

October 3, 2005

Steven H. Lee, Richmond Campus Director  
Kwantlen Student Association  
8771 Lansdowne Road  
Richmond, BC V6X 3B8

Home Phone: [REDACTED] Home FAX: [REDACTED]  
Cell Phone: [REDACTED]

Paul Browning, Ombudsperson  
Kwantlen Student Association  
12666 – 72<sup>nd</sup> Avenue  
Surrey, BC V3W 2M8

Phone: (604) 599-2303

**Re: KSA Spending & Budget Authority Violations**

Dear Mr. Browning,

This is a request for a formal investigation into the spending and budget authority of the Kwantlen University College Student Association (KSA) Council and Executive Board of Directors (EBOD) as set out by the Society Act of BC, as well as the KSA's own Bylaws, Regulations and Procedures (as either setup by EBOD in the Executive Procedure Manual or by the General Manager in the Personnel Handbook).

I would also request that you produce an official written report, summarizing all information gathered as the results of your investigations, along with a statement on whether or not any of the budgetary and monetary requirements under the Society Act of BC as well as the KSA's Bylaws, Regulations and Procedures are being followed.

### **1. Executive Board Member Pay Increases**

My first area of concern is in regards to the pay increases that the Executive Board gave themselves a substantially large increase to their take-home pay at the June 6, 2005 meeting of the Executive Board of Directors. This motion (EBOD2005-112) seems to constitute a budget amendment as money would have to have been transferred from one area of the budget into the Executive Board stipends and salary line item, and it is my understanding that under KSA Bylaw Article 5(1)(iv) only Council can "adopt the Budget of the Society by a Two-thirds (2/3) Resolution," and by that logic would be the only body who could amend what it had adopted.

It is also my understanding that as per the KSA Regulations, specifically (I believe) Executive take-home pay and benefits are guided solely by Section IX: Remuneration

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and Reimbursement of Executives, Campus Directors, Campus Representatives and Campus Officers, which is only amendable by a Two-thirds (2/3) Resolution of Council as per KSA Bylaw Article 5(1)(iv) which states that only Council can “adopt, amend or otherwise alter the Regulations of the Society by a Two-thirds (2/3) Resolution”

Furthermore, Section IX, Article 2(1) states:

“Further to Bylaw 6(3), the members of the Executive Board are salaried employees of the Society and shall receive a bi-weekly sum of four hundred twelve dollars (\$412.00) in remuneration for their duties as members of the Executive Board. This remuneration shall be dispersed to the members of the Executive Board in a manner determined by the General manager, consistent with standard employment procedures for salaried employees and this Article.”

At no time did any motion come forward to Council to amend this article.

I would further argue that the above situation as played out violated Section II: Council, Article 4. Conflict of Interest of the KSA Regulations, specifically points (1) and (3) through (9) which state:

- “1. Voting members of Council, as Directors of the Society, shall act honestly and in good faith in the best interests of the Society as a whole, and exercise the care, diligence and skill of a reasonably prudent person in carrying out their duties
3. No Director may participate in any decision, exercise an official power or perform an official duty or function in which they may have either a conflict of interest or an apparent conflict of interest.
4. If a Director has a conflict of interest or an apparent conflict of interest relating to an issue being deliberated on by Council, they shall declare the nature of the conflict and abstain from voting on the issue. If an individual, by proxy, is attending Council in such a Director’s place, the individual shall state the nature of the conflict and abstain from casting a vote on the Director’s behalf.
5. In the event that a Director is uncertain about whether or not they are in either a conflict of interest or an apparent conflict of interest, Council shall decide the matter.
6. If a Director believes that another Director may be in a conflict of interest or an apparent conflict of interest, Council shall decide the matter.
7. A Director has a conflict of interest when they exercise an official power or perform an official duty or function and at the same time know that in the exercise of the power or in the performance of the duty or function there is an opportunity to further their private interest.

8. A Director has an apparent conflict of interest if there is a reasonable perception, which a reasonably well-informed person could properly have, that the Director's ability to exercise an official power or perform an official duty or function may have been affected by their private interest.

9. A Director must not use their office to seek to influence a decision, to be made by another person, to further the Director's private interest."

Of noted importance here is that when in doubt, Council is the body to decide on whether or not a Conflict of Interest has occurred. Furthermore, point (12) requires that all elected officials sign an oath of office, which is designed to ensure that Directors are aware of their roles and responsibilities as members of the KSA Board:

"12. All Directors shall sign an oath of office, prior to their first meeting of Council, in which they agree to abide by the provisions of this article."

