



Ministry of
Finance

Office of the
Comptroller General

MEMORANDUM

To: Stuart Newton
Comptroller General
Ministry of Finance

Date: July 22, 2013
File No.: 026113

From: Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General
Ministry of Finance

Subject: Medical Services Plan Billing Issue – Closure of File

Introduction

In October 2011, the Audit and Investigations Branch, Ministry of Health (the ministry) informed the Investigation and Forensic Unit (IU), Office of the Comptroller General of an ongoing investigation involving a former provincial government employee who had received reimbursement for medical services through Pacific Blue Cross (PBC) that subsequently were determined to be 'suspect'.

The IU agreed to update the Comptroller General upon completion of the ministry's internal investigation.

Background

In 2010, a provincial government employee submitted an out-of-country medical service claim to PBC for medical services

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PBC paid the individual's claim and was subsequently reimbursed by Health Insurance BC (HIBC) for the provincial portion of the claim

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The individual subsequently left the provincial government for employment with the federal government.

In 2011, as a federal government employee, the individual submitted another out-of-country medical service claim to the federal government's health insurance provider for medical services allegedly received in June 2011.

The federal government's health insurance provider denied the claim based on evidence that determined the individual had submitted a fraudulent claim. Specifically, they determined that

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Private and Confidential

Page 1

The federal government's health insurance provider promptly notified HIBC of this former Province of BC employee's fraudulent claim, for follow up of s22 2010 claim.

Accordingly, HIBC made an additional request of the former employee for documentation to support s22 2010 medical claim, but did not receive the requested information, and retroactively denied s22 2010 claim. HIBC then sought and received recovery from PBC for the full amount of the 2010 reimbursement s22

Conclusion

Despite the fact the ministry had unwittingly reimbursed the former provincial government employee for a fraudulent medical services claim in 2010, it took the appropriate action to fully recover the monies once the federal government advised the ministry of the results of a 2011 investigation involving their former employee.

Action Taken by Ministry to Mitigate Future Risk

The ministry has taken action to limit any future losses


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Ministry Update

We are advised that neither the individual s22 have submitted any medical services claims, out-of-country or otherwise, subsequent to this investigation. It was determined that further punitive actions would not be practical or cost effective.

If you require additional information or clarification on any areas in this report, please contact me at (250) 387-8542 or Jim Bulmer at (250) 387-5105.



for Dan Peck
Director, Investigation & Forensic Unit
Office of the Comptroller General
Ministry of Finance



To: Stuart Newton
Comptroller General
Ministry of Finance

Date: August 9, 2013
File No.: 034071

From: Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General
Ministry of Finance

Subject: Review of Employee's Travel and Accommodation Expenses

Introduction

In October 2012, the Corporate Compliance and Controls Monitoring Branch (3CMB), Office of the Comptroller General (OCG) informed the Investigation and Forensic Unit (IU), OCG of recurring concerns they had regarding certain travel and accommodation expenses claimed by an employee of the Ministry of Transportation and Infrastructure (the ministry).

Specifically, 3CMB advised us that they had made earlier attempts to obtain specific supporting documentation from the ministry regarding this employee's expense reimbursements but were unsuccessful, and requested our assistance to try and resolve this matter.

Prior to requesting our assistance, we are advised 3CMB made s22 enquiries regarding this employee's iExpense claims between s22 in which they identified s22 separate issues including: excessive mileage claims; unsupported accommodation arrangements and various travel related matters. The majority of the issues s22 were identified in the s22

The IU agreed to follow up 3CMB's concerns and report our findings to the Comptroller General.

Background

ministry's s22 In his capacity as s22 assigned to the he is regularly required to work in the field on various project sites.

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Early in our review we noted that the employee worked out of various locations including: an office trailer s22 the ministry's District Office in s22 various hotels; and several special accommodation arrangements.

Our preliminary review of the documentation indicated that the employee had claimed a significant amount of travel related reimbursements for the period s22

s22 Specifically, s22

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However, we subsequently determined that s22 had incurred significant additional travel related expenditures using a s22 government purchasing card. Specifically, we noted that the employee incurred s22 assigned to him, and incurred s22 on his government purchasing card.

s22 travel related expenses through iExpense, s22 and the government purchasing card totalled approximately s22

The nature and dollar volume of transactions supported the need for further review, as identified by 3CMB.

Purpose & Scope

We performed those procedures determined necessary to confirm or dispel 3CMB's concerns involving the employee's travel and accommodation reimbursements for the period s22 In addition, we identified other matters for ministry follow up involving s22 and his assigned government purchasing card s22

Scope Limitation

Since commencing this engagement we made several requests over an extended period of time for specific documentation that we determined necessary for the purpose of examining and assessing the employee's travel and accommodation expenses. Despite the ministry's assistance and our team's efforts, we met with limited success, as described below:

- Supporting documentation, including receipts where applicable, could not be located

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- We could not obtain evidence of the ministry's formal approval of the employee's annual personal vehicle mileage claims that were in excess of both government core policy and ministry guidelines;
- We could not obtain evidence of the ministry's formal approval respecting the employee's use of a personal vehicle versus a ministry lease vehicle;
- We could not obtain evidence of the ministry's approval of the employee's use of a trailer s22 as a temporary headquarters; and
- We could not locate the employee's personnel records for the period s22 to the current date.

