examination

57. The following reflects that during the period under review, in her Attendance Sheets [REDACTED] had 13 days where she recorded Sick Leave Used and Overtime on the same days to accumulate an additional 62.88 Overtime hours to her Overtime totals:

Date	REG HRS	Sick Leave (used)	Overtime (acq)	One + Half	Total Overtime Calculated	REASON FOR OT
Feb 14, 2011	7.25	3.00	4.00		4.00	Dentist/catch up
May 12, 2011	7.25	5.00	5.25		5.25	Council mtg
Nov 21, 2012	7.25	0.50	6.25		6.25	Reg Mtg
May 30, 2013	7.25	3.00	4.00		4.00	headache/Rennie
Apr 08, 2014	7.25	3.50	3.75	1.75	5.50	migraine/mtg
Jun 10, 2014	7.25	3.00	3.75	1.75	5.50	Council mtg
Jan 21, 2015	7.25	4.00	5.25	0.75	6.00	migraine/Fire Comm
Oct 27, 2015	7.25	1.50	4.75	1.50	6.25	Council mtg
Mar 15, 2016	7.25	1.50	4.75		4.75	Personnel Mtg
Jun 20, 2016	7.25	1.75	2.50		2.50	Dentist/Planning Mtg
Jul 21, 2016	7.25	4.00	1.50		1.50	Fire Comm mtg
Mar 21, 2017	2.75	4.50	5.25	1.25	6.50	cold/Test/Finance Mtg
Mar 28, 2017	0.75	6.50	4.50	0.38	4.88	cold/Council mtg
		41.75	55.50	7.38	62.88	

D. Vacation

58. [REDACTED] accumulated and used Vacation over the years.

Vacation Accumulated and Used

Findings

59. Per By-Law 19/95, Article 4:

4.1 Employees shall accumulate vacation leave entitlement as follows:

c) employees with more than ten (10) years of completed service, but less than twenty (20) years of completed service, shall be entitled vacation leave entitlement at the rate of twenty five (25) working days per year;

d) employees with more than twenty (20) years of completed service shall be entitled to vacation leave entitlement at the rate of thirty (30) working days per year;

60. In 2011, [REDACTED] completed 19 years of service and was entitled to 25 working days of vacation per year. From 2012 to 2017, [REDACTED] was entitled to 30 working days of vacation per year.

61. [REDACTED] used the Attendance Sheet spreadsheet to track Vacation Time acquired and used.

EXG Forensic Examination

62. Based on the interviews, Council Members commented the Attendance Sheet spreadsheet prepared by [REDACTED] was difficult to understand.

63. During EXG's examination of [REDACTED]'s Attendance Sheets, EXG noted there may have been errors in the continuity of Vacation Time recorded during the period under review.

64. As part of our examination, EXG used Vacation hours recorded per day.

65. The following table outlines [REDACTED]'s earned and used Vacation Time as outlined in By-Law 19/95 compared to the Vacation Time recorded in her Attendance Sheets:

VACATION TIME	2011	2012	2013	2014	2015	2016	2017
As outlined in By-Law 19/95							
Years of Service	19	20	21	22	23	24	25
Vacation Days Earned	25	30	30	30	30	30	20
Vacation Hours Earned (1)	181	218	218	218	218	218	145
Vacation Time per Attendance Sheet							
Carryforward Balance (2)	351	533	506	609	732	616	522
Earned per contract	181	218	218	218	218	218	145
Vacation Hours Used	-	(244)	(115)	(94)	(334)	(312)	(36)
Net Vacation HOURS	533	506	609	732	616	522	631
Net Vacation DAYS (3)	73	70	84	101	85	72	87

(1) Vacation Days Earned X 7.25 hours per working day

(2) EXG did not verify the 2011 opening balance

(3) 2017 Net Vacation Days is at time of termination

2015 Friday Office Closures

Findings

66. At the May 26, 2015 Council Meeting, Resolution 156 passed for the office to close on Fridays for July and August:

BE IT RESOLVED that the RM of Reynolds office be closed on Fridays during July and August, 2015;

AND BE IT RESOLVED that office staff use banked time and vacation days for the Fridays they do not work.

EXG Forensic Examination

67. The following table outlines how [REDACTED] recorded her time during the Friday office closures during July and August 2015:

Date	Vacation	Sick	Overtime
July 3	7.25		
July 10	7.25		
July 17	7.25		
July 24		7.25	
July 31	7.25		
Aug 7			7.25
Aug 14			7.25
Aug 21			7.25
Aug 28			7.25

68. [REDACTED] used 7.25 hours of Sick Time on July 24, 2015 instead of vacation or banked time as stipulated in the Resolution. This resulted in 7.25 hours of additional vacation time for her to accumulate.

2015 Council Resolution to Use Accumulated Vacation Time

Findings

69. In the October 22, 2015 Council Meeting Minutes, Resolution 316 passed October 22, 2015 requiring [REDACTED] to take a four-month vacation to use up the amounts she had accumulated:

WHEREAS the CAO has accumulated vacation and overtime over the past several years;

AND WHEREAS Council is of the opinion that this accumulated service must be expended;

THEREFORE BE IT RESOLVED that Council require the CAO to start using all accumulated vacation and overtime effective November 1, 2015;

AND FURTHER BE IT RESOLVED that Ron Musick, Municipal Advisor, be appointed effective immediately to provide assistance to Council and Staff for the duration of the CAO's absence.

EXG Forensic Examination

70. Based on the interviews, Council Members stated [REDACTED] continually told Council she had too much work and as such could not take vacations.



71. [REDACTED] took vacation from November 2, 2015 to February 12, 2016 and used 72 Vacation Days.
72. As noted in this report, according to Council Members, the subsequent CAO is completing the CAO job requirements successfully, using his vacation time earned and not requiring the same level of overtime.

E. Expense Cheques

EXG Forensic Examination

73. EXG examined Bank Statements during the period under review to identify the cashed cheques issued to [REDACTED] and traced them to the accounting records and supporting documentation. The following summarizes the cheques issued and their related categorization:

Cheque	Rec Comm	Waste Mgmt	Travel Mileage	Office Supplies	Hotel	Other	Total
2011							
12635				771			771
12889			780				780
2012							
13524			832				832
13525				174			174
14320					3,366		3,366
2013							
15077						6	6
15465				1,191			1,191
2014							
16575				278			278
16395			747				747
16710						226	226
16711			99				99
16845		1,090					1,090
16859	4,021						4,021
16872			421				421
2015							
17688				78			78
17998		1,009					1,009
2016							
18411				519			519
18767				218			218
19000			572				572
19059			394				394
19062						423	423
19118						95	95
2017							
19177				487			487
19835			347				347
19836			634				634
19837				309			309
19952						99	99
TOTALS	4,021	2,099	4,826	4,025	3,366	849	19,186

F. [REDACTED] Termination

EXG Forensic Examination

74. Based on the interviews, Council Members stated that after many years of accumulated poor performance and other issues, some of which are in this report, several Council Members put forward a Resolution for terminating [REDACTED]'s employment.
75. In the March 1, 2017 Council Meeting Minutes, Resolution 87 to terminate [REDACTED]'s employment with Reynolds was defeated:

*That the Rural Municipality of Reynolds revokes the appointment of the
Appointment Chief Executive Officer [REDACTED] effective immediately.*

FOR: D. Turchyn, D. Holmes, C. Buley

AGAINST: R. Shendroski A. Kelly, M. Huzel, G. Gaetz

ABSENT: M. Turchyn

Defeated

76. In the June 14, 2017 Council Meeting Minutes, Council moved into a Committee of the Whole in camera to discuss a legal matter and a personal matter. [REDACTED] and Councillor Turchyn were advised to leave the council meeting prior to the discussion of a personnel matter.
77. In the August 22, 2017 Council Meeting Minutes, Council carried Resolution 349 to terminate [REDACTED]'s employment with Reynolds:

*Based on our firm belief that it is in the best interest of the municipality to
move forward in a different direction in terms of our administration team.*

*Therefore the RM of Reynolds terminates the employment of the CAO
[REDACTED] effective immediately.*

Carried.

78. On August 23, 2017 Reeve Turchyn and Deputy Reeve Buley delivered the Termination Letter to [REDACTED], terminating her employment with Reynolds.

II. FORMER CAO ACTIONS

G. Disclosure of Information without Council Approval

Findings

79. Based on the interviews, some Council Members believe that for many years, citizens may have received confidential information about Reynolds that is not available to the public, as members of the public seem to come prepared to Council meetings with questions about specific topics on the agenda before public disclosure.

eMails Available

EXG Forensic Examination

80. As part of the standard forensic procedures, EXG requested from Reynolds copies of [REDACTED]'s email data base.
81. It was discovered by EXG that [REDACTED]'s most recent emails:
- a. From June 18, 2013 to August 22, 2017, the CAO email account rmreynoldscao@mymts.net could not be located on Reynolds network server.
 - b. It is EXG's understanding that the cao@rmofreynolds.com did not include any emails from when [REDACTED] was CAO.
82. Reynolds' contract network administrator confirmed there were three email data bases available for recovery including:
- a. Data Base 1: May 10, 2007 to June 17, 2013
 - b. Data Base 2: February 6, 2006 to August 11, 2009
 - c. Data Base 3: Feb 7, 2006 to Dec 11, 2007
83. Based on these email data bases, all of [REDACTED]'s CAO's emails from June 18, 2013 to her date of termination August 22, 2017 are not available for analysis or for Reynolds' record keeping. It is unknown to the current CAO where or how these current emails were lost.



Council Meetings' Agenda and Material Forwarded to Others

EXG Forensic Examination

84. As part of the EXG email analysis, EXG searched for key words such as "Agenda". Based on the emails that were available, this resulted in the following findings:

- a. From March 6, 2009 to August 7, 2009, while in the role of Assistant CAO, [REDACTED] forwarded the Council Meeting Agendas to Ethel Hansen at email account hande@mts.net 11 times prior to the Council meeting.
- b. From October 27, 2011 to July 24, 2012, while in the role of CAO, [REDACTED] forwarded the Council Meeting Agendas to Ethel Hansen at email account [REDACTED] eight times prior to the Council meeting.