Also, point (13) of the conflict of interest section states:

"13. Any Director who contravenes this Section of the Regulations may be:

i. directed by a Resolution of Council to:

a. pay restitution to the Society for any financial loss suffered by the Society as a direct result of their action;

b. account for, and dispose of, any profits made as a result of a breach of this Section; or

c. return or otherwise restore the Society's property taken, damaged or destroyed by the action of that Director;

and may be:

d. removed from office pursuant to the Bylaw 9 of the Society."

As such, I would argue that all money paid to members of the Executive Board since June 6, 2005 above and beyond the bi-weekly sum of "four hundred twelve dollars (\$412.00)" is unauthorized and all parties involved in the transaction of these bi-weekly payments have acted outside of the umbrella of liability setup under Article 24 of the KSA Bylaws, which state that "The Society shall not be liable or responsible for any damages incurred directly or indirectly by the actions of a member or members of the Society unless such action has been approved by the Society and to the extent of any such liability or responsibility being incurred by the Society the member causing the same shall indemnify the Society."

Furthermore, John Jeffries, who at the time was the Acting Operations Director, seconded this motion to give the Executive Board a pay increase. It is my understanding that because Mr. Jeffries was not a member of Council and was only performing the staff duties of the Operations position, he held no vote and therefore had no right to be moving or seconding motions at any KSA meeting. Furthermore, if at anytime Mr. Jeffries carried proxy at the KSA Council, as per point (14) of the Conflict of Interest section, which states:

“For the purposes of this article, insofar as it is applicable, individuals who are not normally Directors but who are carrying a proxy vote at a given Council meeting shall be considered Directors.”

I believe further that the Ombudsperson himself pointed out at one of the first meetings of Council, that any students appointed to fulfill the staff roles of Executive Board members would not have a vote at Executive Board meetings. When the above issue was raised at Council, the Director of Finance failed to respond to questions regarding the pay increases. It was not until the August 12, 2005 meeting of Richmond Campus Council that further explanation was given by the Director of Finance. His final response to this situation however was to move all powers of the Budget from Council to the Executive Board, an issue I will touch on in a moment.

In many respects, it disturbs me that staff members of the Society have also allowed such inappropriate and ill properly approved motions to be acted upon, as the Society Act of BC states:

**“Accounting records**

**36 (1)** A society must keep proper accounting records in respect of all its financial and other transactions.

(2) Without limiting subsection (1), a society must keep records of the following:

(a) all money received and disbursed by the society and the matter in respect of which the receipt and disbursement took place;

(b) every asset and liability of the society;

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(c) every other transaction affecting the financial position of the society.”

Certainly, the KSA’s auditors would not approve of such expenditures.

As such, for the reasons listed above, the motion to give pay increases should not have been in order and should not have been valid.

**2. Motions to Appoint Staff made by the Executive Board**

My second area of concern revolves around events at the June 6, 2005 Executive Board meeting, where the Executive Board suspended the hiring

procedure and appointed Pavan Bassi and Nuvraj Bassi as staff members of the Society (EBOD2005-110 and EBOD2005-111), without any regard to any of the possible budget implications that this could cause. No budget amendments or updates in regards to this were brought to Council for ratification.

Also, the motion to appoint Pavan Bassi was recorded as being moved by Jamsheed Khan, who was at the time the Acting External Affairs Director. It is my understanding that because Jamsheed was not a member of Council and was only performing the staff duties of the External Affairs position, he held no vote and therefore had no right to be moving or seconding motions at any KSA meeting.

Therefore, the motion to appoint Pavan Bassi was not in order.

### **3. Moving of Funds at EBOD**

Thirdly, at the June 6, 2005 Executive Board meeting, a motion was moved (EBOD2005-113) to pay for legal fees of Rush Crane & Gunther LLP (which the RAF claimed that they paid out of their own pocket, in posters hung on campus after they won the election).

This in and of itself may not have been against the budget, as although the Executive Board may have indeed had spending authority over the legal fees line item, however the second part of the motion may not have been in order: "BIFRT it be taken from... other areas that the Finance Director sees fit." Again, the Director of Finance and the Executive Board of Directors has no power to make budget amendments and therefore the above motion would not be in order.

Also, at the June 20, 2005 Executive Board meeting, a number of other Finance motions were moved, including EBOD2005-123, 124 and 125 which again assume that the Executive Board has the power to grant the Director of Finance some sort of unchecked and unlimited control over the Society's budget, outside of the restrictions of Council as required by the Society's Bylaws. There may have been further similar out-of-order motions moved, but no minutes for the Executive Board have been posted since July 2005.

### **4. Rafting & Boat Trips**

My fourth area of concern revolves around the fact that no budget amendments came to Council in regards to the rafting trip or the boat trip, and yet it is my understanding that anywhere from \$4,000 to \$11,000 (or more) was allocated for and spent on these incursions, which only served to benefit a limited number of KSA elected officials and staff as opposed to benefiting and serving all KSA elected officials and staff.