Further, we could not justify, from a cost perspective, making additional efforts to obtain supporting documentation, and subsequently examining, s22 and purchase card transactions s22 in view of our limited success in retrieving documentation as described above. Accordingly, we have advised the ministry to perform the necessary follow up in these areas.

Approach

We conducted the following steps:

- Examined the employee's travel claims and relevant supporting documents, where available (see scope limitation section above);
- Performed a high level review of the employee's purchase card transactions;
- Performed a high level review of the employee's trust account transactions;
- Held several discussions with relevant ministry officials for the purpose of obtaining supporting documentation and necessary explanations;
- Consulted with the Public Service Agency, as well as 3CMB and the Financial Management Branch, OCG for the purpose of obtaining personnel records, financial information and policy advice, respectively; and
- Made several formal requests for specific documentation, as determined necessary, to perform the engagement in a manner consistent with the prescribed purpose and scope.

Conclusion

Despite the ministry's inability to provide the requested documentation necessary to perform our examination as planned, we were able to confirm some of 3CMB's concerns, as described below. We have also identified some areas for ministry follow up that came to our team's attention during the fieldwork, as indicated below.

Ineligible Mileage Claims

- The employee inappropriately claimed mileage reimbursements totalling s22

s22

Mileage Claims in Excess of Ministry Annual Limits

- The employee exceeded the ministry's annual limit for use of a personal vehicle. Specifically, we determined the employee's annual mileage ranged between s22 The ministry's annual limit is 25,000 km.

Although we note that the employee's mileage was approved as part of his iExpense claims, we could not find any evidence that the ministry had pre-approved the employee's use of a personal vehicle, as required by ministry policy.

Further, we obtained evidence that the ministry was aware of the extent of the employee's personal vehicle usage as s22 but chose to permit the employee to continue the use of his personal vehicle despite substantially exceeding the ministry's own guidelines.

In our opinion, the business justification provided by the ministry did not support this decision.

Special Accommodation Arrangements

- The employee received reimbursements totalling s22 through iExpense claims and a ministry trust account with respect to s22 separate special accommodation arrangements.

However, we could not find any evidence that such arrangements had been approved by the Deputy Minister, as required by government policy. Further, we were only able to obtain evidence of a formal rental agreement for s22 arrangements.

s22 of the arrangements, totalling s22 were reimbursed through the employee's iExpenses claims, but were not readily identifiable through our review of iExpense claims. Nonetheless, we were able to confirm the identity of the vendors s22, the vendor confirmed the employee occupied the premises.

The s22 arrangements, totalling s22 were paid through s22 s22 We were not able to confirm the validity of the vendors or that the employee occupied the premises due to a lack of supporting documentation.

- The employee received additional reimbursements totalling s22 through his iExpense claims on behalf of another individual for the period s22 s22

While we determined that the accommodation s22 we could not confirm the validity of this transaction due to a lack of supporting documentation.

Meal Per Diem Claims

- The employee received meal reimbursements totalling s22 claims; s22
- We determined that s22 meal claims totalling approximately s22 and s22
- We identified s22 meal claims.

For practical purposes, we did not perform a detailed analysis of the employee's meal claims to assess their overall reasonableness, including the s22 meal claims, nor did we perform additional work to confirm or dismiss the s22 meal claims.

Nonetheless, we recommend the ministry assess the reasonableness of the employee's meal claims, particularly meals that were claimed s22 (To assist in the ministry's review, please note that we are advised the employee s22 s22)

Purchase Card Transactions

- The employee charged s22 on his government purchase card between s22 s22
- Our review of purchase card summaries and attached documentation suggested that approximately s22 s22
- The remaining s22 appeared to represent miscellaneous business related expenditures.

For practical purposes, we did not perform a more detailed analysis of the employee's purchase card transactions.

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s22 described below should reflect expenditures of the employee under review, as well as expenditures of field crew under his supervision.

We noted the following:

- The employee expensed s22
s22
- It appears that that s22 related to accommodation expenditures and an additional s22 discussed above;
- s22 remains unexamined; and
- We were provided with some documentation regarding s22 but the information was insufficient to draw any substantive conclusions.

We could not justify, from a cost perspective, making further requests for additional information supporting the unexamined balance of approximately s22
s22

Nonetheless, we recommend the ministry follow up the transactions identified below to ensure they were appropriate expenditures:

- Payments to s22 persons totalling s22 respectively; and
- Payments made s22

We will provide the ministry with the necessary details to follow up these payments.

