Raising the Alarm
Fraud Investigation of a Vendor Providing Life Safety Inspection Services
to the City of Toronto

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Auditor, Forensic Unit
Outline

1. Background
2. Fraud Investigation Process Overview
3. Investigation and Results
   A. Management Investigation and Results
   B. AG Investigation of Complaint
      ➢ Investigation Challenges
   C. AG Findings
4. Recommendations
5. Next Steps – Management Action
Background

Why this Fraud Investigation is Important

1. **Potential fraud involving life safety systems**
   Raises concerns about the City’s (building owner’s) responsibility to ensure life-safety systems are in place and the Fire Code is complied with

2. **Raises awareness for others** using this contractor

3. **Opens the conversation** regarding opportunities for improvement in the life safety industry across Ontario
Facilities Management became aware a complaint from PMMD about

- York Fire,
- Advance Fire and
- Advanced Detection Technologies Corp

- the companies were overcharging or charging for work not done

- A Facilities Management Life Safety Supervisor "had been aware of all of these challenges with the vendor and [the complainant] is unsure if anything was done to rectify the issue."

- “Other municipalities have cancelled contracts with this firm for fraudulent activity".
June 2, 2017: complainant provides additional information to PMMD. PMMD wrote to senior management staff of Facilities Management:

“… the information [the complainant] is providing is and could be a health and safety risk to the City.”

He advised me this morning that when annual inspections are to be completed any documentation confirming the inspections of the sprinklers, hydrostatic test, and flow???, are not in fact completed.

Complaint also alleged that company forged technicians names on reports, unaware to the technicians.
What is a Life Safety System?

Life safety systems are mandatory under the National Building Code of Canada. They are any interior building element designed to protect and evacuate the building population in emergencies, including fires and earthquakes, and less critical events such as power failures.

► Smoke alarms
► Fire extinguishers
► Emergency lighting and exit signs
► Sprinklers
► Fire pumps
► Smoke control and smoke venting equipment, including fans and dampers
► Hold-open devices and electromagnetic locks

Why life safety systems are important

► The failure to enforce the Ontario Fire Code is an impediment to “the ability of firefighters to engage successfully in suppression and rescue.”

► “Improper functioning of fire safety equipment such as emergency power, fire alarms and fire pumps” are conditions that can exacerbate fire situations and increase the risk faced by firefighters.

Example: Life Safety Checklist

Life safety is the building owner’s responsibility. A checklist says how often specific life safety equipment must be tested, and includes the Fire Code reference:

- Daily
- Weekly
- Monthly
- Every 2 Months
- Every 3 Months
- Every 6 Months
- Annually
- Every 2 Years
- Every 3 Years
- Every 5 Years
- Every 6 Years
- Every 12 Years
- As Required

Roles and Responsibilities – Life Safety Systems

Toronto Fire Services

Deputy City Managers

City Manager

Building Owner

Vendor Conducts Life Safety Inspections

City Council

Can Charge under FPPA

Hires

("Should Report To")

FPPA says "Responsibility to council: (3) A fire chief is the person who is ultimately responsible to the council of a municipality that appointed him or her for the delivery of fire protection services."
Qualifications & Licence

► Section 1.2 of Division C of the Ontario Fire Code sets out qualifications for persons performing tests, inspections and maintenance on fire alarm systems and interconnected smoke alarm systems.

► As of 2017, there is also a requirement for qualifications of persons performing work on sprinklers.

► There are no similar criteria for persons performing service maintenance on other systems such as emergency power, emergency lighting, and extinguishing systems (besides sprinklers).
## Who Was the Complaint About?

<table>
<thead>
<tr>
<th>Company</th>
<th>Service</th>
<th>Date of Contracts</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advance Fire Control</strong></td>
<td>• Fire Alarm, Sprinkler/Standpipe Systems</td>
<td>• July 2008</td>
<td>• 9 contracts awarded in total over the period 2008-2014 with various Divisions</td>
</tr>
<tr>
<td></td>
<td>• Fire Extinguisher Inspection, Hydrostatic Testing and Replacement</td>
<td>• March 2009</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• May 2011</td>
<td></td>
</tr>
<tr>
<td><strong>York Fire Protection</strong></td>
<td>• Fire Alarm, Sprinkler/Standpipe Systems including Fire Pumps and Fire Hydrants</td>
<td>• August 2014</td>
<td>• 2 contracts awarded over the period 2014-2017 for Toronto Water Division and Facilities Management Division</td>
</tr>
<tr>
<td></td>
<td>• Emergency lighting unit testing and inspections</td>
<td>• July 2015</td>
<td></td>
</tr>
<tr>
<td><strong>Advanced Detection Technologies</strong></td>
<td>• Fire Alarm, Sprinkler and Standpipe Systems</td>
<td>• May 2018, but contract was subsequently stopped</td>
<td>• Submitted bid in May 2015 for Facilities Management contract but did not win</td>
</tr>
</tbody>
</table>
Fraud Investigation Process

