



Public Service Staff  
Relations Act

Before the Public Service  
Staff Relations Board

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BETWEEN

**DEBBIE RENOUF**

Grievor

and

**TREASURY BOARD  
(Revenue Canada, Taxation)**

Employer

*Before:* Rosemary Vondette Simpson, Board Member

*For the Grievor:* Michael Tynes, Public Service Alliance of Canada

*For the Employer:* André Garneau, Counsel

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Heard at St. John's, Newfoundland,  
February 24, 1998.

## DECISION

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Debbie Renouf was employed by Revenue Canada as a clerk with the Child Tax Benefit (CTB) Unit in St. John's, Newfoundland. She was given an indefinite suspension without pay on February 19, 1996 (Board file 166-2-27865) and was discharged on May 14, 1996 (Board file 166-2-27766). She grieves both the suspension and the termination. The letter of discharge (Exhibit E-7) reads as follows:

*On February 12, 1996 you caused to be issued a Child Tax Benefit cheque in the amount of \$2988.00 to a client who was not, at that time, entitled to any Child Tax Benefit payments.*

*Upon being questioned by your Team Coordinator you did not admit having done so nor did you acknowledge that this client was a friend of yours.*

*On subsequent meetings with the employer you were unable to provide a satisfactory explanation as to the amount of the cheque or the reasons for issuing it. Therefore we have no alternative but to conclude that you intentionally initiated this cheque in order to benefit a friend.*

*This behaviour breaches the relationship of trust which must exist between the Department and its employees. Your actions have contravened Departmental procedures, the Conflict of Interest Guidelines and the Standards of Conduct for employees of Revenue Canada.*

*Voluntary compliance is the basis of Canada's system of taxation, and it is paramount that the Department ensures public confidence in our system is maintained. Actions such as yours serve to undermine this confidence and can not be tolerated. Therefore by the authority delegated to me by the Deputy Minister of Revenue Canada under Section 11 (2)(f) of the Financial Administration Act, I hereby terminate your employment at the close of business on May 14, 1996.*

### Summary of Evidence

Mr. Lorne Norris, who has been the Coordinator of the CTB Unit at the Taxation Centre and was Debbie Renouf's supervisor, testified that on February 15, 1996 Debbie Renouf was absent from work. One of the clerks in his unit, Jean Ann Ryan (Westcott), was appointed to deal with the priority bin that day. She found a copy of a round-trip memorandum which had come back from the area called "cash", where cheques were issued manually. This memorandum reflected the fact that a requisition for a cheque had been made but the form had been unsigned by the clerk

who made it out. Normally, the form would have the clerk's signature. It did have the signature of Gerald Alexander, a coordinator who was filling in for Mr. Norris, who was absent that day. Jean Ann Ryan did not know whose desk the copy should be returned to, so she brought it to Mr. Norris. Mr. Norris recognized the writing on the form as being Debbie Renouf's. One of the other women in the office knew that Debbie Renouf and Robert Lockyer (to whom a cheque for \$2,988. had been issued as indicated on the form) were friends and wondered why he had been issued a cheque. Ms. Ryan checked the computer system, saw that the system had been regularly producing Mr. Lockyer's CTB cheques monthly and that the additional cheque was not due to him. Mr. Norris then called Debbie Renouf at home to find out why the cheque had been issued. At this point he did not know that Mr. Lockyer was a former boyfriend of Ms. Renouf's and she did not volunteer the information to him on the phone when he called her. Several of the employees were aware of the fact however and told Ms. Ryan, who, in turn, reported it to Mr. Norris.

Mr. Norris then attempted to call Mr. Lockyer to warn him not to cash the cheque. He was unsuccessful in reaching him by phone despite numerous attempts. He was using a government phone with the number unblocked. Whether that made a difference or not, he did not know.

Ms. Jean Ann Ryan (Westcott) testified that, after verifying Mr. Lockyer's non-entitlement to the cheque, she discovered that the transaction had not been recorded in the computer system. She was able to reach Mr. Lockyer by telephone right away when she used a phone which did not show the office number, only "private name, private number". She told him he would have to return the cheque because he was not entitled to it. He said "OK". On Monday, February 19, she found out the cheque had been cashed; therefore, she held all cheques for him until the debt was recovered.

Mr. Norris testified that the issuance of the cheque was never registered in the system, so there would be no record of it being made. The form contained so little information that this might never have been caught were it not for the actions of other employees.