Financial Control Deficiencies

The investigation identified several control deficiencies that require ministry attention, as follows:

- The ministry should clarify its policies and procedures over the use of personal vehicles versus ministry leased vehicles, and ensure it applies the policy consistently;
- The ministry should ensure it documents the rationale and business justification, including cost benefit analyses, whenever it identifies the necessity to enter into special accommodation arrangements;
- Ministry expense authorities should only approve travel claims once they have obtained and reviewed the supporting documentation for completeness and adequacy;
- The ministry should ensure it retains supporting documentation for employee travel claims for a 'reasonable period' to ensure such records are readily available for subsequent review, as required; and

Additional Matters for Follow up

Throughout the report we have identified a number of areas that we believe require follow up and additional scrutiny by the ministry, as follows:

- The trust account formerly operated by the ministry employee;
- The employee's meal claims, particularly those amounts claimed on weekends;
- The employee's special accommodation arrangements, as described in the report;
- The special accommodation reimbursement claimed by the employee on another individual's behalf; and
- The employee's purchase card transactions, as described in the report.

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Ministry Response

The Assistant Deputy Minister, Finance and Management Services (EFO), requested updates on the Investigation Unit's progress throughout the conduct of this review. The IU accommodated these requests.

The ministry made a reasonable effort to locate documentation requested by the IU in order to address the concerns initially raised by 3CMB, regarding the employee's iExpense claims for the period

s22

The ministry made similar efforts to locate additional documentation regarding other financial transactions resulting from the employee's activities; some that were prior to

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These efforts, and the efforts of the IU, were only partially successful, as described in the Scope Limitation Section earlier in the report.

At the conclusion of the fieldwork, the ministry advised the IU that they were unable to provide a significant amount of documentation as they are not required to retain documents beyond the periods specified by government policy respecting document retention periods.

Nonetheless, as noted earlier in the report, this does not provide an explanation for issues identified by 3CMB that were not satisfactorily resolved, the majority of which occurred in the last five years.

Prior to finalizing the report, the EFO met with the IU to discuss the results of the review, provide feedback and request clarification in certain areas. The IU accommodated the EFO's requests and made modifications to the report, where possible.

The EFO also provided the IU with a detailed response to the financial control deficiencies and additional matters identified for ministry follow up described in the report. The ministry's response in each area is described separately below.

Financial Control Deficiencies

- With respect to the use of personal versus leased/ministry owned vehicles:
 - "The ministry will review the use of personal vehicles versus ministry leased or owned vehicles and ensure it applies policy consistently."
- With respect to special accommodation arrangements:
 - "The ministry will define special accommodation arrangements as it pertains to our ministry."
 - "The ministry will ensure that a cost benefit analysis is done and approved by the appropriate signing officer with regards to accommodation arrangements for mobile/field services employees."
 - "The ministry has introduced a policy where annually the Deputy Minister must sign off any special accommodation arrangements as defined by our ministry."
- With respect to the review and approval of employee travel claims:
 - "The ministry follows core policy regarding the expense authority (EA) responsibility for iExpense sign-off. Section 10.3.16 of core policy states travel expense receipts must ensure proof of payment is accessible by the expense authority for examination if requested."
 - "The ministry is looking into having all iExpense receipts scanned and attached to their iExpense submissions prior to sending to the EA for approval. This will allow the EA and 3CMB the ability to look at them without requesting the originals."
- With respect to the retention of retaining supporting documentation for employee travel claims:

- “The ministry will retain supporting documentation per the ARCS and ORCS guidelines and send a corporate communication regarding document retention for travel claims.”

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Additional Matters for Follow Up

The ministry has indicated it will complete the additional reviews recommended by the Investigation Unit, but will limit its review to the period

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IU response:

While the IU understands the practicality of the ministry’s approach, we believe the ministry’s review should not be restricted to the assessment of available documentation, but should include, at a minimum, a meaningful discussion with the employee to provide an opportunity to further its understanding of the employee’s actions in each of the following areas.

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- With respect to the employee’s meal claims, particularly those amounts claimed on weekends:
 - “The ministry will review the employee’s meals claimed on weekends.”
- With respect to the employee’s special accommodation arrangements:
 - “The ministry will review the employee’s special accommodation arrangements.”
- With respect to the employee’s purchase card transactions:
 - “The ministry will review the employee’s purchase card transactions.”
- With respect to reviewing other ministry employees who also appear to routinely incur unusually high travel and accommodation expenses:
 - “The ministry will review ministry employees who would also appear to routinely incur high travel and accommodation expenses and we request that OCG forward to the ministry the list of other employees of concern.”

