

---

**City of Edmonton**

**Asset Management & Public Works  
Land & Buildings Branch**

**Parking Operations**

---

Prepared by: The Office of the City Auditor  
April 2002

## **RE: Misappropriation Of City Of Edmonton Funds by City Employee**

### **BACKGROUND**

On *January 8, 2002*, a representative from Asset Management and Public Works met with Corporate Security and with a Cash Consultant from Corporate Services to report two matters. The first was the theft of a deposit envelope containing \$372 from a Parkade office on December 31, 2001. Corporate Security reported this theft to the Office of the City Auditor (OCA), and turned the matter over to the Edmonton Police Service.

The second matter concerned two unusual void transactions processed on December 22, 2001 by one of the parkade attendants, Mr. X, while he was relieving another attendant (Mr. Y). During this 15-minute period, Mr. X reversed two larger value charges and altered the customer's entry time such that no fee would be payable. No record was made of the reasons for these voids, and the voided tickets could not be found. Additionally, Mr. X was using the ID of the attendant he was relieving at the time rather than signing in under his own ID. Security videotapes that would have recorded whether money actually changed hands were already overwritten by the time this matter was reported.

The Cash Consultant recommended some control measures that could be implemented immediately to prevent further such occurrences. In addition, detailed reports of all voids processed by all attendants during 2001 were requested, as well as all audit tapes and tickets for 2001. Based on preliminary analysis of the reports, the Cash Consultant concluded that there was a suspicion of fraudulent activity, and reported this suspicion to the Office of the City Auditor on January 11, 2002.

On January 11, 2002, the Office of the City Auditor in conjunction with Corporate Security commenced an investigation. In addition, on January 11, 2002 Mr. X was suspended without pay from his position with the City until completion of an investigation.

### **SCOPE OF REVIEW**

The scope of the review and investigation process involved:

1. Obtaining a high level of understanding of cash handling processes/procedures.
2. Reviewing system-generated reports of:
  - all voids performed by all attendants during the entire year of 2001, and
  - summary totals by month of all voids performed by each attendant for the entire year of 2001.
3. Obtaining all audit tapes and spitter tickets for the entire year of 2001, as well as all deposit sheets and accompanying documentation.

4. Obtaining access to the Parking Operations system databases and extracting over 1 million records relating to the Parking Attendants followed by evaluation thereof.
5. Locating the audit tapes for a sampling of voids performed by other attendants at various times throughout 2001, and reviewing those void transactions to determine if other questionable void transactions similar to those performed by Mr. X were performed.
6. Locating the audit tapes for all voids performed by Mr. X from August to December 2001, and reviewing each void transaction to determine whether the void was valid.
7. For each questionable transaction found in 6 above, checking the spitter tickets to determine whether the related ticket was missing or not.
8. To document evidence at a level sufficient to substantiate further investigation by Edmonton Police Service (EPS).

## **IN SUMMARY - VALUE OF LOSSES**

The cumulative value of this attendant's questionable void transactions during 2001 is \$680.25. Edmonton Police Services had interviewed Mr. X and he did admit to taking an undetermined amount of money while he was working as a cashier with the City. On February 06, 2002 the Edmonton Police Services charged Mr. X with Theft Under \$5,000.00 and he is scheduled to appear in court on April 24, 2002. Mr. X has written a letter of apology to the City that was received on February 12, 2002. Mr. X was terminated from his position with the City on February 06, 2002.

## **CONCLUSION**

The results of this investigation revealed that a number of cash control procedures at parking operations required revision. The primary responsibility for maintaining appropriate internal controls to prevent, detect, and deter fraud rests with management. Monitoring of internal control is done through regular management and supervisory reviews of activities, comparisons, reconciliations and other actions routinely conducted by employees in performing their regular duties. Good internal controls assist management in minimizing opportunities for fraud and maximizing the chances of discovering fraud.

In all fraud investigations conducted by the OCA, the OCA's goal is to provide assistance in helping the Administration to strengthen internal controls and improve methods of prevention and early detection of potential fraud. The OCA met with Asset Management and Public Works representatives throughout this investigation and provided recommendations designed to strengthen internal controls. The Department has taken steps to implement these recommendations and to ensure that its cash handling procedures are updated to reflect these new controls.