Role	Council Meeting		Agenda eMailed to Council		Agenda eMailed to Ethel Hansen	
	Date	Time	Date	Time	Date	Time
A/CAO	<u>2009</u>		<u>2009</u>		<u>2009</u>	
	Mar 10	7:00pm	Mar 06	2:15pm	Mar 06	2:14pm
	Mar 24	7:00pm	Mar 20	3:56pm	Mar 23	9:52am
	Apr 07	7:00pm	Apr 03	2:03pm	Apr 06	9:43am
	Apr 28	7:00pm			Apr 28	2:30pm
	May 12	7:00pm	May 11	11:53am	May 11	12:16pm
	May 22	7:00pm	May 22	4:26pm	May 26	9:18am
	Jun 09	7:00pm	Jun 09	8:32am	Jun 09	9:23am
	Jun 23	7:00pm			Jun 23	12:32pm
	Jul 14	7:00pm	Jul 08	3:06pm	Jul 14	9:59am
CAO						
	<u>2011</u>		<u>2011</u>		<u>2011</u>	
	Oct 27	7:00pm			Oct 27	3:03pm
	Nov 17	7:00pm			Nov 16	6:50pm
	<u>2012</u>		<u>2012</u>		<u>2012</u>	
	Mar 08	9:30am			Mar 08	7:48am
	Mar 22	6:30pm			Mar 20	3:50pm
	Jun 13	6:30pm	Jun 11	1:19pm	Jun 12	5:01pm
	Jun 27	6:30pm	Jun 25	2:50pm	Jun 27	9:12am
	Jul 11	6:30pm	Jul 09	1:33pm	Jul 10	12:30pm
	Jul 25	6:30pm	Jul 24	8:49am	Jul 24	9:15am

Exhibit 5

Exhibit 6
Exhibit 7

Blank fields represents email not found

85. While the majority of Agendas forwarded to Ethel Hansen did not contain any message text from [REDACTED], the following outlines some that did include a message.

March 6, 2009 eMail

86. EXG noted that on March 6, 2009, [REDACTED] emailed the upcoming Council Meeting agenda prior to emailing to Council.

April 28, 2009 eMail

87. EXG noted that on the April 28, 2009 email between [REDACTED] and Ethel Hansen ([Exhibit 5](#)), in the attachment to the email, Ethel Hansen states:

Dear [REDACTED]

I cannot make the meeting tonight. Would you please email me the agenda of the meeting and the minutes that are passed?

Would you please ask John if he would ask for a recorded vote for the 'raise' bylaw?

Thanks, have a great day.

Ethel

88. On the April 28, 2009 email between [REDACTED] and Ethel Hansen ([Exhibit 5](#)), [REDACTED] replied:

Yes. I will send the agenda and minutes. Third reading to any by-law is automatically a recorded vote.

89. EXG noted that John Miscavitch was a Reynolds Councillor at that time.

March 8, 2012 eMail

90. EXG noted that on the March 8, 2012 email between [REDACTED] and Ethel Hansen ([Exhibit 6](#)), after [REDACTED] forwarded the March 8, 2012 agenda to Ethel Hansen which included the agenda item "Deputy Reeve increase in pay", Ethel Hansen replied:

Thanks for the agenda. There is some interesting stuff but Florence going for a raise!!! What the heck, I can't figure out what she has done but go to committee meetings for which she gets paid extra already. Will she be giving a report on why she deserves this raise? Can I, please, get a copy of this report?
Ethel

91. Subsequently, [REDACTED] replied to Ethel later in the same day:

She told council that other municipalities top up the Deputy Reeve position when filling in for the Reeve at meetings.

The councillors were not in support of it so no motion was moved.

[REDACTED]

March 23, 2012 eMail

92. EXG noted that on the March 23, 2012 email between [REDACTED] and Ethel Hansen ([Exhibit 7](#)), the following relating to the 2011 financial statements:

Thanks [REDACTED], I think I fell off the top of Shannon's paper. Thanks also for the Fin. Statement. I will get it from Curt. E.

-----Original Message-----

From: [REDACTED] [mailto:rmreynoldscasao@mymts.net]

Sent: March 20, 2012 3:50 PM

To: hande@mts.net

Subject: agenda

Just in case Shannon did not send the agenda. I will be passing on the 2011 Financial Statement with Curt, for you.

Other eMails

93. As outlined in [Exhibit 8](#), EXG found "friendly" emails between [REDACTED] and Ethel Hansen as well as a Ward Meeting Notice sent to five individuals including Ethel Hansen.

2017 Google Drive eMails

EXG Forensic Examination

94. EXG discovered emails sent from the rmofreynolds@gmail.com Google Drive email account that provided links to meeting bundles documents.
95. In order to access these documents, a Google Drive account and password is required to have been set up by the Reynolds' Google Drive Administrator.
96. EXG noted that the following email accounts were included in emails sent (with associated Council document links), prior to Council meetings (note some of the emails were sent in the evenings and weekends):

Exhibit 9

Date: **Sun**, Dec 4, 2016 at 1:02 PM

Subject: **December 6th, 2016 Meeting Information.pdf**

eMails Sent to:  **Ethel Hansen**

eMail Message: **I have re-scanned the information without the blank pages and into 1 file folder.**



This email grants access to this item without logging in. Only forward it to people you trust.

Exhibit 10

Date: **Fri**, Jan 20 2017 at **9:28 PM**

Subject: **10. COMMUNICATIONS – Request for access**

eMails Sent to:  **Erin Ouellette**

eMail Message: **Erin Ouellette is requesting access to the following folder: 11. COMMUNICATIONS.**

Exhibit 11

Date: Fri, Jan 20 2017 at 9:31 PM

Subject: **10. COMMUNICATIONS – Request for access**

eMails Sent to: [REDACTED] Doris Ames

eMail Message: Doris Ames is requesting access to the following folder: **11. COMMUNICATIONS**.

Exhibit 12

Date: Sun, Apr 2 2017 at 10:04 AM

Subject: **April 4, 2017 – Request for access**

eMails Sent to: [REDACTED] Ethel Hansen

eMail Message: Ethel Hansen is requesting access to the following folders: April 4, 2017.

Exhibit 13

Date: Wed, Apr 5, 2017 at 12:31 PM

Subject: **11. AGENDA ADDITIONS – Request for access**

eMails Sent to: [REDACTED] Ethel Hansen

eMail Message: Ethel Hansen is requesting access to the following folders: **11. AGENDA ADDITIONS**.

Exhibit 14

Date: Wed, Apr 5, 2017 at 4:18PM

Subject: **11. AGENDA ADDITIONS – Request for access**

eMails Sent to: [REDACTED] Harriet Yarmill

eMail Message: RM of Reynolds has invited you to contribute to the following shared folder: **11. AGENDA ADDITIONS**.

Thank you so much, [REDACTED]

H

Exhibit 15

Date: Fri, May 19, 2017 at 4:12 PM

Subject: **May 23, 2017 - Invitation to collaborate**

eMails Sent to: turchyndavid@gmail.com Reeve
 garrygaetz@gmail.com Councillor
 mikehuzel@gmail.com Councillor
 robshendroski@gmail.com Councillor
 miketurchyn@gmail.com Councillor
 deannholmes27@gmail.com Councillor
 [REDACTED]@gmail.com CAO
 [REDACTED] Nelson Chmuhalek

 [REDACTED] Harriet Yarmill
 [REDACTED] Ethel Hansen

Exhibit 16

Date: Fri, Aug 18, 2017 at 4:19 PM

Subject: **August 18, 2017 Public Works Report.pdf**

eMails Sent to: turchyndavid@gmail.com Reeve
 garrygaetz@gmail.com Councillor
 mikehuzel@gmail.com Councillor
 robshendroski@gmail.com Councillor
 miketurchyn@gmail.com Councillor
 deannholmes27@gmail.com Councillor
 [REDACTED]@gmail.com CAO

 [REDACTED]@gmail.com Harriet Yarmill
 [REDACTED]@gmail.com Ethel Hansen

97. EXG could not locate a Council resolution authorizing [REDACTED] to provide Ethel Hansen, Harriet Yarmill, Erin Ouellette or Doris Ames access to Reynolds' documents prior to and outside of Council meetings nor authority to provide them access to Reynolds' Google Drive.
98. **Further, when EXG followed the links in these emails, it allowed EXG access to all Reynolds' Councils' Google Drive stored documents for meeting from 2014 to 2016. This means that Ethel Hansen, Harriet Yarmill, Erin Ouellette or Doris Ames may have had access to the following:**
- a. **Council Agendas** prior to being approved by Council (including the opportunity to provide their input based on the emails requesting collaboration and Agenda additions requests).
 - b. **All material and documents** that may or may not have been included in the final approved Council Agendas.
 - c. **Council Meeting Bundles prior to Council meetings.**
 - d. **Reynolds' confidential documents and information including Committee reports** such as confidential Personnel Committee reports that would not be available to the public.

Post [REDACTED] Termination

EXG Forensic Examination

99. EXG discovered that in the September 12, 2017 Council Meeting Minutes ([Exhibit 17](#)), a Resolution denied Harriet Yarmill and Ethel Hansen request to receive full agenda packages as outlined below:

10.8 *Harriet Yarmill and Ethel Hanson - Request for meeting agenda packages.*

Res. 360/17 M/S G. Gaetz / A. Kelly
Request for WHEREAS a request has been received by Harriet Yarmill
Agenda Package and Ethel Hanson to receive full agenda packages that
Council receives in advance of all regular meetings of the
Council of the Rural Municipality of Reynolds;

*NOW THEREFORE BE IT RESOLVED THAT this request is hereby **denied**. Carried.*

100. EXG noted the following in the September 26, 2017 Council meeting minutes ([Exhibit 18](#)):

Agenda Additions

11.3 Ethel Hansen – comments on her dismay at the refusal to provide agenda packages – Noted.

Meeting Minutes eMailed Prior to Council Approval

EXG Forensic Examination

101. Based on the emails available, EXG discovered from 2009 to 2013, [REDACTED] sent Council Meeting Minutes to Bert Kuypers or Ethel Hansen 12 times prior to the minutes being approved by Council.