If you require additional information or clarification on any areas in this report, please contact me at (250) 387-8542 or Jim Bulmer at (250) 387-5105.



for

Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General
Ministry of Finance

pc: Nancy Bain
Assistant Deputy Minister & Executive Financial Officer
Finance and Management Services Department
Ministry of Transportation and Infrastructure

Dave Duncan
Assistant Deputy Minister
Highways Department
Ministry of Transportation and Infrastructure



Ministry of
Finance

Office of the
Comptroller General

MEMORANDUM

To: Stuart Newton
Comptroller General
Ministry of Finance

July 30, 2013
File No.: 039233
Ref No.: 265930

From: Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General
Ministry of Finance

Subject: Child Care Service Provider Investigation – Ministry of Children and Family
Development – File Closure

Introduction

In June 2011, the Ministry of Children and Family Development (the ministry) informed the Investigation Unit (IU), Office of the Comptroller General (OCG) of potentially fraudulent activities involving a child care service provider operating under the Child Care Operating Fund (CCOF), as well as concerns regarding the potential involvement of a ministry employee.

Prior to contacting the OCG, the ministry was advised by the Vancouver Island Health Authority (VIHA) that the RCMP had begun an investigation of this matter. The ministry immediately sought the IU's assistance in gathering evidence to support the RCMP's investigation.

In early July 2011, the IU met with ministry officials to coordinate efforts in the evidence collection and analysis process.

Background

The CCOF Program provides eligible licensed child care providers with operational funding to assist with the cost of providing child care. Funding amounts are based on monthly enrolment numbers at each facility as submitted by the service provider. To be eligible for funding, the facility must hold a valid Community Care and Assisted Living Licence. The licences are administered through the respective Health Authorities and enforced by licensing officers who perform facility inspections.

On June 28, 2011, a s22 in VIHA informed the ministry that she had been contacted by the RCMP about concerns regarding a specific child care service provider. The ministry quickly determined that it had been making inappropriate payments to a service provider with respect to two child care facilities that were neither operating nor licensed.

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Purpose

The IU conducted the necessary investigative procedures which included a review of relevant documentation and records, as well as the emails and LAN drive of a ministry employee, to assist the ministry in providing appropriate evidence to support the RCMP's investigation of this matter.

Approach

We conducted the following steps:

- reviewed the service provider's lease agreements, facility licenses, facility inspection documents and other related records;
- reviewed service provider billings, ministry financial analyses, and other related financial records;
- analyzed relevant emails and the LAN drive of the ministry employee with clerical responsibilities for the service provider's account;
- consulted with ministry CCOF administration staff, ministry Verification and Audit staff and the RCMP; and
- examined any other relevant information and documentation, as determined necessary.

Conclusion

The ministry took prompt action to respond to this matter once it was contacted by the VIHA and advised of the financial irregularities under investigation by the RCMP.

The investigation confirmed that the service provider received approximately

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We attempted to confirm an s22 of inappropriate billings for the period s22 but there was insufficient evidence to recommend further investigative efforts.

Further, the investigation did not find any evidence of inappropriate conduct or activities s22

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Status


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Ministry Response

The ministry took the following actions:

- immediately suspended further payments to the child care service provider;
- conducted a joint internal investigation, with the Public Service Agency, of the ministry clerk responsible for clerical duties on the service provider's account;
- contacted the RCMP and the Investigation Unit, Office of the Comptroller General;
- worked closely with the RCMP to collect and provide key evidence;
- provided fraud training to CCOF program staff in September 2012;
- updated policies and procedures within CCOF program; and
- began efforts to seek a Restitution Order from the courts in order to recover the government's substantial loss.

If you require additional information or clarification on any areas in this report, please contact me at (250) 387-8542 or Jim Bulmer at (250) 387-5105.



for Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General
Ministry of Finance

pc: Anne Sandbu
Assistant Deputy Minister
Finance and Corporate Services
Ministry of Children and Family Development

Anne Minnings
Chief Financial Officer
Ministry of Children and Family Development

Arif Lalani
Executive Director
Provincial Services
Ministry of Children and Family Development



Ministry of
Finance

Office of the
Comptroller General

MEMORANDUM

To: Stuart Newton
Comptroller General
Ministry of Finance

Date: July 29, 2013
File No.: 039234

From: Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General
Ministry of Finance

Subject: Investigation of Post Adoption Assistance Program Incident

s15, s16

Pages 18 through 19 redacted for the following reasons:

s15, s16

s22, s15, s16

s15, s16

We would also be pleased to provide the ministry and other officials with additional information, including the detailed support for our conclusion, as requested.

If you require additional information or clarification on any areas in this report, please contact me at (250) 387-8542 or Stacy Johnson at (250) 356-7863.

Stacy Johnson
for Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General
Ministry of Finance

pc: Anne Sandbu
Assistant Deputy Minister
Finance & Corporate Services
Ministry of Children and Family Development

Anne Minnings
Chief Financial Officer
Ministry of Children and Family Development

Thomas Weber
Executive Director of Service
North/Central Vancouver Island Region & Community Services – KSA
Ministry of Children and Family Development

Anne Clayton
Provincial Director of Adoption
Ministry of Children and Family Development



To: Stuart Newton
Comptroller General
Ministry of Finance

Date: August 12, 2013
File No.: 039240

From: Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General
Ministry of Finance

Subject: Review of Vendor Overbilling - Autism Funding Unit, Ministry of Children and Family Development – File Closure

Introduction

In April 2012, the Director of Accounting Operations, Financial Practice and Controls, Ministry of Children and Family Development (the ministry) advised the Investigation Unit (IU), Office of the Comptroller General of an internal review which was underway that involved suspected overbillings by a ministry vendor who provided services to the Autism Funding Unit (AFU).