From my knowledge, no line item existed for such expenditures in the KSA budget that was passed in January 2005 (or if they did, they were not big enough to sustain such large amounts of money), and no budget motions were ever brought forward to the KSA Council in regards to this spending, in spite of repeated requests of the Director of Finance to do so, including at the August 12, 2005 Richmond Campus Council meeting.

I personally would like to see the expense reports and receipts related to both of these trips, so that I and all members of the Society can know how much was spent on these trips, and who benefited from the trips (i.e. which individuals attended the rafting trip and which individuals attended the boat trip). Attempts to get this information have been blocked, which leads into my next area of concern.

## **5. Lack of Transparency in the KSA**

My fifth area of concern revolves around my inability as a member of the KSA's Board of Directors to receive any current, up-to-date information regarding the KSA's budget and related expenditures. In the past, it was very easy for students and members of Council to go to the General Manager or to the Financial Administrator and receive updates and information on how their money was being spent. Now, KSA Financial Administrator Rolando Navarro tells me that all budget information requests have to go through the Director of Finance and the Executive Board of Directors or to Council.

At the August meeting of Council, all powers of the budget were moved to the Executive Board. As stated above, this appears to violate KSA Bylaw Article 5(1)(iv) which states that only Council can "adopt the Budget of the Society by a Two-thirds (2/3) Resolution," and by that logic would be the only body who could amend what it had adopted.

It also appears to be ultra vires to the Societies Act of BC, which states:

### **"Inspection by members**

**37** Unless otherwise provided in the bylaws, the documents, including the accounting records, of a society must be open to the inspection of a director or member on reasonable notice to the society."

Time and time again, myself and other members of Council have been denied updates and reasonable requests for information pertaining to the KSA's Budget and Financial Position by the Director of Finance.

## **6. Security of Society Assets as per KSA Bylaws**

My sixth area of concern is in regards to a rumor I heard that cash, as well as movie tickets and Playland tickets were going missing, which prompted KSA staff

to have safe locks changed. It is my understanding that up until that change, elected members of Council had access to the safes, when it was my understanding and experience that in the past, there was a separation of duties in the KSA whereby elected officials were not permitted to be involved in cash handling and the day-to-day business sales of either the business offices or the Fishbowl.

Furthermore, the television that was the personal property of Steven Lee (who had been considering donating it to Richmond Campus Council for possible use to watch news broadcasts in the Campus Council office) was taken by Mr. Kulvir Gill without permission to the Surrey Campus and has not yet been returned. A motion directing Mr. Gill to return the television was made at the September 23, 2005 meeting of Richmond Campus Council and he has yet to arrange for the return of the set.

Under Article 17 (1) (iv) of the KSA By-Laws, the General Manager is responsible for ensuring the “security and maintenance of the Society’s assets and buildings.” Since having the power of the General Manager moved to the Executive Board, it appears that the “security and maintenance of the Society’s assets and buildings” is not being maintained.

## **7. Special General Meeting Expenditures**

My seventh and final area of concern revolves around expenditures made at the recently held Special General Meeting of the Society, as called in August 2005 by Council to be held on September 29, 2005 on the Surrey Campus, the purpose of the meeting being to amend the Society’s Bylaws.

There are two specific issues regarding the Special General Meeting that should be investigated.

### **A. Possible Conflict of Interest**

It is my understanding that there was an incentive offered to members of the Reduce All Fees Party, which was not offered at any time to non- Reduce All Fees Party members.

The incentive was the offering of a new TV to the Reduce All Fees party member who got the most students to attend the SGM. Members of the party were given tickets to distribute to the student body, which advertised the meeting and the fact that there would be free food with lots of prizes were available to be won. On the back of these tickets the Reduce All Fees party member who had handed it out would print their name (I personally saw tickets with Rumin Mann’s name printed on the back of them). These tickets were then collected at the door, and subsequently tallied up and the member who had the most people at the SGM won the TV.

If any members of Council who are members of Reduce All Fees were recruiting people for the SGM in the hopes of winning the TV, and they were claiming those hours for monetary remuneration as part of their work for that week, then winning a TV would be giving them a personal benefit (which probably did exceed the \$150 value as stipulated in the Regulations) above and beyond their regular remuneration. As such, they would have to either:

- i. declare a Conflict of Interest at Council; or
- ii. move a Two-thirds (2/3) Resolution of Council as per the Remuneration section of the KSA Regulations allowing such an incentive program to be put into effect.