The cheque which was issued to Mr. Lockyer was done so on a high-priority system. When a cheque is issued manually for urgent reasons, it requires the signature of a supervisor.

Mr. Rex Hayward, Manager, T-1 Client Services, learned of the situation from Mr. Norris in the afternoon of February 15. He in turn told his boss, Mr. Jim Tobin. Mr. Hayward wanted to have arrangements made to have the cheque picked up from Mr. Lockyer. He was contacted by Mr. Norris on Monday, February 19, to chair a meeting with Ms. Renouf, Mr. Tobin and Mr. Norris. The meeting, which took place in a boardroom, was precipitated by Ms. Renouf herself calling Mr. Norris and asking to speak with him when she returned to work on Monday, February 19.

At this meeting, she was offered union representation several times. She refused several times before finally accepting it. She attempted to give an explanation of how the cheque got issued to Mr. Lockyer. She stated that she intended to give Mr. Lockyer an advance of \$170, his March entitlement, and later adjust the system so that he would not automatically receive it again in March. She was working with another file at the same time, where she had calculated \$2,988 as owing. She alleged this amount was mistakenly entered as Mr. Lockyer's entitlement. At the meeting with the managers on February 19, she was not able to duplicate her calculations when presented with computer print-outs of the other file. She stated that, although she knew that she was not legally entitled to issue an advance cheque to Mr. Lockyer, she felt morally entitled to do so on the basis that he had just lost his job and she knew he was in dire straits. She identified the round-trip memorandum requesting the cheque as completed by her. By the end of the meeting, a letter of suspension had been prepared and presented to her. Mr. Hayward drove her home and was accompanied in the car by Mr. Tobin and the union representative. Mr. Hayward recorded his notes immediately afterwards. Internal Affairs in Ottawa were contacted in order to do an investigation.

Ms. Greta Murphy, General Ledger Unit in Revenue Processing, testified that, when she received the high-priority requisition for Mr. Lockyer's cheque, the form was not signed by Ms. Renouf and details were missing. She did not recognize Mr. Alexander's signature either but was able to verify it by consulting other staff. She had the minimum of information necessary to issue a cheque. Because the form

had so little information on it, she herself wrote the account number and the name "R. Lockyer" on the form to help the CTB Unit identify it. She volunteered this information in order to be helpful to the CTB Unit in identifying the duplicate form.

Mr. Gerald Alexander, now Coordinator of Enquiries and Adjustments, was acting supervisor on the day in question. He signed the form when Ms. Renouf requested his signature but he was somewhat preoccupied at the time. He specifically remembered telling Ms. Renouf to make sure she filled in the details on the form, including having her signature on it. Ms. Renouf, in her evidence, agreed that he had done so and that she had not followed his instructions.

Mr. Gerry Brown, Director of the Tax Centre since 1978, was responsible for the decision to terminate Ms. Renouf's services. He made the decision based on the reports and materials received from Messrs. Norris, Hayward and Tobin and on the investigation report which he had received in draft. He considered that Ms. Renouf was in breach of the conflict-of-interest rules in dealing with the file of a friend. The witness referred to Exhibits E-9 and E-10, the Conflict of Interest Guidelines and the Standards of Conduct. He also referred to Exhibit E-11. The form which Ms. Renouf used was not completed properly, so that the information could not go into the computer.

Mr. Brown stated that the tax-reporting system is based on voluntary compliance. It is therefore necessary that the public have confidence in the system. There must be public trust. The Department must also be able to trust its employees to act in a proper manner in dealing with taxpayers' money. Once an act, such as Ms. Renouf's in this instance, is done, there is a loss of trust. There was a breach in the bond of trust which could not be repaired.

In cross-examination, Mr. Brown stated that this incident received no publicity and no criminal charges were laid.

The grievor, Debbie Renouf, testified on her own behalf. She is a CR-4 clerk who has been employed by Revenue Canada continuously since 1980.

She explained that she had decided to give Mr. Lockyer an advance on his monthly CTB in the amount of \$170 because he had lost his job and was in dire financial straits. This would buy groceries at least for him and his two boys. He was expecting child support money from his ex-wife, and so could get along without the March payment of his benefits. Ms. Renouf could, on her own, enter the system and arrange that he not receive his March payment. Mr. Lockyer had been a boyfriend of hers a couple of years before this incident and they had remained good friends, calling and seeing each other weekly.

