



City of Edmonton Office of the City Auditor



Investigation

ETS Workforce Development

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Objectives

We conducted our investigation in accordance with Administrative Procedure, Fraud Reporting & Investigation (A1464). Our investigation objectives were to:

- 1. Assess if a City employee has been issuing false Professional Driver Improvement Course certificates to non-City of Edmonton employees.
- 2. Attempt to quantify the number of false certificates issued.
- 3. Provide recommendations to correct any identified control weaknesses.

Scope

The scope of this investigation includes all Professional Driver Improvement Course certificates issued between January 2015 and April 2018.

Statement of professional practice

This project was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.



Investigation Summary

Why did we investigate?

On August 15, 2018, the Office of the City Auditor (OCA) received an e-mail from Labour Relations containing allegations of fraud against a City employee in the Business Integration and Workforce Development Section of the Edmonton Transit Service (ETS) Branch. The allegation stated that a City employee has been issuing false Professional Driver Improvement Course (PDIC) certificates to non-City of Edmonton employees.

The OCA, Corporate Security, ETS and Labour Relations conducted a joint investigation into the allegations. This report provides a brief description of the investigation that was conducted.

Edmonton Police Service (EPS) was consulted during this investigation. A copy of this report and supporting documentation has been forwarded to the Edmonton Police Service for further follow up.

What did we find?

In this investigation, we confirmed that:

1. An instructor in the ETS Branch wrongfully issued PDIC certificates to individuals that are not City of Edmonton employees.
2. The instructor wrongfully issued a total of 99 certificates between January 2015 and April 2018.
3. There were weaknesses in the monitoring process of issuing PDIC certificates that put the City at risk of mismanagement, error, and fraud.

What do we recommend?

Recommendation 1

Provide information to
Government of Alberta

We recommend that the Branch Manager Edmonton Transit Service notifies Alberta Transportation in writing of the issue for further follow up.

Recommendation 2

Improve internal controls

We recommend that the Branch Manager Edmonton Transit Service ensures controls over the process for facilitating Professional Driver Improvement Courses and issuing certificates are improved. This includes ensuring:

- Segregation of duties between:
 - The instructor teaching the course,
 - The instructor signing the certificate and completing the control log, and
 - The individual verifying information on the control log to the Track It system and entering information in the electronic log.
- Supervisors regularly review control logs.
- Supervisors receive copies of the records of course participation (sign up sheet) after every course.
- Detailed work instructions for facilitating courses and issuing certificates are developed.



Professional Driver Improvement Course

Background

The City of Edmonton has been certified by the Government of Alberta to deliver recognized driver training courses to City of Edmonton employees. These recognized courses include Defensive Driving Course (DDC) and Professional Driver Improvement Course (PDIC). As a certified employee driving agency, the City can only deliver training to their own employees and must employ a certified instructor.

Upon successful completion of the DDC or PDIC course, candidates will receive a Course Completion Certificate. This certificate will allow a maximum of three demerit reduction to the candidate's operator record. This is available only once every two years.

The City of Edmonton PDIC course is mandatory for all new ETS operators as part of their onboarding program. In addition, City employees holding a City of Edmonton driving permit can also sign up for the course. In these cases, sign up is usually done by or at the direction of a supervisor with the intent to improve the existing employees driving practices and/or reduce demerit points on standard operator's license. Records are kept in Edmonton Transit's Track It system. Courses are facilitated by Business Integration and Workforce Development Section in the ETS Branch.

The ETS Business Integration and Workforce Development Section has two types of course instructors: certified course instructors and in-house course instructors. The in-house course instructors have been trained by a certified course instructor to provide the training. Only certified instructors complete and sign the course completion certificates.

In the market place, fees for a PDIC course range from \$120 to \$300.



What was uncovered?

Overview of the wrongdoing

Instructor A is a certified driving instructor in the ETS Business Integration and Workforce Development Section. Instructor A is responsible for providing driver training and issuing PDIC certificates to City of Edmonton employees.

Between January 2015 and April 2018, Instructor A wrongly issued 99 certificates to non-City of Edmonton employees. These people also did not sit in on any PDIC classes or training.

One of the wrongfully issued certificates was to a co-owner of a local limousine rental company.

Potential risks of wrongfully issued certificates

The non-employees are alleged to have obtained the PDIC certificates in order to prevent the suspension of their driver license and/or to reduce their car insurance rates.

In Alberta, fully licensed drivers are allowed to accumulate up to 15 demerit points before their license is suspended. To prevent the suspension of their driver's license a PDIC certificate holder can present the certificate to Alberta Registries and have the demerits reduced on their driver's license or have their driver's license reinstated. The PDIC certificate will allow a maximum of three demerit reduction.

There could potentially be a risk to public safety if wrongfully issued certificates have been used to prevent the suspension of a driver's license. In these cases, an individual is able to continue driving without proper training.