H. Instructing an Employee to Lie to Council

102. Based on the interviews with the Council Members, EXG discovered that [REDACTED] had instructed an employee ([REDACTED]) to lie to Council.

Findings

103. It is EXG's understanding that [REDACTED] was hired by Reynolds as a part-time position four days a week.

104. Based on the workload requirements of the Municipal office, Council directed [REDACTED] to request if [REDACTED] would work five days a week to assist with the office workload.

105. [REDACTED] requested a meeting with specific Council Members to discuss this request. Two Council Members (Reeve David Turchyn and Councillor Curtis Buley) were requested to not attend this meeting.

106. The Council's Human Resource Committee at the time were Reeve David Turchyn, Councillor Garry Gaetz and Councillor Michael Huzel.

EXG Forensic Examination

107. Based on the interviews with the Council Members present at this meeting, it is EXG's understanding that:

- a. [REDACTED] told the Council Members present that, prior to the meeting, in her capacity as CAO, [REDACTED] had instructed [REDACTED] to lie about an "addiction" so she would not have to work five days a week.
- b. [REDACTED] was overheard by another employee ([REDACTED]), who confirmed for Council [REDACTED]'s statement about being instructed by [REDACTED] to lie to Council.
- c. Upon being called back into this meeting, [REDACTED] eventually confirmed she had instructed [REDACTED] to lie to Council and apologized.

108. It is EXG's understanding that:

- a. No Council resolution was passed reprimanding [REDACTED] for instructing an employee to lie to Council.
- b. Roger Bouvier was engaged by Council due to this situation as well.
- c. There is no documentation found in [REDACTED]'s personnel file about this situation.

109. A request was made for an interview with [REDACTED], however, she declined the request for an interview as per her reply below:

I have not been an office employee with the RM of Reynolds for well over a year and doubt that I could provide any help with your forensic review regarding [REDACTED]'s lengthy career.

My position as one of the ACAO's was unfortunately very short due to the opening of our new store. For these reasons, I must decline.

Thank you

I. [REDACTED]'s Return from Vacation Leave

Findings

110. As previously reported, based on the Council Resolution, [REDACTED] was placed on a four-month vacation from November 2, 2015 to February 12, 2016.
111. Based on the Council Members' interviews, upon return to work:
- a. [REDACTED] was not cooperative when asked to take action on items by Council.
 - b. [REDACTED] spent time looking for negative things to report to Council about the Reeve and Interim CAO's work.

February 18, 2016 [REDACTED] Letter

EXG Forensic Examination

112. In the Meeting Bundle folder on Reynolds' network, on February 18, 2016, [REDACTED] wrote a letter to Council that included the opening sentence:

Now that my punishment for being a hardworking, dedicated employee has come to an end...

March 8, 2016 First Council Meeting after [REDACTED] Return to Work

EXG Forensic Examination

113. At the March 8, 2016 Council Meeting, as CAO, [REDACTED] included these points in the Council Meeting Agenda ([Exhibit 19](#)) in section 7.3 CAO Report:

Items Related to Reeve

- c) Reeve overstepping duties*
- d) Reeve overcharging for meeting*
- f) Reeve's letter of February 24, 2015 to pay out CAO vacation days*

Items Related to Interim CAO

- a) Professionalism of Interim Staff*
- b) Email from Interim CAO to Sunova CU*
- e) Funds unaccounted for*
- g) Interim staff issuance of duplicate Records of Employment & error*
- h) Quality of work from Interim Staff*
- i) Errors in Payroll*
- j) 2015 Cost for CAO forced vacation*
- k) Interim CAO in possession of RM cell phone and key to Sunova night deposit*
- l) Interim CAO over time at 1 ½ - CAO to report*

114. Based on the Council Members' interviews, this agenda was not reviewed with Council Members prior to the meeting.
115. Council Members believed the propose of these Agenda items were to publicly humiliate the Reeve and Council for requiring [REDACTED] to use her vacation days.

Agenda Items Related to Reeve

EXG Forensic Examination

116. The Council Members and public in attendance were provided with the documents below to support specific Agenda Items.

7.3 c) Reeve Overstepping Duties

2 of 3

Reeve changed signing authority without approval of Council. Not legal

Reeve working as employee in office. He can be Reeved but cannot work as employee. Not bonded.

Conflict of Interest

NAME: David Tuzin
WARD: Reeve
MONTH: Oct 1/15

RURAL MUNICIPALITY OF REYNOLDS
COUNCIL'S EXPENSE ACCOUNT

DAY	PLACE	DESCRIPTION	COUNCIL & COMMITTEES WITHIN THE MUNICIPALITY				DELEGATION & APPOINTMENTS OUTSIDE THE MUNICIPALITY				INSPECTION		MEALS	TOTALS	
			COUNCIL INDEMNITY	COUNCIL KMS (45)	EDUCATION INDEMNITY	EDUCATION KMS (45)	CONVENTION INDEMNITY	CONVENTION KMS (45)	COMMITTEE INDEMNITY	COMMITTEE KMS (45)	INSPECTION INDEMNITY	INSPECTION KMS (45)			
28	Office	meet w Reeve to sign letter of approval for Park & Recreation										4	60	64	69.60
29	Rm	Canby, Brian & Ryan, Brian conversation about extra help										1	15		15.00
30	Office	Mtg w Ron & conversation w Ron										15	22.50	32	36.90
31	Office	Mtg w Towns, Day & Gendron										3	45	32	59.40
		Telephone													
13	Office	meet w Towns & Day 90 over budget										60	4	82	149.00
		Page 3										202.50	120.4		322.90
		Page 2	900.00	43.20						60.00	28.80	285.00	141.50		1458.50
		Page 1	65	14.40					30	14.40	405	359.00	15.00		902.80
		TOTALS	965	57.60					90.00	43.20	892.50	620.90	15.00		2684.20

2,005.10 ÷ 3 = 668.37 × 2 = 1336.74 × 20% = 267.35

267.35
- 20.00 CPP
247.35

247.35

David Tuzin
David Tuzin
RE OF DECLARANT

DATE:

117. EXG notes that the reference to the Reeve changing signing authority is incorrect as Council changed signing authorities via Resolution on November 25, 2015.

7.3 d) Reeve Overcharging for Meeting

[illegible]

f) Reeve's letter of February 24, 2015 to pay out CAO vacation days

118. According to the Council Meeting Minutes, this Agenda item was referred to the Personnel Committee.

Agenda Items Related to Interim CAO

EXG Forensic Examination

119. According to the Council Meeting Minutes, all the Agenda items related to the Interim CAO were referred to the Personnel Committee.

Draft Resolution Discovered by EXG

EXG Forensic Examination

120. In the Meeting Bundle folder on Reynolds' network for the March 8, 2016 Council Meeting, EXG discovered a Draft Resolution that was not included in the Meeting Minutes (the Properties of the file included the Last saved by "[REDACTED]"):

WHEREAS the Rm of Reynolds has always maintained a good working relationship with Sunova Credit Union;

AND WHEREAS the Reeve took the liberty of changing the RM of Reynolds signing authority at Sunova Credit Union, without approval from Council;

AND WHEREAS the Interim CAO wrote and sent an inappropriate email to Sunova Credit Union for acting in accordance with the law;

THEREFORE BE IT RESOLVED that Council authorizes the CAO to send an apology letter to Sunova Credit Union for the actions of staff/council members.

121. As previously noted, the reference to the Reeve changing signing authority is incorrect as Council did change signing authorities via Resolution on November 25, 2015.

CAO Report for March 8, 2016 Council Meeting

EXG Forensic Examination

122. In the Meeting Bundle folder on Reynolds' network for the March 8, 2016 Council Meeting, the CAO reported:

In October, when Reeve Turchyn was meeting with Ron Musick at Sophies for coffee, some negative information was relayed by the Reeve to Mr. Musick about me. After one such meeting, Ron told me that "Your Reeve does not like you." Whether the Reeve likes me or not should have had no bearing on council making such a poorly thought out decision to make me use my vacation/banked time.

The public perception is that I did something wrong. I have recently heard from two sources that I was being investigated for wrong-doing. If there is some truth to my wrong-doing, I am requesting that these issues are immediately brought to my attention. I am requesting that Council immediately list all their concerns with my work on the white board so I can deal with these bad habits.

CAO Report for September 27, 2016 Council Meeting

EXG Forensic Examination

123. In the Meeting Bundle folder on Reynolds' network for the September 27, 2016 Council Meeting, the CAO reported:

At the last meeting, there was concern raised because I charged time for attending the August 23rd, 2016 council meeting and for working, during my holidays, on the grant applications. I am willing to donate, to the municipality, the 3 hours I charged for attending the council meeting, provided the Reeve and Councillor Buley also donate a meeting indemnity of \$130.00 each since they are the council members who were asking me questions when I was at the meeting as a spectator and to support Jessica at her first meeting. The balance of time I charged was for working before the meeting and staying after the meeting to work on the grant applications.

Surprisingly enough, although Reeve Turchyn raised concerns about the time I recorded for working during my vacation, he did not acknowledge the time I donated to the RM during my holidays ie attending the office to answer questions; responding to emails; drafting a letter from the Reeve to the Minister of Infrastructure.

In camera personnel issue from August 9th, 2016 meeting. I am requesting that the names of the 4 people from other municipalities be made available to me so I can request public apologies from them for saying that I spoke to them, when I have not spoken to anyone from another municipality. Obviously these people spoke to Reynolds' council members, in public, therefore the council members who confronted me in camera, have no reason to withhold these names.