The IU requested specific information, including the results and actions taken, for the purpose of providing a formal update to the Comptroller General.

Background

In February 2012, a ministry case worker suspected that a service provider was involved in submitting false billings related to services provided for a family's ^{s22} autistic children.

The case worker immediately contacted the service provider and the parents of the autistic children to obtain further information. The vendor provided the case worker with a written response to the case worker's request for additional information, and the parents provided copies of the vendor's invoices.

Summary of the Ministry's Review

The ministry obtained the materials provided by the case worker and conducted additional procedures including, but not limited to:

- Review of the vendor's response to the case worker;

- Comparison of vendor invoices provided by the parent to the invoices submitted to the AFU, to identify any anomalies;
- Interviews of the service provider; and
- Contacted all other parents s22 of autistic children that had received services from the same vendor, to possibly identify other invoice irregularities.

Summary of Ministry's Findings

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- s22 parents responded that they did not encounter any irregularities with their invoices. However s22 of the parents did not reply to the ministry's request.

Conclusion

We are encouraged by the ministry's efforts to investigate and resolve this issue.

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Summary of Actions Taken by Ministry to Mitigate Risk

We noted the ministry has strengthened controls over vendor billings by:

- requiring that the Executive Director, AFU review and approve all of this vendor's invoices before they are submitted for payment; and
- conducting random client confirmations of vendor billings.

If you require additional information or clarification, please contact me at (250) 387-8542 or Jim Bulmer at (250) 387-5105.

for 

Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General
Ministry of Finance

pc: Anne Sandbu
Assistant Deputy Minister
Finance and Corporate Services
Ministry of Children and Family Development

Anne Minnings
Chief Financial Officer
Ministry of Children and Family Development

Arif Lalani
Executive Director
Provincial Services
Ministry of Children and Family Development

To: Stuart Newton
Comptroller General
Ministry of Finance

Date: August 9, 2013
File No.: 039245

From: Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General

Subject: Review of s22 Aboriginal Services Office - File Closure

Introduction

In January 2013, the Investigations and Forensics Unit, Office of the Chief Information Officer (OCIO), Ministry of Technology, Innovation & Citizens' Services, advised the Investigation and Forensic Unit (IU), Office of the Comptroller General (OCG) of an incident under review by the Ministry of Children and Family Development (the ministry).

The matter involved allegations of provincial monies being misappropriated by an employee in the ministry's Aboriginal Services Office (the office) located in

s22

The IU requested specific information from the ministry to assess their handling of the incident, as part of the IU's monitoring and reporting role within the OCG.

Background

In January 2013, employees in the s22 office came forward and advised the ministry of concerns involving certain financial practices and activities of the office's

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The employees alleged that the

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These monies represented surplus or unused funds that had been provided to certain agencies under the terms of Transfer Under Agreements (TUAs). Agencies are required to remit unused funds at the expiration of the TUA for deposit to the CRF.

Ministry's Approach

In February 2013, the ministry conducted a review of the incident. The review was led by the ministry's Director, Accounting Operations, Financial Practice and Controls. The ministry's Community Services Manager

s22 assisted in the review. The team performed the following steps:

- Gathered and examined relevant financial records and documents;
- Interviewed s22 office staff;
- Examined email stores provided by the OCIO; and
- Presented the review's findings to the ministry's executive in March 2013.

Summary of Ministry's Findings

The ministry's review team determined that the s22 was directly responsible for s22 within the office, representing surplus funds from two agencies, rather than transfer such monies to the government's CRF, as required by government policy.

The review team further determined how the majority of the money was used and located approximately s22 s22

With respect to the s22 the team determined:

- s22 was used for conference events and potlucks. Such activities would have ordinarily been approved under the terms of the TUAs, had the agreements not expired;
- s22 was used to purchase gift cards s22 s22
- s22 was used to secure the future services of a contractor by pre-paying for such services; and
- s22 was used to make donations for two Aboriginal Day Celebrations.

The review team could not locate any receipts with respect to the s22 gift card and s22 in food gift cards described above. Further, the team noted that all s22 office staff had access to these gift cards, as the cards were not stored in a secure location.

Although the review team confirmed that the former employee's actions were intentional and contrary to ministry and provincial government policies, they could not confirm that the former employee, or any government employee, personally benefited through these non-compliant activities.

With respect to the s22 such monies were returned for deposit to the CRF, as required by government policy.

Additional Matters Identified by the Review Team

While conducting the review of the original allegations, the review team learned that the s22 office had received several donations from an Aboriginal Society since 2007, totalling s22 Such donations were in the form of gift cards for various potluck dinners and other events.