Had option (ii) above taken place, then all members of Council would have been able to work towards helping to achieve quorum at the SGM.

### **B. Possible, Unauthorized Spending by Executive Board Members**

It came to the attention of Council on September 30, 2005 that the Executive Board had authorized the spending of up to \$5,000 on food and prizes to be used as incentives for getting people out to the SGM.

It turns out however that more than \$14,000 was spent on food and prizes, and it seems that the spending charge was lead by Aaron Takhar, with the possible involvement of, but not limited to: Kulvir Gill, Joey Atwal and Jaivin Khatri. \$9,000 of this was spent on a vacation package that may have been won by a friend of Aaron Takhar. Further, if a large amount of money was spent at one time, as per the Regulations, it would require the agreement of three (3) signing officers (either Matt Huff, Jaivin Khatri, Aaron Takhar or Rolando Navarro).

Furthermore, it seems very possible that something like this could have happened because the Director of Finance and the Executive Board of Directors have systematically uprooted the budget authority guidelines as setup under the KSA Bylaws, Regulations and Procedures of the Society over the summer.

Not only is the budget authority vested with Council, but:

- i. Prize-tracking forms are supposed to be kept to track who won which prizes;
- ii. Minutes of meetings are to be kept as a record of what occurs at meetings. If cheques were cut for spending on prizes, or the promise to spend money on prizes was made at the SGM, without minutes existing showing the authorization of such spending by Council (or in this case, with authority being transferred to EBOD, by EBOD), then a fraud has occurred;

- iii. Once money has been spent, expense reports documenting how the money was spent along with all related receipts should have been filed with the Financial Administrator.

As such, there is a clear line of authority that should exist within the KSA to ensure spending does not run amuck, but because this system has been uprooted, errors are occurring which has allowed a situation like this to occur. In regards to the allegations that a friend of Mr. Takhar won the vacation prize, the video taken of the event is somewhat revealing in that it seems something is wrong:

- i. As can be seen by the video, throughout the meeting, Kulvir Gill pulled the winning prize tickets out of the ticket box. At the time of the vacation prize draw, a different unidentified person drew the winning ticket.
- ii. When Aaron Takhar asked Manny Dhaliwal to read the winning number, Mr. Dhaliwal refused and backed away. Why would he do this (especially when earlier in the meeting, he seemed to walk by the camera and say to the camera as he walked by “they’re going to hang themselves”)? As such, the person who drew the ticket ended up reading the number.
- iii. Finally, the winner of the vacation did not seem very excited by winning.

Of course, I am only able to base the above allegation on what I have heard at Council in-camera. The people that would know if this happened or not would be people such as, but not limited to: Matt Huff, Marianna Nakhla, Jaivin Khatri, Aaron Takhar, Manny Dhaliwal and Pavan Bassi.

If the above two incidents surrounding the SGM did occur, it could constitute fraud and fall under a criminal or civil offence.

## **8. Conclusion**

In summary, many of the issues lead from both:

- i. a lack of proper training and orientation regarding the structure and operation of the KSA Bylaws, Regulations and Procedures;  
*and*
- ii. a systematic effort by the Director of Finance to uproot and remove the structures and operations as setup under the KSA Bylaws, Regulations and Procedures.

I understand that some of the above allegations, if not true, may appear to be defamatory. I want the Ombudsperson to know that it is not my intent to defame or disrespect anyone. I fully understand the requirements I have under Article 1(3) of the KSA Bylaws, which states:

“The Society recognizes the equality of all people and shall not discriminate on the basis of, but not limited to race, religion, gender, sexual orientation, nationality, language or socio-economic status.”

As such, I write this complaint not because it is my intention to do harm to any individuals in the KSA; but because I believe that it is my fiduciary duty and obligation as a director of the Society to highlight and expose any possible areas of maladministration that may exist so that they may be investigated by the proper authorities with any recommendations that need to be made brought forward to help set things right.

Respectfully submitted,

Steven H. Lee

*KSA Minute Sources...*

[http://www.yourksa.ca/Meetings/Archives/EBOD/EBOD\\_05-06-06\\_Minutes.pdf](http://www.yourksa.ca/Meetings/Archives/EBOD/EBOD_05-06-06_Minutes.pdf)

[http://www.yourksa.ca/Meetings/Archives/EBOD/EBOD\\_05-06-20\\_Minutes.pdf](http://www.yourksa.ca/Meetings/Archives/EBOD/EBOD_05-06-20_Minutes.pdf)

[http://www.yourksa.ca/Meetings/Archives/RCC/RCC\\_05-08-12\\_Minutes.pdf](http://www.yourksa.ca/Meetings/Archives/RCC/RCC_05-08-12_Minutes.pdf)