J. Public Works Employee

Findings

124. Based on Council Member interviews, there has been a lack of clarity about the hiring process and employment status of Nelson Chmuhalek.
125. There were also suggestions that Nelson Chmuhalek was hired directly by Reeve David Turchyn and other Council Members without following a formalized hiring process resulting in [REDACTED]'s refusal to take ownership of the responsibility of the Public Works employee.

Hiring of Public Works Employee

EXG Forensic Examination

126. In 2014, a decision was made to hire a Public Works employee with responsibilities such as coordination of municipal infrastructure including roads, maintenance, culvert replace, snow clearing, etc.
127. In reviewing Nelson Chmuhalek's personnel file, EXG discovered:
- a. A copy of a Newspaper advertisement place by Reynolds for a "Casual Public Works Employee" stating resume submissions were to be received on March 11, 2014 ([Exhibit 20](#)).
 - b. Copies of multiple resumes received by Reynolds including Nelson Chmuhalek's resume.
 - c. A letter dated April 14, 2014 from [REDACTED] offering Nelson Chmuhalek the Public Works position.
128. In reviewing the Council Meeting Minutes stored on the Reynolds' network, on April 8, 2014, Resolution 98 was passed by Council:

*BE IT RESOLVED that Council hire Nelson Chmuhalek as the "as required"
Public Works Employee at a rate of \$20.00 per hour plus \$.50 per Km*

For: J. Colbert, M. Yaremchuk, D. Turchyn, F. Campbell, J. Miscavitch, M.

Turchyn

Against: C.Buley

Abstained: G. Gaetz

Carried.

129. On December 8, 2015, Resolution 389 was carried by Council:

BE IT RESOLVED that RM of Reynolds extends the employment of Nelson Chmuhalek as the Public Works Coordinator up to 40 hours per week at a rate of \$20.00 per hour, plus mileage at a rate of 0.50 per kilometre

FOR: D. Holmes, A. Kelly, D. Turchyn, R. Shendroski,

AGAINST: C. Buley, G. Gaetz, M. Turchyn, M. Huzel

ABSENT:

Defeated

130. In reviewing the Council Meeting Minutes stored on the Reynolds' network, the following Legislative, Finance, Personnel Committee meeting April 21st, 2016 minutes noted:

3.2. Public Works employee job description – extend term or post position – Nelson Chmuhalek explained that in exchange for dropping his hourly rate expectation from \$25.00 to \$20.00, he negotiated with someone that he would be an “as required” permanent employee. Roger Bouvier recommended that, even though this agreement was never brought to the Council table for a vote, nobody objected to Nelson working and when the original term expired, Council continued to assign Nelson work. Roger Bouvier was tasked with drafting a job description for the Public Works Coordinator.

131. On January 24, 2017, Resolution 20 was carried by Council:

BE IT RESOLVED that Council transitions Nelson Chmuhalek's position of Public Works employee to Public Works Manager;

AND BE IT RESOLVED that the terms of the position and rate of pay be negotiated at a later date.

FOR: D. Turchyn, D. Holmes, R. Shendroski, A. Kelly,

AGAINST: M. Huzel

ABSTAINED: C. Buley

ABSENT: M. Turchyn, G. Gaetz

Carried.

Public Works Employee Employment Status

EXG Forensic Examination

132. In reviewing Nelson Chmuhalek's personnel file, EXG discovered an Employment Contract Agreement between Reynolds and Nelson Chmuhalek.
133. As an "as required" Public Works Employee, Nelson Chmuhalek submits time reports based on his hours work.
134. Further, throughout Nelson Chmuhalek's employment, source deductions have been withheld and remitted to the Canada Revenue Agency, and T4s were issued.

[REDACTED] Not Taking Management Responsibility for Public Works Employee

EXG Forensic Examination

135. Based on EXG's interviews:
- a. [REDACTED] would not agree for the need to hire a new Public Works employee resulting in Council striking a Committee to perform the interviews and decide to select Nelson Chmuhalek.
 - b. Based on this process, [REDACTED] refused to take ownership for the responsibility of the Public Works employee including not having the employee report to her.
 - c. There were meetings with Council and [REDACTED] about who Nelson Chmuhalek should report to, however, it was never clarified who Nelson Chmuhalek reported to until the subsequent CAO Yann Boissonneault was hired.
136. One example provided to EXG relating [REDACTED] not working cooperatively with the Public Works employee included [REDACTED]'s control over and not providing information for licensing and the MTS password required for the Public Works employee to perform his job functions for contacting MTS for "Call Before You Dig" requirements, etc. It is EXG's understanding that Council made requests to [REDACTED] to give Nelson Chmuhalek the MTS password so he could access the required MTS information, however, [REDACTED] never took action.

137. It is EXG's understanding that [REDACTED] did not prepare Nelson Chmuhalek's performance review for the first three years of his employment.
138. Based on the interviews, even though there had been no documented feedback to Nelson Chmuhalek for the first three years of his employment, in 2017 [REDACTED] prepared a negative review on Nelson Chmuhalek's performance. EXG could not locate this performance review in Nelson Chmuhalek's personnel file.
139. EXG discovered a documented positive performance review of Nelson Chmuhalek prepared by Reynolds' subsequent CAO Yann Boissonneault.

K. Building Inspector Position

Findings

140. In 2013, Reynolds' Council decided to create their own Building Inspector position.
141. It is EXG's understanding [REDACTED]'s personal partner, [REDACTED], at that time was the Building Inspector for Rural Municipality of Whitemouth.

2013 Resolution Hiring of [REDACTED]

EXG Forensic Examination

142. In the July 24, 2013 Council Meeting minutes, the following Resolution was carried:

BE IT RESOLVED that the Reeve and CAO be authorized to sign the Building Inspector/Development Officer Agreement with Bert Kuypers.

Carried.

143. [REDACTED] agreed to a one-year contract.
144. On July 25, 2013, Reynolds and [REDACTED] signed a "Building By-Law Enforcement Agreement" ([Exhibit 21](#)) for the period July 1, 2013 to June 30, 2014 creating an employee relationship with the following term:

5.2 The Municipality agrees that the Building Inspector is an "as required" employee of the municipality and is covered under the municipal insurance policy and Workers Compensation while carrying out duties for the Municipality.

145. In the July 8, 2014 Council Meeting Minutes, the following extension Resolution was carried:

WHEREAS Bert Kuypers has agreed to perform the Reynolds's Building duties for the term July 1, 2014 to Dec 31, 2014 provided his hourly rate be increased;

THEREFORE BE IT RESOLVED that the Reeve and CAO be hereby authorized to sign an employment agreement with Mr.Kuypers for an hourly rate of \$35.00 per hour; the going rate for kilometres; and a cell

phone allowance of \$35.00 per month for a maximum of three months.

Carried.

2015 [REDACTED] Involvement in Re-Hiring Process of [REDACTED]

EXG Forensic Examination

146. Based on the interviews, it is EXG's understanding that in January 2015, Council made the decision to advertise the Building Inspection position and accept resumes.
147. A Committee was struck to receive and review applicants' resumes.
148. Since [REDACTED]'s personal partner was one applicant, the Committee required all names to be removed from the resumes to fairly review all the resumes based on the information contained.
149. During the Committee meeting where the resumes were being reviewed, [REDACTED] sat in the meeting and took the position she was there as a member of the "Public" and not Reynolds' CAO.
150. When the Committee was reviewing the resume of [REDACTED] (without his name on it), the Committee raised concerns that the resume failed to contain sufficient information necessary to evaluate the candidate.
151. [REDACTED] spoke up to provide the information and clarification missing on the resume which removed the anonymity of this resume and effectively informed the Committee which was [REDACTED]' resume.
152. During the meeting, Reeve David Turchyn recused himself from the process and requested Michael Huzel to chair the remainder of the meeting.
153. The Committee brought forward the recommendation to offer [REDACTED] the position of Building Inspector.
154. Council passed Resolutions to extend his contract in subsequent years.

155. Roger Bouvier's report commented on the CAO's involvement with the Building Inspector:

** I understand that the CAO's partner/spouse is the previous/existing Building Inspector and may have applied for the position. The CAO should vacate the council chambers when this item [posting the Building Inspectors position] comes up for discussion during the meeting. This provides all of council an opportunity to speak freely and discuss the item of the agenda in detail. Council may consider going "in camera" for this item without the presence of the CAO.*

[REDACTED]'s Amendment of [REDACTED]' 2014 T4

EXG Forensic Examination

156. In reviewing the Reynolds' CAO network drive, EXG discovered the following Excel spreadsheets:

- a. [Exhibit 22 - 2014 \[REDACTED\].xls](#)

(file properties last saved date 2015-02-19 by [REDACTED])

This file calculates [REDACTED]' 2014 total income at \$18,506, however, this includes rows referred to as "ADJUST" totaling an additional 40 hours of time for an additional \$1,437.80 of gross pay. (It appears there was also an error in the total salary amount as there was a duplicate payment of \$1,497.86 for August recorded in this spreadsheet).

- b. [Exhibit 23 - 2014 \[REDACTED\] without 3 hr callout.xls](#)

(file properties last saved date 2015-06-08 by [REDACTED])

The file calculates [REDACTED]' 2014 total income at \$15,571, without the "ADJUST" rows.

157. In the March 10, 2015 Council Meeting Minutes, Council unanimously defeated Resolution 96 ([Exhibit 24](#)) looking to have both Nelson Chmuhalek and [REDACTED] salary be adjusted for three-hour call outs:

*WHEREAS a minimum 3 hours must be paid, under Manitoba
Employment Standards, for calling workers out for unscheduled work;*

*THEREFORE BE IT RESOLVED that Council authorizes that an adjustment
be made to the 2014 payments to Nelson Chmuhalek and Bert Kuypers
to include the minimum 3 hours for call outs.*

FOR: Nil

AGAINST: D. Turchy, C. Buley, D. Holmes, M. Huzel, M. Turchyn, A. Kelly,
G. Gaetz

ABSENT: R. Shendroski

Defeated

158. In [REDACTED]'s personnel file, EXG discovered a letter ([Exhibit 25](#)) dated May 15, 2015 (subsequent to the Resolution), from [REDACTED] to the Reynolds' Council which included:

I received my T4 which included the adjustment for the three hour call out and have filed and paid deductions based on said T4.

