

---

## INFORMATION BULLETIN

[release number]

Ministry of Finance

[date]

Draft #2

### **Kwantlen Polytechnic executive compensation review released**

VICTORIA – A review into allegations of improper compensation paid to two executive employees at Kwantlen Polytechnic University has found the university failed to meet government's disclosure s13 and makes recommendations to further strengthen B.C.'s disclosure guidelines. Finance Minister Michael de Jong released the report and endorsed the recommendations today.

The report found:

s13

The recommendations have been implemented for the s13 annual executive compensation disclosure, typically released at the same time as government's year-end financial statements.

The Minister of Finance, as minister responsible for the Public Sector Employer's Act, directed PSEC to conduct a review of the compensation provided in order to determine:

- What payments were made and pursuant to what contractual arrangement?
- What was disclosed?
- Did disclosure occur consistent with the applicable guidelines, including PSEC requirements?
- Was the total compensation received by the employees consistent with the compensation guidelines?

In compliance with government's duties under section 30.1 of the Freedom of Information and Protection of Privacy Act, the report is not available on the government website. It is available to media on request from the Ministry of Finance.

**Learn More:**

<http://www.fin.gov.bc.ca/psec/>

**Media Contact:**

Jamie Edwardson  
Communications Director  
Ministry of Finance  
250 356-2821

Connect with the Province of B.C. at: [www.gov.bc.ca/connect](http://www.gov.bc.ca/connect)

**Ministry of Finance**  
**Questions & Answers: KPU executive compensation report**  
**June 9, 2014**  
**Draft #2**

**1. What prompted the review?**

During question period on March 5, 2014, the opposition asked for an explanation of executive compensation and reporting at Kwantlen Polytechnic University (KPU).

**2. Why didn't you table this report last week when the house was sitting?**

We released the report at the earliest opportunity once it was ready.

**3. What took so long?**

Gathering and reviewing documentation. Availability of individuals for interviews. Follow-up. And finally a legal review, particularly in the context of the personal information disclosed in the report.

**4. What direction was ADM Mingay given?**

The Minister of Finance, as minister responsible for the Public Sector Employer's Act, directed PSEC secretariat ADM Rob Mingay to conduct a review of the compensation provided in order to determine:

- a. What payments were made and pursuant to what contractual arrangement?
- b. What was disclosed?
- c. Did disclosure occur consistent with the applicable guidelines, including PSEC requirements?
- d. Was the total compensation received by the employees consistent with the compensation guidelines?

**5. Would government have found out about this if the opposition hadn't brought it to your attention?**

**6. Is anyone going to lose their job over the findings of the report?**

The report identifies where the accountability falls. However, the province is not the employer in this case. Kwantlen will need to make its own judgement.

s13

**8. Has the finance minister spoken with the KPU board?**

s13

**11. Who's to blame for the improper compensation?**

s13

- The failure to disclose Davis' pre-employment contract is attributable to KPU's Administrative Staff and its Board of Governors. As a member of the Board of Governors, Virk was aware of the president's pre-employment contract.

s13

**14. Was the Public Sector Employers Act violated?**

Yes. Under the PSEA, employers must have compensation plans in place that are approved by the Minister responsible. Employers may not make any changes to compensation outside of the existing compensation plans without the prior approval of the Ministry responsible.

s13

s13

**18. Will the finance minister take any other steps?**

s13

**20. Did anyone refuse to participate in the review?**

ADM Mingay experienced no obstacles to obtaining the information required to prepare a thorough and complete report.

**21. Can you provide a summary of the testimony of each person interviewed?**

We're not prepared to discuss individual testimony. ADM Mingay's overall impressions are in the report itself.

**22. Why can't you webpost the report?**

The report contains personal information subject to the FOIPP Act. If the report were posted online, it could be downloaded onto computers in the US, by people who

read the report. Under BC law, government cannot allow personal information to be released or stored on computers in the US. To meet our obligations under the act, we cannot make the report available on a government server. It is available on request.



**Ministry of Finance**  
**Questions & Answers: KPU executive compensation report**  
**June 12, 2014**  
**Draft #3**

**1. What are the key findings?**

The review found:

- There were failures by Kwantlen Polytechnic University (KPU) to disclose compensation paid to two executives as required under the Public Sector Employers' Council Secretariat's (PSEC) compensation employment guidelines.
- KPU did disclose two pre-employment contracts pursuant to the Financial Information Act. However, more detailed disclosure under the guidelines was required to comply with the PSEC guidelines.