• 1,000+ allegations each year

Complaint forwarded to Management

Management conducts first-line investigation

Management reports back to AG

AG evaluates response

AG conducts further work if not satisfied
Managing This Investigation

Public buildings
Referred to Facilities Management to investigate

Auditor General Divides Complaint

Private buildings
Referred to TFS to investigate

Referred to TFS to investigate
Lays charges under FPPA
Results of Management’s Investigation

► July 2017 – Facilities Management suspended the contract pending a process review

► August 17, 2017 – Facilities Management summarized a meeting with the AG that after:

- “Reviewing multiple invoices there was no indication of any mishandling.”
- “No invoices were paid, unless an inspection report is provided by York and matched with their invoice”
FM Reported They Follow 3-way Match Process Prior to Payment

1. Compare purchase requirements to the work completed, including the qualifications.

2. Verify goods and services received.

3. Compare rates and quality/completeness before payment.

Purchase of Inspection services to verify fire code compliance.

Invoice

Inspections completed. Report produced.
AG Shared Preliminary Review With Management:

- York Fire website was using stock photos
Other Sites Using Same Photos
Stock Photos – Risk of False Identities

York Fire website as at August 14, 2017:

<table>
<thead>
<tr>
<th>OUR TEAM</th>
</tr>
</thead>
</table>
| **David Daniels**  
David is a Senior Fire Engineer who has been Designing Fire Protection for 15 years. He has worked on complex Fire Systems in Ontario  
Lacette Daniels  
Lacette works as a Fire Safety Plan Coordinator. She has got many plans approved in various Municipal Fire Offices around GTA Toronto  
Steve Sailings  
Steve is an outstanding Marketing Manager for our new clients.  
Serena Crawford  
Serena is assisting Omar in marketing Department, making client meetings, and schedules. She also |

<table>
<thead>
<tr>
<th>ATTORNEYS</th>
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</thead>
</table>
| **David Williams**  
David is a bankruptcy attorney who has been practicing for 15 years. He has served as Judge Pro Tem in Federal and Superior courts in Arizona.  
Lacette McDaniels  
Lacette practices Family and Probate Law. Lacette is highly skilled at resolving domestic issues quickly and fairly.  
James Dumont  
James served 10 years as an organized crime prosecutor. In private practice he has broadened his work to all areas of criminal law.  
Serena Crawford  
Serena primarily focuses on civil matters, with an emphasis in corporate disputes. She is very effective at reaching settlements, but also has an excellent trial record. |

<table>
<thead>
<tr>
<th>OUR CONSULTANTS</th>
</tr>
</thead>
</table>
| **David Williams**  
David is an Operations consultant who has been practicing for 15 years. He has served as a management consultant for leading agencies in Asia.  
Lacette McDaniels  
Lacette practices Family and Probate Law. Lacette is highly skilled at identifying domestic & international sales opportunities, issues quickly and fairly.  
James Dumont  
James served 10 years as an organized crime prosecutor. In private practice he has broadened his work to all areas of finance.  
Serena Crawford  
Serena primarily focuses on civil matters, with an emphasis in corporate disputes. |

Other websites with the same images and similar names as at August 14, 2017:

| Louis A Betchem  
Louis is a strategy thinker with experience leading business and business strategy in Europe and North America.  
Lacette McDaniels  
Lacette practices Family and Probate Law. Lacette is highly skilled at resolving domestic issues quickly and fairly.  
James Dumont  
James served 10 years as a senior financial advisor. In private practice he has broadened his work to all areas of finance.  
Serena Crawford  
Serena primarily focuses on civil matters, with an emphasis in corporate disputes. |
AG Investigation: 3 Lines of Inquiry

A. Verify those bidding are legitimate

B. Verify inspections were completed prior to payment:

  - Sample invoices & discuss with staff signing that the work was complete
  - Fire Chief asked to review buildings to ensure life safety work is completed

C. Undertake Company Searches – “Know your Vendor”
Line of Inquiry 1: **Bid Review**

1. Recent bid showed two of the companies listed in complaint.

   *York's bid was the lowest of the three*
   - York: $94,300
   - Company X: $135,600
   - Advanced Detection Technologies: $259,600

