

GPEB Review: Investigations and Regional Operations and Audit and Compliance Divisions Review



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Issue

The Assistant Deputy Minister – Gaming Policy & Enforcement Branch and Strategic Human Resources (SHR) Branch of the Ministry of Finance have identified the need for third party expertise in the general area of compliance and enforcement, specifically to provide the following:

- Review, evaluation and analysis of compliance and enforcement information
- Working with SHR to conduct interviews and participate in information gathering sessions with stakeholders
- Provide advice on best practices and potential options/solutions for achieving business objectives, goals and strategic priorities

Investigations and Regional Operations Division

In conducting the interviews one of the biggest challenges identified both within and outside GPEB is the lack of confidence and understanding of exactly “what” the Investigations Division is doing. Secondly, concerns were also raised that the Division operates in the absence of oversight and direction by the General Manager.

Based on past Annual Reports the primary focus of the Investigation Division appears to be criminal investigations. It is argued by some that the primary focus of this Division should be enforcing the GCA and working in alignment with other GPEB Divisions, whereas criminal investigations should be left to the police force of jurisdiction.

Alternatively, it has been suggested that the Investigations Division should assist police and other enforcement agencies in executing their mandates within the gaming environment. However, such undertaking of complete criminal investigations - from individual offences to the complex investigations such as those involving organized crime - should remain the purview of the police of jurisdiction.

According to GPEB Investigations and Regional Operations documentation their mandate is:

“to investigate all allegations of wrongdoing within legal gaming venues in the province of British Columbia and to conduct investigations as directed by the General Manager, GPEB. Investigations Division is progressive, proactive and professional in the delivery and administration of enforcement programs within the law enforcement mandate of the Gaming Control Act and Regulations and Part VII of the *Criminal Code* of Canada, and protects public gaming from disrepute and preserves and promotes integrity, honesty and credibility within the gaming industry.”

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Research into the historical evolution of the Investigation Division found that in 1994, by policy, the Province created the Gaming Audit and Investigation Office (GAIO) to undertake regulatory functions in the gaming environment. Based on the presumption of a lawful mandate, the Ministry of Attorney General appointed GAIO investigators as Special Provincial Constables (SPC) for the purpose of conducting gaming audits and investigations and engaging in related enforcement activities pursuant to the *Criminal Code* of Canada.¹

In 2000, GAIO recognized that it had acquired its SPC appointments based on the mistaken assumption that it had a lawful mandate to carry out gaming audits and investigations. As a

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Solicitor-client privilege

Currently the mandate of the Investigations Division includes the delivery and administration of enforcement programs within the law enforcement mandate of the *Gaming Control Act* and *Regulations* and Part VII of the *Criminal Code* of Canada.

Based on statistics found within the GPEB Investigations and Regional Operations Division Program Annual Report 2013, investigators cleared by way of charge 193 criminal charges and five GCA charges. Further, investigators issued 194 GCA administrative actions for breaches of conditions of licenses or registration.

The statistics contained in the Annual Report are labeled “2012 / 2013.” Notes below the statistics table state that the 193 *Criminal Code* charges include those stemming from investigations conducted by the Investigation Division and/or assisting police of jurisdiction. The Report is unclear as to the break-down of the number of Investigation Division charges versus those linked to assisting police of jurisdiction. In addition, the statistics do not reveal how many investigation files the criminal charges involve, the employee-hours expended, the number of criminal charges approved by the Criminal Justice Branch, and the outcome of the

⁴ ibid

⁵ 2003-12-04 Memorandum Re: Gaming Policy and Enforcement Branch – Special Provincial Constables

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charges. Also unclear is whether the statistics provided are for the year 2012, 2012 / 2013 or just 2013.

Analysis of the GCA charges for the period finds five charges. The table does not provide information whether these are charges which proceeded by way of Violation Ticket or by way of charge approval through the Criminal Justice Branch. Allegations were heard that the statistics contained in the Annual Report may be misrepresentative of the actual outcomes of the Division. This allegation was not reviewed as part of the analysis as more in-depth inquiry would be required.

Other issues raised included the Investigation Division's current work practices, expense claims, parking allowances, collusion in completing the Work Environment Survey.

It is important to recognize that with the exception of the Executive Director of the Investigations Division, there was unanimous consensus amongst the individuals interviewed regarding concerns at the leadership level of this Division. The concerns include the Division's working relationship with other stakeholders such as BCLC, police and other Divisions within GPEB, the strategic direction and prioritization of the Division and the organizational structure of the Division.

Based on the interviews conducted it is suspected that the intransigent position taken by the current Investigation Division leadership has led to the current dysfunctional relationship with stakeholders.