Another risk associated with this relates to the limousine rental company. If false certificates were issued to limousine drivers in order for them to prevent driver's license suspensions then these drivers may now be driving without valid driver's licenses. This would also mean they no longer have valid vehicle-for-hire licenses that are required by the City in order to operate and drive a limousine for a fee in the City of Edmonton

Accumulating demerits can also indirectly increase a driver's car insurance rates. However, since insurance companies determine rates individually, if and by how much a rate is increased depends on the insurance provider.

It is outside the scope of this investigation to determine if the non-employees acquired PDIC certificates for the purpose of

reducing the number of demerit points on their driver's licenses for insurance rate purposes. It would be up to Alberta Transportation and Alberta Registries to further investigate this.

Further follow up by EPS is also required as there is a safety risk to the public if vehicle-for-hire drivers are not properly licensed (as their license should be suspended because of too many demerit points).

Recommendation 1

Provide information to Government of Alberta

We recommend that the Branch Manager Edmonton Transit Service notifies Alberta Transportation in writing of the issue for further follow up.



Accepted by Management

Management agrees to notify the Government of Alberta of the issue and provide a list of names of the wrongfully issued certificates to Alberta Transportation for further follow up.



Implementation: December 31, 2018



Responsible party: Director Workforce Development



What is the current control environment?

Provincial Audits

As a certified employee driver training agency, the City is subject to regular audits by Alberta Transportation. Audits are scheduled at least once within any twenty-four month period. The City was last audited in 2017. The scope of the audit is limited to ensuring that information recorded on the certificate matches information recorded in the electronic log. As Instructor A falsified both records, no issues were identified at that time.

Lack of internal controls

We assessed the processes and controls in place to manage the training and issuing of certificates. We identified the following control weaknesses:

- Limited safeguards over certificates and logs. Control log and certificates were locked up together and fully accessible to Instructor A. The electronic log was an excel spreadsheet accessible to all instructors. This allowed Instructor A to obtain blank certificates and add non-employee names to the lists without anybody noticing.
- No separation of duties. The process of completing the control list, the certificate, and the electronic log is conducted by one person (certified instructor). This allowed Instructor A to add non-employees names to all records.
- No independent verification of student names to course participant sign-up sheet or Track It system. At no point in time, were student names independently verified to City of Edmonton records.
- No proper oversight. The process of completing the control list, the certificate, and the electronic log did not include any approvals by a supervisor.

No Documented procedures

Documented operating procedures are step-by-step instructions that act as guidelines for employee work processes.

Documented operating procedures are important because they

- Define roles and responsibilities
- Standardize processes
- Document internal controls
- Ensure compliance with Alberta Transportation regulations.

Besides general policies and procedures from Alberta Transportation, there are no documented operating procedures at ETS for the facilitation of PDIC training and the issuing of certificates.

Recommendation 2

Improve Internal Controls

We recommend that the Branch Manager Edmonton Transit Service ensures controls over the process for facilitating Professional Driver Improvement Courses and issuing certificates are improved. This includes ensuring:

- Segregation of duties between:
 - The instructor teaching the course,
 - The instructor signing the certificate and completing the control log, and
 - The individual verifying information on the control log to the Track It system and entering information in the electronic log.
- Supervisors regularly review control logs.
- Supervisors receive copies of the records of course participation (sign up sheet) after every course.
- Detailed work instructions for facilitating courses and issuing certificates are developed.

Management response



Accepted by Management

Management agrees to ensure adequate and updated controls are in place for the process for facilitating Professional Driver Improvement Courses (PDIC) and issuing certificates.



Implementation: February 28, 2019



Responsible party: Director Workforce Development



Conclusions

What did we find?

In this investigation, we confirmed that:

1. An instructor in the ETS Branch wrongfully issued PDIC Course certificates to individuals that are not City of Edmonton employees.
2. A total of 99 certificates were issued wrongfully between January 2015 and April 2018 by Instructor A.
3. There were control weaknesses in the monitoring process of issuing PDIC certificates that put the City at risk of mismanagement, error, and fraud.



Appendix - Methodology

We partnered with Labour Relations to complete our investigation objectives. We used the following methods to conduct this investigation:

- Consulted with ETS staff and Labour Relations to understand the work they had completed to identify the allegation.
- Consulted with Edmonton Police Service (EPS). We were advised to complete our City of Edmonton processes first to deal with employee and then hand over the file to EPS for further follow up.
- Partnered with Corporate Security and Labour Relations to complete our investigation objectives. OCA took ownership of writing the final investigation report and to disclose the report contents with management.
- Consulted with the Law Branch regarding the agreement between the City and Alberta Transportations and the obligations the City has to report the incidents to Alberta Transportation.
- Compared the PDIC control log to PeopleSoft to identify 99 wrongfully issued certificates.
- Developed recommendations to strengthen the existing process controls.
- Developed an interview guide. During the course of the investigation, Instructor A was on leave, and could not be interviewed by Labour Relations and the Office of the City Auditor. The employee is no longer working for the City of Edmonton. On November 28, a consultation meeting took place between the ex-employee, and representatives from Amalgamated Transit Union, Labour Relations, the Office of the City Auditor and ETS. No new information was disclosed at this meeting.