...this letter will serve as my formal request for payment of the 2014 adjusted minimum three hour call out wages. Please respond in a timely manner.

159. In addition, in [REDACTED]'s personnel file, EXG discovered a letter ([Exhibit 26](#)) dated June 26, 2015 from [REDACTED] to [REDACTED] stating:

On March 10th, 2015, Council, by resolution, denied the payment of the minimum 3 hour callout set out in Manitoba Employment Standards.

We have, therefore, issued an amended T4, removing the proposed income for the callouts.

160. It appears to EXG that in February 2015, [REDACTED] prepared a T4 for [REDACTED] including her calculation for the additional 40 hours or \$1,437.80 of gross pay without Council approval of the minimal three hours being voted.
161. According to the [REDACTED]'s letter to [REDACTED], after Council not approving the minimal three hours, [REDACTED] had to amend [REDACTED]'s T4 accordingly.
162. EXG could not find any evidence that the additional 40 hours or \$1,437.80 of gross pay had been paid to [REDACTED].
163. EXG located similar spreadsheets for Nelson Chmuhalek, however, there was no correspondence in this respect in his personnel file about requiring to amend his 2014 T4 accordingly.

2015 Building Inspector as a Contract Employee

EXG Forensic Examination

164. In the July 14, 2015 Council Meeting Minutes, the following was noted:

Reeve Turchyn advised that the Building Inspector was not a municipal employee and should not receive vacation and statutory holiday pay on wages. Adjustment should be made to next cheque.

165. In the following July 28, 2015 Council Meeting Minutes, the following Resolution about the employment status of [REDACTED] was defeated:

WHEREAS Bert Kuypers was hired as the Building Inspector for the RM of Reynolds as a Contract Employee;

AND WHEREAS Council does not wish to pay vacation and statutory holiday pay;

AND WHEREAS Council does not wish to pay the employer share of CPP and EI;

THEREFORE BE IT RESOLVED that office staff cease to pay Mr. Kuypers vacation and statutory holiday pay and discontinue to deduct CPP and EI from his cheques;

AND BE IT FURTHER RESOLVED that office staff deduct all vacation and statutory holiday pay for 2015 from Mr. Kuypers cheques and reimburse any CPP and EI which was deducted.

FOR: D. Turchyn, C. Buley, D. Holmes

AGAINST: M. Huzel, A. Kelly, G. Gaetz

ABSTAINED: R. Shendroski, M. Turchyn

Defeated

Other Issues

EXG Forensic Examination

166. It is EXG's understanding that [REDACTED] reported directly to the Personnel Committee (as evidenced in a correspondence to [REDACTED] from Reynolds), however, this reporting relationship did not continue throughout his employment.
167. As part of the Council Members' interviews, there were concerns expressed about [REDACTED]'s performance including:
- a. One incident where [REDACTED] approved a permit to an individual who was not the owner of the land which resulted in the owner raising the issue with Reynolds.
 - b. The amount of time charged by [REDACTED] on his time cards appear to be excessive for some activities he had reported completing.

III. WHITEMOUTH PARTNERSHIP COMMISSIONS

L. Recreation Commission

168. The Whitemouth River Recreation Commission (Rec Commission) was established March 12, 2012 between Whitemouth Reynolds and Sunrise School Division.
169. [REDACTED] and Shannon Amos attended Rec Commission meetings as Secretary / Treasurer at various times.
170. In addition to Reynolds' Council Members, EXG interviewed Whitemouth's Reeve and Council Member who were members of the Rec Commission.

Rec Commission Secretary / Treasurer Wages

Findings

171. Rec Commission Agreement Among Partners, Schedule A, point 13 states:

*That Commission members shall serve **without remuneration**, but each member shall be entitled to receive their actual disbursements for expenses incurred while on commission business as directed by the Commission.*

EXG Forensic Examination

172. From the beginning of the Rec Commission's existence, [REDACTED] attended meetings, tracked and charged her time from 2012 to 2014.
173. Shannon Amos began charging for her time in 2013 and 2014.
174. The following table summarizes amounts charged and paid to each Shannon Amos and [REDACTED]:

Year	Shannon Amos	[REDACTED]
[REDACTED]	1,599	2,707
2014	1,958	5,536
	3,557	8,243

175. Shannon Amos received \$3,557 for Secretary / Treasurer wages as follows:

Cheque No.	Year	Date	Description Cheque Register	Expense Reimbursement	Secretary / Treasurer		Total
					Hours Charged	Wages	
198	2013	Apr-12	Feb - April Rec Commission Time		24	450	450
213	2013	Jun-21	April - June Rec Commission Time		32	620	620
288	2014	Dec-13	Secretary/Treasurer Time June - Dec		28	529	529
302	2014	Feb-13	Jan 6 - Feb 13 Rec Commission Time		18	343	343
345	2014	May-30	Feb - May 31, 2014 Rec Commission Time		31	595	595
391	2014	Sep-30	Secretary/Treasurer Time June - Sept		27	511	511
417	2014	Dec-31	Secretary/Treasurer Oct - Dec		27	509	509
Total Payments and Reimbursements to SHANNON AMOS				-	186	3,557	3,557

176. In 2012, [REDACTED] was not compensated by the Rec Commission for work performed, instead she acquired 27 hours of overtime with Reynolds on her Attendance Sheet. Reynolds did not charge the Rec Commission for this time.


177. From 2012, to 2014, [REDACTED] received \$3,905 for expense reimbursements and \$8,243 for wages as Secretary / Treasurer and / or attending meetings:

Cheque No.	Year	Date	Description Cheque Register	Expense Reimbursement	Secretary / Treasurer		Total
					Hours Charged	Wages	
	2012		Reynolds Accumulated Overtime		27		
11	2012	Jun-18	Bomber Tickets for logo prize	48			48
173	2013	Feb-20	Dell Canada - computer equipment	3,451			3,451
250	2013	Sep-19	Exercise balls & drum sticks	147			147
251	2013	Sep-19	Secretary/Treasurer 2012 Correcting books, mtgs etc.		94	2,707	2,707
296	2014	Jan-28	2013 EXP - Drums Alive Equipment	259			259.31
307	2014	Feb-26	2013 EXP Sept - Dec 2013 Rec Comm Books		32	927	927
308	2014	Feb-26	2013 EXP Refund deductions not submitted		20	587	587
16859	2014	Dec-31	2014 Rec Comm Work (Paid by Reynolds)		139	4,021	4,021
Total Payments and Reimbursements to [REDACTED]				3,905	312	8,243	12,148

178. Both Shannon Amos and [REDACTED] received T4s from the Rec Commission for their wages.





Support for Shannon Amos

EXG Forensic Examination

180. Based on the interviews, Council Members of both Reynolds and Whitemouth stated that on numerous occasions  told them the reason she was required to charge the Rec Commission for so much wages was she needed to “help” Shannon Amos and to “correct” the books and accounting records that Shannon Amos had prepared.
181. In the interview with the Council Members of Whitemouth, they stated they had seen no issues with the books and records that Shannon Amos had prepared as Secretary-Treasurer and further they were satisfied with the quality of work Shannon Amos was performing in her role overall as the Rec Commission’s Secretary-Treasurer.

Meeting Attendance

EXG Forensic Examination

182. In the interview with the Council Members of Whitemouth, they stated that even though Shannon Amos was effectively functioning as the Secretary-Treasurer,  began showing up at the Rec Commission meetings but not in the role of Secretary-Treasurer. They stated they did not understand why  was attending the meetings and did not know she was charging the Rec Commission for this time as well.
183. EXG reviewed the Rec Commission Meeting Minutes and prepared the following table outlining that the meetings minutes recorded:
-  attended two meetings as Secretary-Treasurer
 -  attended 10 meeting without an officer position
 - Shannon Amos attended 15 meetings as Secretary-Treasurer



Rural Municipality of Reynolds

Forensic Review of Administration 2011 to 2017

			[REDACTED]		Shannon Amos
Meeting Date	Start Time	End Time	Attended	Secretary-Treasurer	Secretary-Treasurer
Mar 12, 2012	7:02 PM	8:40 PM		S-T	
Mar 27, 2012	7:05 PM	9:06 PM		S-T	
Apr 23, 2012	7:04 PM	8:53 PM			S-T
May 30, 2012	7:00 PM	8:45 PM	Attended		
Jan 29, 2013	7:00 PM	8:30 PM			
Feb 20, 2013	7:12 PM	9:28 PM	Attended		S-T
Mar 21, 2013	7:00 PM	9:40 PM	Attended		
Jun 20, 2013	7:00 PM	8:28 PM	Attended		S-T
Sep 19, 2013	7:00 PM	8:02 PM			S-T
Nov 07, 2013	7:00 PM	8:43 PM			S-T
Jan 13, 2014	8:00 PM	8:45 PM			S-T
Feb 04, 2014	7:00 PM	8:28 PM	Attended		S-T
Apr 15, 2014	7:00 PM	8:28 PM			S-T
May 22, 2014	6:30 PM	7:50 PM	Attended		S-T
Jul 07, 2014	7:10 PM	8:21 PM	Attended		S-T
Jul 29, 2014	7:00 PM	8:20 PM	Attended		
Sep 15, 2014	7:00 PM	8:23 PM	Attended		S-T
Nov 12, 2014	6:35 PM	7:20 PM			S-T
Dec 08, 2014	7:00 PM	8:20 PM			S-T
Feb 23, 2015	7:10 PM	9:14 PM	Attended		
May 20, 2015	7:00 PM	7:35 PM			S-T
Aug 05, 2015	7:00 PM	7:30 PM			S-T
			10	2	15

184. As outlined earlier, in 2012 [REDACTED] was not compensated by the Rec Commission for work performed, instead she acquired 27 hours of overtime with Reynolds on her Attendance Sheet. Reynolds did not charge the Rec Commission for this time.
185. After 2012, [REDACTED] used her Reynolds' Banked Overtime and Sick Leave on her Attendance Sheet to work for and be paid by the Rec Commission as follows:

RM of Reynolds "Attendance Sheet"					
Date	Week Day	Sick Leave (used)	Overtime (used)	Overtime (acq)	Reason for Overtime
02/01/2012	Wed			5.00	Rec Comm mtg
03/12/2012	Mon			5.50	Rec Comm mtg
03/27/2012	Tues			5.50	Rec Comm mtg
04/27/2012	Fri			2.00	Rec Comm banking
05/07/2012	Mon			6.50	Rec Comm wrksp
05/30/2012	Wed			5.50	Rec Comm mtg
07/24/2012	Tues			5.50	Rec Comm mtg
02/08/2013	Fri	-	(7.25)		Rec Comm & time off
02/14/2013	Thurs	-	(7.25)		Rec Comm
02/15/2013	Fri	-	(7.25)		Rec Comm
02/20/2013	Wed	-	(7.25)		Rec Comm
03/12/2013	Tues	-	(2.00)		Rec Comm issues
05/20/2014	Tues	-	(7.25)		Rec Comm work
05/22/2014	Thurs	-	(7.25)		Rec Comm work
08/11/2014	Mon	-	(4.50)		Waste & Rec Comm
08/24/2014	Wed	-	(2.00)		Rec Comm
02/12/2015	Thurs	-	(3.00)		Rec Comm books
07/19/2016	Tues	(3.00)	(4.25)	2.25	Rec Comm mtg
		(3.00)	(59.25)	37.75	

186. At the same time [REDACTED] used the Reynolds' Banked Overtime, she received payment from the Rec Commission work. As previously outlined, Council Members stated [REDACTED] often said she was so busy at Reynolds that she needed to perform significant overtime to complete her work.

August 2014 – [REDACTED] Expense Report

EXG Forensic Examination

187. In reviewing Reynolds' folders on the network, EXG discovered a spreadsheet called [REDACTED] **Time Sheet Rec Comm 2014.xls** (dated August 25, 2014 and Last Saved by "[REDACTED]") which included recorded hours from January 18, 2014 to August 25, 2014 using an hourly rate of \$33.67 (which was higher than she was charging before and higher than her salary) for an invoice total of \$4,267.67 for time to the end of August 2014. ([Exhibit 27](#)).

September 2014 - [REDACTED] Rec Commission Wages

EXG Forensic Examination

188. In September 2014, in an email to the Rec Commission Board ([Exhibit 28](#)), [REDACTED] states the Rec Commission is projected to have a \$6,000 deficit including the Secretary-Treasurer expense to be approximately \$2,500 over budget with Councillor Martin Saxler questioning [REDACTED] that the CAO fees of \$4,800 was not budgeted. Further Councillor Martin Saxler states:

\$4,800 seems a bit high, perhaps I missed it, but did we pass this additional cost on the rec budget by resolution?

So total cost to provide administration services for the recreation director is to be \$9,300 a year?

That is almost 15% of the budget.

December 2014 – [REDACTED] Expense Report

EXG Forensic Examination

189. In December 2014, instead of submitting a General Cheque Voucher for her wages to the Rec Commission (as she had for her other Rec Commission payments), [REDACTED] submitted a \$4,021.27 General Cheque Voucher to Reynolds Council for her "JAN TO DEC" 2014 Rec Commission wages ([Exhibit 29](#)).

190. This \$4,021.27 General Cheque Voucher included a deduction for \$1,000.00 Federal Tax and \$1,000.00 Provincial Tax for remittance to Canada Revenue Agency as source deductions on behalf of [REDACTED] resulting in a net cheque payment to [REDACTED] of \$2,021.27 ([Exhibit 29](#)).
191. Accompanying [REDACTED]'s General Cheque Voucher was a supporting document showing a Reynolds invoice to the Rec Commission dated December 31, 2014 ([Exhibit 29](#)). This invoice does not appear to have been delivered to the Rec Commission until later in 2016.
192. In addition, [REDACTED] included three pages of her Office Expense Form dated from January 18, 2014 to December 8, 2014 at a rate of \$28.93 per hour ([Exhibit 29](#)).
193. Based on the interviews, Whitemouth Council Members stated that they were not aware that [REDACTED] had submitted an invoice for her Rec Commission wages and that they had been paid by Reynolds.

July 2016 – Rec Commission Letter to Reynolds

EXG Forensic Examination

194. Over 18 months later, on July 8, 2016, Reynolds received a letter from Rec Commission ([Exhibit 30](#)) regarding a 2014 invoice received from [REDACTED] for \$5,925.27 (Secretary / Treasurer Wages - \$4,021.27, Expense Reimbursement - \$1,094.00) stating:

The board of the Whitemouth River Recreation Commission (Inc.) was presented with an invoice for outstanding phone charges, Weebly.com charges and time and expenses for [REDACTED] for the period January to December 2014 for a total of \$5,925.27.

All the records have been sent to BDO Canada for the preparation of the audit for 2014 and part of 2015 in order for this organization to be decommissioned. In reviewing the invoice and supporting documents, the Board questioned the fact that this was not submitted for payment in a timelier manner, nor were these amounts entered as receivables for the current year. This being July 2016 and balances are outstanding from 2014, the Board is a little concerned.

All the records were in the possession of your staff and feel that the 2014 records should have been reconciled and submitted for audit within six months of the fiscal year end.

*Can the Board expect any additional charges for 2015 from your staff?
Your attention to this matter is requested.*

195. The supporting documentation to this letter was a summary printed from a spreadsheet dated May 30, 2016 with:

"Invoices paid by RM of Reynolds on behalf of Whitemouth River Recreation Commission"

"Cheque payable to: RM of Reynolds, Box 46, Hadashville, MB R0E 0X0".

July 2016 – Rec Commission Joint Meeting

EXG Forensic Examination

196. On July 19, 2016, there was a Rec Commission Joint meeting with Reynolds and Whitemouth.
197. Based on the interviews, Council Members for both Reynolds and Whitemouth stated the Whitemouth Council Members challenged [REDACTED] about the amount of her wages charged for the work as unreasonable (139 hours in 2014) and she should not have been paid such a large amount without the Rec Commission approval.

July 2016 – [REDACTED] Letter to Rec Commission

EXG Forensic Examination

198. In a letter dated July 26, 2016 ([Exhibit 31](#)) presented at the Reynolds Council Meeting from [REDACTED] [REDACTED] stated:

I acknowledge that I was lax in not submitting my time sheets on a regular basis. At the end of 2014, I was under the impression that the Rec Commission did not have enough funds in the bank. As you can see from the attached bank statement, there was almost \$8,700.00 in the chequing account. If cheques had been written for all the outstanding



expenses for 2014, the Rec Commission may have had \$500.00 left in the bank. It all depends on what else was owing at year end.

August 2016 - Resignation Letter

EXG Forensic Examination

199. As noted, on August 4, 2016, [REDACTED] resigned as the Secretary from the Whitemouth-Reynolds-North Whitemouth Waste Management via a letter ([Exhibit 32](#)) citing the Reynolds and Whitemouth Councillors' comments about her performance as Secretary of the Rec Commission Board:

On July 19th, 2016 I withstood an hour and a half of blame and false accusations from representatives of the Whitemouth council and the Reynolds' councillors for the status of the Rec Commission.

Given what has happened, I am sure that you can understand, to be berated and bullied unproductively for an hour and a half was unacceptable. Anyone who knows me, understand that I go above and beyond in everything I do and to have my own council question my integrity was shocking.

I do not want to put myself in a position to ever be publicly attacked again, therefore I resign my position as secretary, with great regret as I really enjoyed my time working with the Waste Management Committee and Lorne Charney.

Subsequent to [REDACTED] Involvement

EXG Forensic Examination

200. Based on the interview, Council Members for Whitemouth stated that the hours incurred by the subsequent Rec Commission Secretary-Treasurer for their work has been substantially lower than hours charged by [REDACTED].
201. Since there was a Levy owing by Reynolds to the Rec Commission, the Rec Commission netted the amounts of the December 2014 [REDACTED] billings against the Levy.

M. Waste Management

202. [REDACTED] attended Whitemouth-Reynolds-North Whitemouth Waste Management (Waste Management) meetings as Secretary from 2013 to 2016.
203. In addition to Reynolds' Council Members, EXG interviewed Whitemouth's Reeve and Council Member who were members of Waste Management.

Findings

204. As outlined in the following table, [REDACTED] received three payments as Secretary for work at Waste Management totaling \$2,755.

Year	Agenda, Resolutions	Attending Meetings	Draft Minutes	Other	KMs	Statutory Pay	Holiday Pay	Total	Paid by
2013	253	281	140	36	11		28	749	Whitemouth
2014	246	405	318	-	31	50	40	1,090	Reynolds
2015	342	449	-	-	124	-	-	915	Reynolds
	841	1,135	459	36	167	50	68	2,755	

EXG Forensic Examination

205. Reynolds was reimbursed by Waste Management for the payments made to [REDACTED].

Work Hour Meetings

206. All Waste Management meetings started during work hours at either 9:00am or 9:30am.
207. The following table outlines the Reynolds Overtime Used by [REDACTED] to attend the Waste Management meetings:

Meeting Date	Actual Overtime Used	NO Overtime Used
Feb 11, 2013	5.0	
Apr 16, 2013	-	2.0
Jun 10, 2013	-	2.0
Oct 07, 2013	-	2.0
Oct 28, 2013	2.0	
Feb 03, 2014	2.0	
Apr 07, 2014	1.5	
Jun 04, 2014	-	2.0
Aug 11, 2014	4.5	
Oct 11, 2014	-	2.0
Oct 31, 2014	-	2.0
Nov 03, 2014	1.5	
Dec 08, 2014	2.0	
Feb 02, 2015	2.3	
Jun 01, 2015	2.0	
Aug 10, 2015	2.5	
Oct 26, 2015	-	2.0
Dec 07, 2015	-	2.0
		16.0

208. As shown, [REDACTED] attended eight Waste Management meetings during Reynolds' work hours where she did not use her Overtime (totaling 16 hours). As a result, for those meeting dates, [REDACTED] received payment from Waste Management, at the same time her full salary at Reynolds and then later received payment from her Banked Overtime from Reynolds.
209. At [REDACTED]'s hourly rate, this 16 hours equates to \$463.