The review team secured s22 in gift cards but was unable to determine how the remaining s22 was used. Access to the gift cards was available to all s22 office staff, as the cards were not stored in a secure location. Further, the office did not maintain a record of their usage which would include receipts and identification of the users.

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Conclusion

The ministry took prompt and appropriate action to investigate the allegations involving suspected financial improprieties involving the s22
s22 Specifically, the ministry assigned the review to the appropriate staff and advised the OCG through the OCIO.

Further, the ministry recovered approximately s22 and secured s22 in gift cards.

Although the review team identified significant non-compliance with ministry and government policies, they were not able to determine whether any employee personally benefited from the non-compliant activities.

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Actions Taken by Ministry

The ministry took the following actions after their internal review:

- Upon consultation with the Public Service Agency, the ministry placed disciplinary letters on the personnel files of relevant employees s22
- Instructed the s22 office staff to comply with ministry and government policies and procedures, and advised them of their obligation to report any non-compliance, whether suspected or actual;
- Deposited the recovered monies s22 to the CRF; and
- Implemented controls with respect to the custody and usage of both gift cards and gift inventory.

If you require additional information or clarification on any areas in this report, please contact me at (250) 387-8542 or Jim Bulmer at (250) 387-5105.



for

Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General
Ministry of Finance

pc: Anne Sandbu
Assistant Deputy Minister
Finance and Corporate Services
Ministry of Children and Family Development

Anne Minnings
Chief Financial Officer
Ministry of Children and Family Development

Beverly Dicks
Assistant Deputy Minister
Service Delivery
Ministry of Children and Family Development

Barry Fulton
Executive Director of Service
Ministry of Children and Family Development



Ministry of
Finance

Office of the
Comptroller General

MEMORANDUM

To: Stuart Newton
Comptroller General
Ministry of Finance

Date: July 22, 2013
File No.: 050136

From: Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General
Ministry of Finance

Subject: Employee Corporate Card and Travel Expense Review – Ministry of Forests,
Lands and Natural Resource Operations – File Closure

Introduction

In November 2011, the Financial Services Branch (FSB), Ministry of Forests, Lands and Natural Resource Operations (the ministry) notified the Investigation Unit (IU), Office of the Comptroller General (OCG) of an ongoing internal investigation involving a specific Ministry of Environment employee. Specifically, the Financial Policy, Compliance, & Procurement Unit were investigating concerns involving the employee's corporate card use and expense reimbursements.

As part of its monitoring role within the Comptroller General's mandate, the IU agreed to review the FSB's handling of the incident and provide assistance, as necessary.

Background

The Environmental Protection Division, Ministry of Environment, works to prevent pollution, as well as promote continuous improvement in air, land and water quality through data collection and support for professionals in the environmental information management sector.

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Earlier in the year s22 Corporate Compliance and Controls Monitoring Branch (3CMB), OCG had also identified similar concerns with s22 s22

FSB agreed to review the employee's iExpense reimbursement claims, corporate card and Business Travel Account (BTA) transactions. FSB's review identified several irregularities and determined it was necessary to interview the employee to obtain further information. Accordingly, FSB requested the IU's assistance with the interview of the employee. As requested, IU subsequently interviewed the employee in the presence of a Public Service Agency (PSA) representative.

Conclusion

The ministry, led by the FSB, took prompt and appropriate actions to investigate the concerns brought forward by the employee's supervisor. Such actions included requesting the assistance of the IU, OCG and involvement of the PSA.

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FSB's review, corroborated by our interview of the individual, identified the following:

- s22 iExpense claims were routinely submitted without adequate supporting documentation.

Specifically, for the period s22 there were s22 occasions where receipts were missing, totalling approximately s22 The majority of the missing receipts s22 related to airline travel.

Although we noted that s22 iExpense claims were all approved, it is our opinion that such approval was executed without the proper care and attention required of the respective expense authorities.

- s22 used the government travel card for personal cash advances while not on travel status s22 contrary to government policy as prescribed by the Purchasing Card guidelines.
- s22 routinely used s22 personal credit card to purchase airline travel, contrary to government policy which requires the use of a BTA for such purposes. As noted above in the report, this is of particular concern to the lack of supporting documentation provided by the employee for these expenditures.

- Despite a detailed examination of s22 purchases using the government purchasing card s22 it was not possible to determine whether any of these purchases related to non-government business.

s22 the employee was routinely required to purchase equipment and supplies to carry out s22 duties. However, it was not possible to confirm these purchases due to missing documentation such as: receipts; signature of a qualified receiver; and most notably the lack of any system, formal or otherwise, that tracks the acquisition and locations of assets acquired by the s22

Ministry Response

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- In October 2012, the Financial Services Branch provided financial management training (e.g. purchasing card and travel procedures) s22
- The Financial Services Branch will be conducting a follow up review of the Knowledge Management Branch in the fall of 2013.

The Investigation Unit has concluded its monitoring and assistance on this matter.