She completed the form for this on Monday, February 12, but had started to fill in the form on the previous Friday. She was very busy. Her workload was quite heavy. She had just returned from training in Ottawa. On that Monday, there were problems with the computer crashing. Also, she was not feeling well that morning; she had to go home at noon and was off sick the rest of the week. She just forgot to sign the form (Exhibit E-2). This was not intentional. On the same morning, she wanted to send a high-priority cheque to another client in the amount of \$2,988. It was not intended that Mr. Lockyer get this cheque. She has never done anything like this before. Ms. Renouf testified that she is aware of the rules against dealing with friends and giving them special consideration. Normally a friend's file would be passed on to another clerk to deal with.

She first realized that there was a problem when Mr. Norris called her at home on Thursday, February 15. When she heard that Mr. Lockyer had been issued a cheque for \$2,988, she was in shock and did not know what to say. She could not figure out how it could have happened. She tried to reach Mr. Lockyer by phone for the next five days but was unable to get through to him. It was after her suspension that she finally was able to get in touch with him. He called her. She stated, "I think I explained the situation to him then" but she did not remember clearly whether she did or not.

On Monday, February 19, she contacted Mr. Norris immediately on arriving at work. She wanted to confess to trying to give Mr. Lockyer a \$170 advance. She also intended to sit down with Mr. Norris and try to figure out how the mistake had been made with the other file. When she tried to reconstruct her calculations on the other file, to see how the figure of \$2,988 had been arrived at, she was unable to do so. The

computer print-outs that she felt she needed were supplied to her. However, she reflected at the hearing that perhaps she would have done better if she had used the computer system. However, she admitted that she had not asked to do so because she felt that she probably would not be allowed to do so.

After her suspension, she was called by the Royal Newfoundland Constabulary and she made a statement to them. She was not charged.

During the course of the investigation by her Department, she was asked to take a polygraph test and, at first, refused on the advice of her lawyer. Later, she reconsidered and, within a week, consented. The test was delayed because the operator was otherwise occupied. Finally, after two months, she withdrew her consent because it was holding up the investigation results. She needed to have the matter resolved because she had been refused Unemployment Insurance and she was in desperate financial need. The only monthly income she had was a \$150 child-support cheque and a \$95 CTB cheque. She told the investigator to go on what he had and finish the report.

In July of 1996, she started a course which was supposed to finish in the spring of 1998. She has been living on student loans, all of which must be repaid. If reinstated, she would never again attempt to do a favour like this for a friend. She stated that she realized that trust would have to be built up again. She would not mind if everything she did was checked and double-checked.

In cross-examination, Ms. Renouf stated that she had decided to help Mr. Lockyer without telling him. She stated that, when she left the form unsigned, it was not a conscious decision on her part. She does not know why she did not sign it. When she put the figures in, she thought she was working on the other party's file. She agreed that, when she took the forms to Mr. Alexander, he pointed out missing details on the form and asked her to complete it properly and to sign it. She did not do so. She agreed that these omissions made it difficult to trace the form back to her, even to know where to send the duplicate form for the transaction. She could not explain why having Mr. Alexander call attention to the missing details would not alert her to the error she was making.

### Arguments

The grievor's representative argued that she made a mistake because she was confused and working on more than one client account at the time. At the time the event happened, she was feeling ill, there was a heavy workload and a computer breakdown. He argued that the penalty of discharge was too severe. She was an excellent employee who was receptive to training and willing to help with the training of others. She was a good, reliable, knowledgeable worker and a long-service employee since 1980. Clearly her actions, if found to be culpable, were out of character. She was a kind person who had concerns for her friend. Clearly she regrets what she did in dealing with Mr. Lockyer's file and attempting to give him a \$170 advance on her own initiative. She has admitted to her wrongdoing in this regard.

The grievor's representative also pointed out the economic hardship, the high unemployment rate in the area.

The grievor's representative concluded by submitting that the bond of trust has not been irretrievably broken. There has been no damage to the employer's reputation or evidence of bad publicity. The *McPhee* (Board file 166-2-13787) and *Amarteifio* (Board file 166-2-25829) cases were cited. Mr. McPhee had worked on his wife's claim and was reinstated; Mr. Amarteifio was guilty of preferential treatment, but was also reinstated.