Rural Municipality of Reynolds Forensic Review of Administration 2011 to 2017


Statutory and Vacation Charged to Waste Management

210. On her invoices to Waste Management, [REDACTED] charged:

- a. 2013 Vacation Pay - \$28
- b. 2014 Vacation Pay - \$40
- c. 2014 Statutory Pay - \$50

while at the same time earning her full vacation time and receiving Statutory Holiday pay as CAO at Reynolds.

211. For example, in her 2014 invoice below, [REDACTED] charged Waste Management \$50.00 for Statutory Holiday and \$40.00 for Vacation pay.

WASTE MANAGEMENT COMMITTEE								
Office Expense Form								
Employee Name: [REDACTED]								
Expense Time Period: JANUARY TO DECEMBER 2014								
rate \$28.93 (include year)								
Month	Day	Location	Purpose/Activity	HOURS	WAGES	kms	45 km	Day Total
January	31	Hadashville	prepare agenda & resolutions	1.5	43.40		0.00	43.40
February	3	Whitemouth	Waste Mgmt meeting	2	57.86		0.00	57.86
February	6	Hadashville	Draft minutes	1.75	50.63		0.00	50.63
April	6	Hadashville	prepare agenda & resolutions	1.5	43.40		0.00	43.40
April	7	Whitemouth	Waste Mgmt meeting	2	57.86		0.00	57.86
April	8	Hadashville	Draft minutes	1.75	50.63		0.00	50.63
May	29	Hadashville	prepare agenda & resolutions	1.5	43.40		0.00	43.40
June	4	Whitemouth	Waste Mgmt meeting	2	57.86	69	31.05	88.91
June	9	Hadashville	Draft minutes	1.75	50.63			50.63
Aug	7	Hadashville	prepare agenda & resolutions	1	28.93			28.93
Aug	11	Hadashville	Waste Mgmt meeting	1.5	43.40			43.40
Aug	26	Whitemouth	Draft minutes	1.5	43.40			43.40
Oct	6	Hadashville	prepare minutes, agenda, resolutions	1.5	43.40			43.40
oct	11	Whitemouth	waste Mgmt meeting	1.5	43.40			43.40
Oct	24	Hadashville	Draft minutes	0.75	21.70			21.70
oct	31	Whitemouth	Waste Mgmt meeting	1.5	43.40			43.40
Oct	31	Hadashville	Draft minutes	1	28.93			28.93
Nov	3	Whitemouth	Waste Mgmt meeting	2	57.86			57.86
Nov	11	Hadashville	Draft minutes	1	28.93			28.93
Dec	4	Hadashville	prepare agenda & resolutions	1.5	43.40			43.40
Dec	8	Whitemouth	Waste Mgmt meeting	1.5	43.40			43.40
Dec	9	Hadashville	Draft minutes	1.5	43.40			43.40
				33.5				1,000.21
					hcliday pay			40.00
					stat pay			50.00
								1,090.21
Dated this 23rd day of December, 2014				Signature 				

IV. OTHER

N. Conflict of Interest Issues

Findings

212. During the interviews with Council Members and in reviewing a citizen's letter, there were allegations that Reeve David Turchyn was in a conflict of interest due to his employment with a company (SEG) as a causal employee.

Municipal Council Conflict of Interest Act Declarations

EXG Forensic Examination

213. EXG reviewed and summarized in [Exhibit 33](#) all the Councillors' Municipal Council Conflict of Interest Act Declarations submitted signed forms.
214. The following table summarizes Reeve David Turchyn's Municipal Council Conflict of Interest Act Declarations signed forms submitted with the related declarations per year:

Date Signed	Non-Principal	Personal Financial Interests
2017-11-07	Real Estate	
2016-11-08	Real Estate	Employed by SEG
2016-02-26	Real Estate	Employed by SEG
2015-05-01	Real Estate	Employed by SEG
2014-10-28	Real Estate	
2013-11-13	Real Estate	
2012-11-20	Real Estate	
2011-11-10	Real Estate	

215. Reeve David Turchyn has been reporting since May 1, 2015 his employment with SEG.
216. On his forms reporting his employment with SEG, Reeve David Turchyn reported that his employment with SEG included only work to be done on non-RM of Reynolds interests or contracts.

2012 CAO Inquiry

EXG Forensic Examination

217. At the direction of Reeve David Turchyn, in 2012 [REDACTED] emailed an inquiry to Linda Baleja of the Government of Manitoba requesting information on how conflict of interest related to him being a contractor ([Exhibit 34](#)).
218. This email was forwarded by [REDACTED] to: Reeve David Turchyn, Florence Campbell and Jim Colbert.

2016 Citizen's Submission to Council regarding Ratepayers Concerns

Findings

219. On February 9, 2016, Harriet Yarmill submitted a letter that was presented at the Council meeting ([Exhibit 35](#)). Harriet Yarmill's letter included the following statement:

... there are reports of conflict of interest by the reeve. It is said that the reeve has not disclosed in his annual statement (Conflict of Interest Act – Section 9) his connection to one of the local contractors who gets RM tenders.

The reeve has failed to exclude himself from voting on matters pertaining to these tenders.

It is also said that the reeve has been employed by this same contracts during his term in office. No disclosure of this as well.

There may well be more instances of conflict of interest that are not known to public.

This alone, in the Conflict of Interest Act, is grounds for dismissal from council.

EXG Forensic Examination

220. As noted earlier in this section, Reeve David Turchyn began reporting his employment with SEG since May 1, 2015.

SEG Contract Resolutions PRIOR to May 1, 2015

EXG Forensic Examination

221. Based on the Council Meeting Minutes located on the CAO's network drive, EXG discovered the following Resolutions awarding SEG contracts prior to Reeve David Turchyn declaring his employment (note not all Resolutions in the Council Meeting Minutes included the recorded votes):

No Conflict Declared and Voted
SEG lowest bids won by SEG

Meeting Date	Resolution Information
Jun 26, 2013	<p>WHEREAS Councillor Colbert instructed the CAO to contact SEG to replace a culvert at Mile 86E per his discussion with an SEG employee; THEREFORE BE IT RESOLVED that the expense, in the amount of \$1,295.28 for the culvert replacement be hereby approved.</p> <p style="text-align: right;">Carried.</p> <p>FOR: Yaremchuk, Miscavitch, M. Turchyn, D. Turchyn ABSTAINED: Campbell, Buley ABSENT: Gaetz</p>
Jul 22, 2014	<p>WHEREAS the following mowing tenders have been received: SEG \$13,600.00 including taxes N. KUPIAK & SONS \$34,567.89 including taxes THEREFORE BE IT RESOLVED that Council accepts the tender from SEG in the amount of \$13,600.00 (including taxes).</p> <p style="text-align: right;">Carried.</p>
Sep 23, 2014	<p>WHEREAS the following tenders for reconstruction of the Medika Drain outlet were opened on September 18, 2014: SEG \$33,586 Michael Huzel \$55,794 Blaney Construction \$59,220 Polar Enterprises \$69,984 THEREFORE BE IT RESOLVED that Council supports the acceptance of the bid from SEG to complete the Medika Drain Outlet reconstruction.</p> <p style="text-align: right;">Carried.</p>
Sep 23, 2014	<p>WHEREAS the following bids were received for the Spruce Siding brushing: SEG \$8,268.75 Michael Huzel \$10,828.13 THEREFORE BE IT RESOLVED that Council accepts the bid from SEG in the amount of \$8,268.75 (includes taxes).</p> <p style="text-align: right;">Carried.</p>

222. In each Resolution, SEG was the lowest bid.

SEG Contract Resolutions AFTER to May 1, 2015

EXG Forensic Examination

223. Based on the Council Meeting Minutes located on the CAO's network drive, EXG discovered the following Resolutions awarding SEG contracts after the Reeve David Turchyn declaring his employment (note not all Resolutions in the Council Meeting Minutes included the recorded votes):

Conflict Declared and Voted

Meeting Date	Resolution Information
Jun 23, 2015	<p>WHEREAS SEG was not authorized, by a representative of the municipality, to grade calcium sites on June 2nd, 2015; THEREFORE BE IT RESOLVED that Council approves the expense, for the authorized work on Invoice 2809 in the amount of \$655.20, be paid.</p> <p style="text-align: right;">Carried.</p> <p>FOR: C. Buley, D. Holmes, M. Turchyn, M. Huzel, A. Kelly, D. Turchyn, AGAINST: R. Shendroski ABSENT: G. Gaetz</p>
Sep 8, 2015	<p>WHEREAS the following tenders were received for brushing Birch River Rd East and North roadsides; Polar Enterprises \$13,565 Michael Huzel \$18,900 N. Kupiak & Sons \$25,000 SEG \$11,243 THEREFORE BE IT RESOLVED that Council accepts the brushing tender from SEG, in the amount of \$11,243.00 including tax.</p> <p style="text-align: right;">Carried.</p> <p>FOR: G. Gaetz, C. Buley, D. Holmes, M. Turchyn, A. Kelly, D. Turchyn ABSTAINED: Nil ABSENT: R. Shendroski, M. Huzel</p>
Sep 22, 2015	<p>WHEREAS second pass mowing must be done; THEREFORE BE IT RESOLVED that Council approves hiring SEG, N. Kupiak & Sons, and Polar Enterprises to mow at a rate of \$80.00 per hour to a maximum cost of \$25,000.00.</p> <p style="text-align: right;">Carried.</p> <p>FOR: G. Gaetz, C. Buley, D. Holmes, M. Turchyn, M. Huzel, A. Kelly, D. Turchyn, R. Shendroski AGAINST: NIL ABSENT: M. Huzel</p>
Oct 27, 2015	<p>WHEREAS SEG has requested an extension to the deadline for the Birch River Road THEREFORE BE IT RESOLVED that Council approves the extension of the deadline to November 6th, 2015.</p> <p style="text-align: right;">Carried.</p> <p>FOR: G. Gaetz, C. Buley, D. Holmes, M. Turchyn, A. Kelly, D. Turchyn, R. Shendroski AGAINST: NIL</p>