If you require additional information or clarification, please contact me at (250) 387-8542 or Stacy Johnson at (250) 356-7863.

for 

Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General
Ministry of Finance



Ministry of
Finance

Office of the
Comptroller General

MEMORANDUM

To: Stuart Newton
Comptroller General
Ministry of Finance

Date: July 29, 2013
File No.: 050140

From: Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General
Ministry of Finance

Subject: Bluebird Cab Card Misuse - Ministry of Aboriginal Relations and
Reconciliations – File Closure

Introduction

In July 2012, the Financial Services Branch (FSB), Ministry of Forests, Lands, and Natural Resource Operations (the ministry) advised the Investigation Unit (IU), Office of the Comptroller General of an incident involving a Ministry of Aboriginal Relations and Reconciliations employee's cab card usage.

The IU requested specific information, including the results and actions taken, for the purpose of updating the Comptroller General.

Background

Provincial offices within the Victoria area maintain government credit card accounts with Blue Bird Cabs Ltd. These accounts permit employees to direct bill taxi costs while on government business using a cab card.

Government offices are responsible for implementing internal controls related to the custody of the cab cards to ensure their use is authorized and the billings are accurate.

The ministry advised FSB of their concerns involving an employee allegedly using a cab card for personal use;

s22

s22

FSB agreed to review the matter and report their findings to the ministry, as well as the Office of the Comptroller General.

Conclusion

FSB's investigation confirmed the ministry's suspicions and determined that the employee was using the government cab card for personal use, contrary to government policy.

FSB conducted additional steps to determine whether this was a systemic issue or isolated occurrence, and concluded it was most likely isolated to this one individual.

Actions Taken by Ministry

The ministry determined the amount due to the province for the employee's inappropriate government cab card usage, and promptly recovered the monies from the employee.

Further, the individual is now required to request a cab card from the card custodian and promptly return the card following its legitimate business use.

If you require additional information or clarification, please contact me at (250) 387-8542 or Stacy Johnson at (250) 356-7863.



for

Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General



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MEMORANDUM

To: Stuart Newton
Comptroller General
Ministry of Finance

Date: July 26, 2013
File No.: 050143

From: Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General
Ministry of Finance

Subject: Tree Improvement Branch Investigation Monitored by the Investigation and Forensic Unit - Closure of File

Introduction

In November 2012, the Chief Financial Officer (CFO) of the Ministry of Forests, Lands, and Natural Resource Operations (the ministry) advised the Investigation Unit (IU), Office of the Comptroller General (OCG), of an internal investigation involving the ministry's Tree Improvement Branch (TIB). Specifically, TIB management and the Public Service Agency (PSA) began a labour relations investigation into allegations of inappropriate employee behaviour

s22

The scope of the investigation expanded as suspicions of financial improprieties arose.

The IU agreed to monitor the ministry's internal investigation of the financial concerns and report the results to the Comptroller General.

Background

TIB's mandate is to protect, manage and conserve British Columbia's forest genetic resources by providing various services including cone and seed services, research, tree breeding, decision support and client services. These services are provided in various locations such as seed orchards, research centers, and tree seed facilities.

s22

In s22 the ministry received two separate complaints of inappropriate employee behavior within the s22 During the investigation of this location, s22 employees brought forward allegations of financial improprieties s22 s22 PSA agreed to assist the ministry with this part of the investigation, which was finalized in October 2012.

This investigation led to additional financial concerns involving the inappropriate use of government purchasing cards and a possible conflict of interest s22 As a result, s22 requested an independent investigation to resolve the remaining issues.

At this time, the ministry CFO contacted the OCG for guidance and advice.

The OCG agreed that the ministry's Financial Policy, Compliance & Procurement Branch (FPCP) would conduct the investigation of these additional matters, and the IU would offer assistance as part of its monitoring role.

The financial transactions of the following s22 employees were scrutinized:

s22

In addition, FPCP determined it necessary to examine s22 involvement, if any, in the financial transactions subjected to scrutiny.

Conclusion

This was a complicated investigation that involved the collaboration of ministry management, the PSA and the ministry's Financial Policy, Compliance and Procurement Branch.

We appreciate that the ministry reported this incident to the OCG immediately upon suspecting the financial improprieties involving the s22

The investigation team's conclusions are summarized below. For ease of review, we have listed the issues by employee.

s22

s22

s22

Actions Taken by the Ministry

- The ministry received Deputy Ministry approval to

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s22

- The ministry took the necessary and appropriate disciplinary action against those s22 staff that were identified as having conducted themselves in a manner contrary to the standards of conduct and expectations entrusted upon them.

For example:


s22

- The Investigation Team provided ministry management with detailed recommendations for financial and management control improvements. Such improvements, when fully implemented are intended to dramatically reduce the likelihood of recurrence of similar incidents with the s22

The Investigation Team also provided ministry management with a detailed action plan for s22 in order to assist the ministry in monitoring implementation of the recommendations.

- FPCP has just completed its first quarter review of TIB and is encouraged by progress being made with respect to the action plan.

