



To: Stuart Newton CPA, CA
Comptroller General
Ministry of Finance

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From: Dan Peck CFE CIA CPA, CGA
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Office of the Comptroller General
Ministry of Finance

Subject: Bank Deposit Loss - BC Prince George Government Agent Office - Ministry of
Technology, Innovation and Citizens' Services

Introduction

On April 26, 2016 the Ministry of Technology, Innovation and Citizens' Services (the ministry) advised the Investigation Unit (IU), Office of the Comptroller General of an incident that occurred involving the loss of a bank deposit by the Service BC Government Agent Office (GA office or the office) in Prince George, British Columbia.

Specifically, on March 18, 2016 a bank deposit ^{s.15,s.17} was prepared for deposit to the bank. However, it was discovered missing ^{s.15,s.17} on March 23, 2016.

The ministry requested the IU's assistance in determining how the money went missing. The ministry also asked the IU to provide comment on the control improvements put in place following the incident.

For practical reasons, primarily cost and limiting further disruption to the GA office, the IU agreed to assess the ministry's internal investigation, as part of its monitoring role, rather than perform an independent investigation of this incident. The IU also agreed to review the actions taken to enhance controls and reduce the likelihood of recurrence.

Background

The Prince George GA Office routinely receives payments from the public for the various government services it provides. The office has a complement of approximately 10 staff, and is open Monday through Saturday from 8:30 to 4:30 pm, excluding statutory holidays.

Banking procedures are prescribed by the Government Agents Revenue Policies and Procedures (GARPP). Such procedures require that

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Although such policy recommends s.15,s.17, it permits the office to exercise its discretion for operational reasons. However, at a minimum, bank deposits must be s.15,s.17

Purpose and Scope

As directed by the Comptroller General, we provided the ministry with assistance in their internal investigation of a missing bank deposit at the Prince George Government Agent Office. The primary purpose was to assist the ministry in assigning accountability for the loss of monies. The secondary purpose was to review the control improvements implemented by the GA office and offer practical advice, as warranted.

Conclusion

Based on interviews of the Government Agent and headquarters staff we have made several observations. Our observations have been discussed with the ministry and form the basis for our conclusion on this matter.

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Based on our interviews following the reported incident we learned:

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The GA interviewed several staff, including the employees who prepared the
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None of the employees admitted responsibility for the loss. Further, none of the employees offered information that might have assisted the ministry in assigning accountability for the loss.

Any of the 10 staff that were working in the GA office between March 18 and March 23, 2016 had

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In view of the existing evidence and the absence of strong financial controls over cash handling within the GA office, it is not possible to identify who is responsible for the loss, whether by error or theft.

Approach

We performed the following procedures in accordance with professional investigation standards:

- Conducted interviews of the GA and headquarters staff, as determined necessary;
- Examined relevant banking records, including deposits;
- Reviewed the GARPP;
- Reviewed the work schedules of GA office staff;
- Examined the GA office building access logs;
- Documented the cash handling practices in place prior to the loss incident;
- Assessed control improvements implemented by the GA office following the incident; and
- Examined any other relevant information and documentation, as determined necessary.

Actions Taken by the Ministry

The GA office, with headquarters' support and assistance, took prompt action to investigate this incident. Further, in addition to reminding staff of the requirement to comply with current revenue policies and procedures (GARPP), the Government Agent has implemented several improvements that will considerably strengthen controls over the cash handling procedures within the office, as follows:


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IU Response

We commend GA and headquarters' staff for their efforts to investigate and report this matter. Specifically, we note that the GA office submitted a General Incident and Loss Report (GILR) and contacted the local RCMP detachment, as recommended by core government policy, when incidents of this nature occur.

We are also encouraged by recent discussions with the GA and headquarters staff who are considering an update to current GA revenue policies and procedures to strengthen cash handling procedures in GA offices across the province. We believe such efforts could dramatically reduce the likelihood of similar incidents in all GA locations.

If you require additional information or clarification on any areas in this report, please contact me at (250) 387-8542, or Joe Duff at (250) 387-8186.



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