Counsel for the employer stated Ms. Renouf arranged to have a friend receive a cheque for almost \$3,000, to which he was not entitled. Her version that this was an error is simply not plausible. When first called by her supervisor, she denied any knowledge or recollection of the matter. The reason for this was that she knew very well that she was going to have to think of a way to get out of the mess. Later, she came up with the explanation that she only tried to give Mr. Lockyer an advance of \$170, which later turned into \$2,988. This was not a simple inadvertence.

Counsel for the employer submitted that it is clear that this employee cannot be trusted. Since the employee continued to attempt to deceive, there is clearly no hope of rehabilitation.



Decision

I have considered the evidence and arguments presented and have concluded as follows.

First of all, I find that the grievor's explanation is not plausible. She is not credible when she says that she did not intend to give Mr. Lockyer the cheque for \$2,988 which was intended for another client. She was never able to show that this amount was due to the other client. The evidence of how such requisitions were made makes it difficult to accept that the names of two clients could be accidentally confused. The evidence also shows that the grievor was intending to make an illegal advance to Mr. Lockyer anyway. She admitted that she intended to give Mr. Lockyer an advance and she also admitted that she had no right to do so. She did not offer this explanation, however, until after she returned to work on February 19. There are a number of circumstances that are suspicious: the fact that she had started working on the cheque requisition some time prior to the day it was presented, and did present it for signature to an inexperienced supervisor when her regular supervisor was away, and her failure to fill in the requisition properly and sign it, omissions which would normally make it impossible to trace it back to her.

If it were not for the actions of Ms. Ryan and her other colleagues, who recognized the name of Mr. Lockyer as a former boyfriend of Ms. Renouf, the grievor's actions might never have been detected. The grievor should not have dealt with a friend's file in the first place and had no right to decide to give him an advance, which she claims was all she really wanted to do.

Ms. Renouf had a position of trust in which she was able to deal with taxpayers' money. Arranging to have almost \$3,000 improperly diverted to a friend is a very serious act of misconduct. Because of the seriousness of the grievor's actions, discharge was not an unreasonable response by the employer. For the same reason, the mitigating factors presented by the grievor's representative are not sufficient to make discharge an inappropriate answer in this case. I do not consider that progressive discipline would be an acceptable response because of the seriousness of the misconduct. Although reinstatement and imposition of progressive discipline may be justified in some circumstances of theft, I am not of the view that it is

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appropriate in this case, considering the gravity of the offence and the fact that the grievor did not seem to fully appreciate its gravity, a fact which militates against rehabilitative potential.

I am aware of and sympathetic to the grievor's plight and the economic impact this whole episode must have had upon her. I am also aware that, in some recent cases, including the Board decision in *Vasilas* (Board file 166-2-28149), reinstatement was considered appropriate, even with a finding of theft of a significant amount of money, through falsification of overtime records.

The particular circumstances of the *Vasilas* case, including the fact that Mr. Vasilas was not the instigator of the overtime falsification scheme and the fact that there was a question of disparity of treatment with regard to penalty between Mr. Vasilas and another employee, cannot be considered as breaking new ground with regard to the appropriateness of reinstatement in cases of theft where the amount involved goes well beyond what could be considered to be a token amount.

The circumstances of the *Amarteifio* case (*supra*) are quite different. The adjudicator in that case found that the grievor's actions demonstrated poor judgment rather than conflict of interest. There were other acts of misconduct of a more minor nature, which the adjudicator concluded warranted some discipline. However, the facts of the *McPhee* case (*supra*) reveal that the grievor showed an excellent rehabilitative potential and the employer's interests could be balanced and served even with reinstatement.

In a passage which fairly reflects the consensus of arbitral opinion, one arbitrator (*Phillips Cables Ltd.* (1974), 6 L.A.C. (2d) 35 (Adams), at pages 37-8) has said that:

*... in a very general sense, honesty is a touchstone to viable employer-employee relationships. If employees must be constantly watched to insure that they honestly report their comings and goings, or to insure that valuable tools, material and equipment are not stolen, the industrial enterprise will soon be operated on the model of a penal institution. In other words, employee good faith and honesty is one important ingredient to both industrial democracy and the fostering of a more co-operative labour relations climate.*

I agree with these comments and, in this light, I must conclude that the bond of trust between Ms. Renouf and her employer is irretrievably broken and deny the grievances against the indefinite suspension and discharge.

**Rosemary Vondette Simpson,  
Board Member**

OTTAWA, June 8, 1998.