If you require additional information or clarification, please contact me at (250) 387-8542, or Stacy Johnson at (250) 356-7863.

for 
Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General

pc: Trish Dohan
A/Assistant Deputy Minister/Executive Financial Officer
Corporate Services for the Natural Resource Sector
Ministry of Forests, Lands and Natural Resource Operations

Terry Gelinas
Chief Financial Officer and Executive Director
Corporate Services for the Natural Resource Sector
Ministry of Forests, Lands and Natural Resource Operations

Diane Ross
Director, Financial Policy, Compliance, & Procurement
Corporate Services for the Natural Resource Sector
Ministry of Forests, Lands and Natural Resource Operations



Ministry of
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Office of the
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MEMORANDUM

To: Stuart Newton
Comptroller General
Ministry of Finance

Date: August 14, 2013
File No.: 100018

From: Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General
Ministry of Finance

Subject: Pacific Blue Cross Investigation – False Medical Claims – File Closure

Introduction

In December 2011, the Total Compensation and Benefits Branch, Public Service Agency (PSA) advised the Investigation Unit (IU), Office of the Comptroller General, of a Pacific Blue Cross (PBC) investigation involving several provincial government employees and two private sector vendors.

The investigation examined false medical claims made by government employees that also involved two medical supply retailers operating in the lower mainland.

PSA agreed to provide regular updates to the IU as part of its monitoring and reporting role to the Comptroller General.

Background

The province retains PBC to administer the BC Public Service health insurance plan (extended health and dental plan). The administrative services include the adjudication of medical expense claims as well as providing the necessary assistance in the investigation and reporting of suspected improprieties.

Under this arrangement, the province (the employer) pays actual cost of medical claims submitted by employees. In addition, the province incurs financial losses resulting from inappropriate claims submitted by employees that went undetected through the adjudication process.

In 2009, the Canadian Health Care Anti-fraud Association alerted PBC of two tips that it received through its whistleblower hot line alleging that two vendors were involved in a false billing scheme.

PBC immediately began its investigation which included hiring a private investigation firm to conduct an undercover review of the vendors.

Conclusion

This was a complicated investigation that involved the collaboration of several parties, primarily PBC and PSA.

Immediately upon being notified of the allegations, PSA advised the IU of suspected financial improprieties involving several provincial government employees and the private sector.

During the investigation PBC identified concerns involving two additional government employees involved in a separate billing scheme.

In total, PBC identified false claims through both schemes totaling s22

With respect to the original investigation involving several government employees and the private sector:

- **PBC reviewed** s22 **claims involving these vendors and confirmed that** s22 **employees submitted false claims totaling** s22 **as follows:**
 - **A Ministry of Technology, Innovation and Citizen Services employee submitted false claims totalling** s22
 - **A Ministry of Energy and Mines employee submitted false claims totalling** s22
 - **A Ministry of Transportation and Infrastructure employee submitted false claims totalling** s22 **and**
 - **A Ministry of Jobs, Tourism and Skills Training employee submitted false claims totalling** s22

With respect to the two additional employees identified by PBC to be involved in a separate fraud scheme:

- **PBC determined that they had submitted false claims totaling approximately** s22 **and immediately advised the PSA.**

While these claims did not involve the two vendors referred to above, in both cases these government employees were reimbursed for services that were never provided, as follows:

- A Ministry of Health employee was reimbursed approximately s22

s22

- A former Ministry of Jobs, Tourism, and Skills Training employee submitted a claim of approximately s22

s22

Actions Taken by Ministries

With PSA's assistance and advice, the ministries took the actions described below.

With respect to the original investigation involving the four provincial government employees and two vendors:

- The Ministry of Technology, Innovation and Citizen Services employee was s22 but has not recovered any of the monies owed s22 from the former employee;
- The Ministry of Energy and Mines employee s22 and the ministry recovered the full amount owed s22 from the former employee;
- The Ministry of Transportation and Infrastructure employee s22
s22 and repaying s22 the full amount owed; and
- The Ministry of Jobs, Tourism and Skills Training employee s22 and the ministry recovered the full amount owed s22 from the former employee.

With respect to the two additional employees that were identified as having been reimbursed for s22

- The Ministry of Health employee s22 but the ministry has not recovered any of the monies owed the province s22
s22
- The Ministry of Jobs, Tourism, and Skills Training employee s22
s22 and repaying the full amount owed s22 s15
s15

With respect to the two medical supply vendors:

- s15

With respect to a risk mitigation strategy:

- PSA and PBC re-examined the existing contractual arrangement and have identified certain control improvements designed to mitigate the province's exposure to health insurance fraud in this area.

If you require additional information or clarification, please contact me at (250) 387-8542, or Stacy Johnson at (250) 356-7863.



for

Dan Peck
Director, Investigation and Forensic
Office of the Comptroller General

pc: Lynda Tarras
Head of BC Public Service Agency
Public Service Agency

Deborah Fayad
Assistant Deputy Minister and Executive Financial Officer
Public Service Agency

Dean Skinner
Chief Financial Officer and Executive Director
Public Service Agency