Recommendation

The allegations into the operations of the Investigations Division are serious. The credibility of the Division, both internally and externally is seriously compromised. It is recommended that a full audit of the Investigations Division be considered. The benefits of an audit will go a long way to re-establishing the loss of confidence by both Branch employees and stakeholders.

Audit & Compliance Division

The review and analysis of the Audit & Compliance Division was limited to interviews of stakeholders, Audit & Compliance Division personnel and other Ministry employees.

Stakeholder feed-back on current Audit & Compliance operations was primarily from BCLC.

As mentioned the GPEB Review report, in conducting the interviews of BCLC executives it appeared that there was some collaboration between witnesses prior to their interviews. The message from BCLC in relation to the Audit & Compliance Division demonstrated the

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relationship as dysfunctional and lacking mutual trust and respect. In conducting interviews of Audit & Compliance personnel the primary focus was their lack of trust and respect of BCLC.

The GCA clearly states that the General Manager (or a designated inspector) may conduct audits of various types. Additionally, inspectors may also conduct inspections to assess applications for licences, grants or registration, monitor compliance of licensees, eligible organizations and registrants and monitor compliance by BCLC.

A common theme that emerged from interviewees other than Audit & Compliance Division personnel was the need for the Division to regulate more so by way of inspections than by audit processes. This was particularly evident with respect to BCLC feedback. Another common theme, recognized by all parties, was the significant absence of training for Audit & Compliance Division personnel on specific gaming systems and technological advances that affect the risk landscape in relation to the GPEB's compliance and enforcement mandate.

Audit & Compliance Division personnel report only minimal coordination between Audit & Compliance Division and Investigations Division. In particular, it was indicated that there is an absence of coordination in the review of s. 86 GCA reports which, notably, hold significant value for inspection purposes and when determining the need to conduct audits of specific areas.

General Recommendations

1. Based on a limited review of existing documentation and information received from multiple sources, it is recommended that the GPEB Audit & Compliance and Investigations Divisions undergo a significant re-structuring process to achieve greater efficiencies and outcomes with respect to accountability, functional lines of reporting, and operational effectiveness. Specific areas that require examination in this context should include, but not be limited to, the following:
 1. Review of current resources, position profiles and investigative/inspection capability requirements i.e. online gambling
 2. Accountability (all levels)
 3. Workplace wellness
 4. Branch integrated reporting systems / case management system
 5. Targeting of Branch priorities / risk management
 6. Performance metrics
 7. Improved communications internally and externally
 8. Review of the GCA with a view of inspections and investigations

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2. There currently appears to be minimal coordination of mandates between the Audit & Compliance and Investigations Divisions within GPEB. Such coordination between the Divisions could provide the Branch with enhanced effectiveness, efficiency and speed when responding to emerging priorities. Notably, although within each Division exist specialized competencies, there are also overlapping strengths that can be leveraged to create such efficiencies.

The current model used within the Regional Offices, whether official or unofficial, stands as an excellent example of the benefits of applying a cooperative approach. It is recognized that a full amalgamation of responsibilities within the existing two Divisions is not practical for a number of reasons such as Ling & Jarvis. Additionally, specialized units or project teams and positions within the two units will be required. It is recognized however that the creation of a single position to oversee and direct the operations of two units, Audit & Compliance and Investigations, will be of the greatest value to the Branch. This belief is supported by the current Executive Director of the Investigations.

3. The Investigations Division should have a robust intelligence gathering capability supported by appropriate information/intelligence sharing agreements. While it is recognized that BCCLC is subject to regulatory oversight by GPEB a more robust information/intelligence sharing model is achievable through enhanced collaboration with BCCLC Corporate Security & Compliance. Such collaboration would more fully leverage BCCLC's full capabilities to assist in identifying individuals, groups or organizations who exploit the integrity of gaming within BC.

Collaborative opportunities may include embedding investigative personnel within the recently created Real Time Intelligence Centre (RTIC-BC - housed at RCMP "E" Division Headquarters). An intelligence led model replicating some of the best practises from the Combined Forces Special Enforcement Unit (CFSEU-BC) aimed at organized crime operating within gaming can also be examined for GPEB purposes.

4. Training of investigatorsinspectors in enforcement approaches within the regulatory realm is a key priority. The majority of investigators current employed within the Investigations Division come from a policing background. While the training and experience of these individuals is invaluable, most arrive at GPEB with limited experience in understanding the nuances of a regulator. The change from an enforcement officer to one of a government regulatory compliance bureaucrat requires a level of re-training. This review did not examine the training and experience of the current inspectors however it is important that the individuals occupying these positions

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are informed to recognize and preserve evidence for investigators when violations of the GCA are encountered.

With the advancement of technologies training of investigators / inspectors within these areas is a priority. Current investigative / inspection capabilities are severely lacking and thereby creating a large gap in the capabilities of the Audit & Compliance and Investigations Divisions.