Conflict of Interest Declared and Excused from Meeting

EXG Forensic Examination

224. Based on the Council Meeting Minutes located on the CAO's network drive, EXG discovered the following Resolutions with discussions about Reeve David Turchyn conflict of interest due to employment and Reeve David Turchyn declared his conflict of interest and excused himself from portion of a meeting and did not vote:

Conflict Declared and Excused

Meeting Date	Resolution Information
Feb 28, 2017	Reading & Confirmation of Minutes: Prior to calling the following question, Councillor Kelly read a statement, to Council, addressing his concerns on the following: <ol style="list-style-type: none"> 1. Reeve's conflict of Interest due to employment. 2. Reeve being present and discussing municipal issues pertaining to his employer. 3. Submission of information to Council, after a hearing was closed. 4. Reeve's Statement of Assets and Interests
Feb 14, 2017	Reading & Confirmation of Minutes: <ol style="list-style-type: none"> 3.1 January 24th, 2017 regular meeting minutes – Reeve Turchyn requested that the reference to him declaring a conflict of interest for Unfinished Business Item 7.8 be removed from the minutes. He advised Council that his employment by SEG Enterprises has not been proven to be a conflict of interest when dealing with council business.
Sep 26, 2017	Reeve Turchyn declared a conflict of interest in the SEG request for permission to submit an application to become a motor vehicle inspection station for Manitoba Public Insurance and absented himself from the council chambers. Deputy Reeve Curtis Buley assumed the seat as Reeve Turchyn declared a conflict of interest in the SEG request for payment for mowing and absented himself from the council chambers. Deputy Reeve Curtis Buley assumed the seat as
Sep 12, 2017	Reeve Turchyn declared a conflict of interest with regard to the correspondence from SEG Enterprises and absented himself from the council chambers. Deputy Reeve Curtis Buley assumed the seat as Chairperson.
Aug 8, 2017	Reeve Turchyn declared a conflict of interest in the Public Hearing for the Road Creation and absented himself from the council chambers. Deputy Reeve Curtis Buley assumed the seat as
Apr 25, 2017	Reeve Turchyn declared a Conflict of Interest and left the Council Chambers prior to discussion of the following items: Request from Holley Gulenchyn – re: development Agreement – CAO to reply Reeve Turchyn returned to the Council Chambers and resumed his seat.
Jan 10, 2017	During the hearing, Larry Kupaik questioned Reeve Turchyn on being in a conflict of interest due to his employment by Stan Gulenchyn. Councillor Kelly also spoke on the conflict of interest issue. Reeve Turchyn removed himself from the council chambers and took no further involvement in the hearing and Deputy Reeve Curtis Buley took over as Chairperson.
Mar 14, 2014	Prior to discussion on the following item, Reeve Turchyn declared a conflict of interest and left the council chambers. Deputy Reeve Buley took the position of Chairperson. <ol style="list-style-type: none"> 7.1 Development Agreement terms for Campground CU 6/16 – Refer to Res. 96/17 Reeve Turchyn returned to the council chambers and he and Deputy Reeve Buley resumed their
Apr 4, 2017	Prior to calling the question, Reeve Turchyn declared a conflict of interest and left the room, taking no part in the discussion. Deputy Reeve Buley assumed the position of Chairperson. <ol style="list-style-type: none"> 1. SEG invoices to be paid – PWM recommendation – Refer to Res. 125/17

225. EXG noted there were a few instances of other Councillors declaring a conflict of interest in the Council Meeting minutes.

2017 Ombudsman Report

Findings

226. On March 16, 2017, Mr. Markus Benzler filed a complaint to the Manitoba Ombudsman regarding:

- a. Council accepting information not submitted through official channels
- b. Conflict of interest by Reeve

EXG Forensic Examination

227. After various correspondence between Reynolds and the Manitoba Ombudsman ([Exhibit 36](#)), on May 18, 2017, the Manitoba Ombudsman issued their ruling:

...we are satisfied that the RM followed the Conditional Use process in an appropriate manner and the information reviewed further indicates that the RM's decision was in compliance with the Planning Act.

- a. Relating to Council accepting information not submitted through official channels:

During our review, we also considered a letter that was given to council after the January 10 public hearing had occurred. The RM acknowledged that a letter had been provided to council members. The CAO advised our office that she instructed council members not to consider it. Although our office would be unable to substantiate whether members read and/or considered the letter, we would advise the RM to take necessary precautions to minimize this circumstance from happening in the future.

- b. Relating to conflict of interest by Reeve:

Although we note a council member may have had a personal interest in the matter under consideration, according to the information we received, it appears that the member withdrew from the meeting (public hearing of Conditional Use-January 10, 2017) and this event was recorded in the minutes. Furthermore, the member also abstained from the vote which occurred during the meeting held on February 14, 2017. This event was also recorded in the minutes.

O. Councillor Road Inspections

Findings

228. Based on the interviews, Council Members stated over the years that [REDACTED] continually instructed Council Members to perform Road Inspections within the community / their Ward.

EXG Forensic Examination

229. For performing the Road Inspections, Council Members were compensated \$15.00 per hour and \$0.45 per kilometer.

230. Council Members stated they did not have the required training to effectively perform Road Inspections and [REDACTED] would be critical of the quality of their inspection work.

231. For the period under review, Reynolds incurred \$133,122 for compensation paid to Council Members for Road Inspection and their kilometer claimed. The following table outlines these payments made to Councillors as documented in the annual Expense Account:

Councillor	No Public Works Employee			Public Works Employee				Total
	2011	2012	2013	2014	2015	2016	2017	
M Turchyn	4,513	3,295	4,052	5,313	4,885	4,035	3,400	29,492
D Turchyn	3,801	3,593	8,411	7,889	3,662	1,568	394	29,318
Buley	2,425	1,480	1,089	1,736	2,022	1,847	470	11,068
Holmes				273	879	1,633	1,688	4,472
Shendroski				424	2,912	1,962	1,770	7,069
Kelly				433	3,125	2,265	1,687	7,510
Gaetz	572	260	317	56	569	815	1,551	4,139
Huzel				85	838	1,088	988	3,000
Yaremchuk	5,699	6,275	1,942	2,556				16,471
Miscavitch	2,698	1,822	2,424	3,011				9,955
Cobert	2,939	1,385	1,992	1,543				7,859
Campbell	2,127	419	93	131				2,770
Total	24,773	18,529	20,319	23,450	18,891	15,212	11,948	133,122
Annual Average	3,097	2,316	2,540	2,931	2,361	1,902	1,494	
	Average 2,651			Average 2,172				

Blanks represent no Expense Reports located

232. As outlined in the table, the average Council Members' Road Inspection costs has decreased since Reynolds hired the Public Works employee from \$2,651 to \$2,172 per Council Member per year.

233. The subsequent CAO has, in agreement with Council, made Road inspections the responsibility of the Public Works only on a go forward basis.

P. Other [REDACTED] Identified Concerns

234. Based on the interviews, Council Members identified other concerns relating to [REDACTED] as CAO including potentially showing favouritism to specific landowners and influencing Council Members to make decisions during Council meetings.
235. As a result of time constraints and report mandate by Council, EXG could not follow up with these concerns expressed by Council.
236. Reynolds may determine to complete further investigation relating to these concerns.

Findings

[REDACTED] Computer

237. Reynolds was not able to locate the computer [REDACTED] used as CAO.

Campground Approval

238. Based on the interviews, Council Members believe:
- [REDACTED] did not cooperate with the owners of the land where a Campground was proposed to be established when they requested for assistance from her.
 - [REDACTED] attempted to influence Council Members in their decisions relating to how to vote on approving the Campground.
239. In reviewing the Council Meeting Minutes, Reeve David Turchyn excused himself from discussions and left Council Chambers based on the suggestion that he was in a Conflict of Interest due to the proposed Campground land owners were his employer.

Ste. Rita Sub-Division

240. Based on the interviews, Council Members stated:
- When there was a potential for legal action between Reynolds and the Contractor, [REDACTED] recommended to Council that Reynolds should wait before taking action and then take legal action against the Contractor later.
 - Instead the Contractor initiated legal action against Reynolds that required legal costs for defense.

Permit Issued

241. Based on the interviews, Council Members stated:

- a. [REDACTED] approved the issuing of a Building Permit to a land owner that was in a flood zone without reviewing or obtaining approval from Council.
- b. When Council raised the issue with [REDACTED], she then obtained a release from the landowner.

Reynolds Paying for Legal Fees Instead of Landowner

242. Based on the interviews, Council Members stated:

- a. [REDACTED] prepared an agreement for a landowner's subdivision and had Reynolds pay for that landowner's legal fees as part of the agreement which is not consistent with other Reynolds' subdivision agreements.

Water Co-op

243. Based on the interviews, Council Members stated:

- a. There are different opinions on the value for Reynolds investing in the Water Co-op infrastructure since it is a private entity including whether private owners should pay for capital improvements themselves versus if the investment will be an economic development opportunity for the Municipality.
- b. [REDACTED] stated she was not in agreement with Reynolds investing in the Water Co-op, attempted to influence Council Members in their decision process and avoided assisting Reynolds / Council Members looking to obtain Provincial grants for the project.

Development of a Private Road in Rennie

244. Based on the interviews, Council Members stated:

- a. A number of years ago, without Council's knowledge or approval, [REDACTED] performed all the work in order for a landowner to develop a private road on their property.
- b. Council eventually officially approved the road after it was already started.
- c. It is not clear if the landowner or Reynolds paid for all the costs for the planning for the road development leading up to its final approval.