**2. What are the key recommendations?**

1. The Post-secondary Employers' Association, PSEC and the Ministry of Advanced Education conduct an annual mandatory one day disclosure and reporting session for the appropriate executives in each organization.
2. Boards of post-secondary institutions have a formalized process to make board members aware of their responsibilities and obligations for compensation transparency, statutory requirements and guideline reporting.
3. When statements of Executive Compensation are submitted to PSEC, include an attestation that there are no known pre-employment or post-employment contracts to senior administrators by the relevant employer that are not disclosed.
4. The terms of moving allowances should be part of an employee's employment contract and available for PSEC to review and the public to see as part of the mandatory disclosure reporting.
5. PSEC compensation reporting guidelines should be rewritten to emphasize that transparency is the overarching intent of the guidelines.

**3. What direction was Mr. Mingay given?**

The Minister of Finance, as minister responsible for the Public Sector Employer's Act, directed PSEC secretariat Mr. Mingay to conduct a review of the compensation provided in order to determine:

- a. What payments were made and pursuant to what contractual arrangement?
- b. What was disclosed?
- c. Did disclosure occur consistent with the applicable guidelines, including PSEC requirements?
- d. Was the total compensation received by the employees consistent with the compensation guidelines?



**4. What is the Province going to do to ensure this doesn't happen again?**

We have accepted all recommendations in the report and will be implementing them:

- PSEC conduct annual mandatory one day disclosure and reporting session for the appropriate executives in each organization.
- Boards of post-secondary institutions have a formalized process to make board members aware of their responsibilities and obligations for compensation transparency, statutory requirements and guideline reporting.
- When statements of executive compensation are submitted to PSEC include an attestation that there are no known pre-employment or post-employment contracts to senior administrators that are not disclosed.
- The terms of moving allowances should be part of an employee's employment contract and available for PSEC to review and the public to see.
- PSEC guidelines should be rewritten to emphasize that transparency is the overarching intent of the guidelines.
- Government announced new taxpayer accountability principles that will strengthen accountability, promote cost control, and ensure they operate in the best interest of taxpayers.

**8. What prompted the review?**

During question period on March 5, 2014, the opposition asked for an explanation of executive compensation and reporting at Kwantlen Polytechnic University (KPU).

**9. Why didn't you table this report last week when the house was sitting?**

We released the report at the earliest opportunity once it was ready.

**10. Why did the report take so long?**

Gathering and reviewing documentation. Availability of individuals for interviews. Follow-up. And finally a legal review, particularly in the context of the personal information disclosed in the report. It is important that personal information be used in a way that does not have unintended consequences.

**11. Would government have found out about this if the opposition hadn't brought it to your attention?**

Government would have eventually found out about the payments through routine examination of disclosure under the Financial Information Act.

**12. Is anyone going to lose their job over the findings of the report?**

The report identifies where the accountability falls. However, the province is not the employer in this case. Kwantlen will need to make its own judgement.

**15. Is this kind of deception of PSEC happening at other post-secondary institutions and Crowns? Are you going to launch a wider review?**

We are not aware of this happening broadly. However, the measures we've put in place in response to this incident, together with the new Taxpayer Accountability Principles, will help ensure situations like this don't arise in the future.

**16. Was the Public Sector Employers Act violated?**

Yes. Under the PSEA, employers must have compensation plans in place that are approved by the Minister responsible. Employers may not make any changes to compensation outside of the existing compensation plans without the prior approval of the Ministry responsible.

**17. Will the finance minister take any other steps?**

**18. Did anyone refuse to participate in the review?**

ADM Mingay experienced no obstacles to obtaining the information required to prepare a thorough and complete report.

**19. Can you provide a summary of the testimony of each person interviewed?**

We're not prepared to discuss individual interviews. Mr. Mingay's overall impressions are in the report itself.

**20. Why can't you webpost the report?**

The report contains personal information subject to the FOIPP Act. If the report were posted online, it could be downloaded onto computers in the US, by people who read the report. Under BC law, government cannot allow personal information to be released or stored on computers in the US. To meet our obligations under the act, we cannot make the report available on a government server. It is available on request.

s13