2. Noticed signatures looked like the same handwriting

3. Noticed names looked unusual
   - Dave Daniels, Jason Peters, David Williams
**Line of Inquiry 2: Invoice Verification**

- Selected 105 invoices of about 1,400 invoices

<table>
<thead>
<tr>
<th>Contract</th>
<th>Division</th>
<th>Sample Size</th>
<th>Supporting documents found (inspection reports, service reports, etc)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Lighting</td>
<td>Facilities Management</td>
<td>88</td>
<td>46 invoices or 52%</td>
</tr>
<tr>
<td>Fire Alarms, testing sprinkler/standpipe systems including fire pumps and fire hydrants</td>
<td>Toronto Water</td>
<td>17</td>
<td>Some support for all</td>
</tr>
</tbody>
</table>
Senior Management affirmed:

“Facilities followed the standard Accounts Payable process, receive invoice, match to Contract Release Order and then Goods received is completed by Supervisor for it to be paid.”

FM noted that from time to time, some supporting documents like packing slips may have been left on site, and occasionally some supporting documents were contained in emails from staff as opposed to being retained in a centralized location.
“TFS issued a Notice of Violation to Advanced Fire Control, on December 14, 2017. In addition, TFS will be swearing an Information alleging a number of violations contrary to the FPPA with respect to inspection, tests and maintenance of fire protection systems involving Advanced Fire Control in the coming days.

We are aware that certain City Divisions have previously, and potentially have currently, retained Advanced Fire Protection Systems/York Fire Protection to perform inspections, tests and maintenance of fire protection systems in City owned and/or occupied buildings.

I am bringing this to your attention so that City Divisions are fully aware of relevant information in making purchasing decisions and for managing contracts with suppliers.”

AG not notified by Mgt
Toronto Fire Also Had Difficulty Finding Records

Per the Fire Code, records are to be produced on request.

January 31, 2018: Deputy Chief writes to Senior Facilities Management

➢ “TFS is still experiencing significant challenges in obtaining information we need to close our inspection dating back to October 2017 for this property.”

February 6, 2018: Follow-up

➢ “As I noted at this time, it does not appear to TFS staff that the third parties retained under the various Fire Testing Agreements provided the City with inspection, testing and maintenance services of fire protection systems, as required.”
Deputy Fire Chief reports to the Deputy City Manager

► February 9, 2018

“At this time, TFS has not advised the Auditor General's Office (AGO) of these findings, as the responsibility for the management of these Fire Testing Agreements and ensuring the receipt of good value for money thereunder resides within your jurisdiction. It is my recommendation that you notify the AGO of this potential wrongdoing and the associated steps taken under your contract management of the Fire Testing Agreements. Please advise if you would prefer that I notify the AGO.”

► AG not informed
Still Looking for Invoices, AG Asks to Meet With Managers to Request Help Locating Documentation and Understanding Process

In preparation for the meeting, senior FM management on March 9, 2018 sent communication to managers who are to be interviewed:

“We have been very clear with the auditors that Facilities Management follows the three way match process and our confirmation that the work has been done is based on the approval and release of the goods receipt.”
Facilities Management’s Independent Building Review

► Mid-March 2018: Facilities Management undertakes a review of 19 critical infrastructure buildings to verify compliance with Fire Code

► End of March/early April: FM received results that most of the 19 buildings were missing documentation and were not in compliance with the Fire Code

► April 20: received a letter from FM ‘contextualizing’ the work being undertaken by Facilities Management to verify compliance in its buildings.
  ➢ no mention of inspection results of 19 critical buildings
  ➢ ‘potential wrongdoing’ referral, requested by Deputy Fire Chief, not included in the letter

AG and Fire Chief not notified of results of inspections of critical buildings
During investigation wrap-up – Concerns about missing relevant information comes to light

► May 18, 2018 – AG was wrapping up the result of the work she contacted Toronto Fire Services for the results of their investigation into City buildings. AG learned:
  ➢ TFS’ difficulties finding inspection records
  ➢ TFS’ concerns and complaint about potential wrongdoing was not forwarded to the AG

► May 25, 2018 – AG receives details of the results on the 19 critical infrastructure buildings after making a request to Facilities Management
Information Not Provided to the AG by FM in a timely way or at all

<table>
<thead>
<tr>
<th>Date</th>
<th>Information not provided by Facilities Management (FM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2017</td>
<td>Facilities Management was notified by PMMD of complaint (Not provided)</td>
</tr>
<tr>
<td>June 2017</td>
<td>Additional information about complaint received by FM from PMMD (Not provided)</td>
</tr>
<tr>
<td>December 2017</td>
<td>Toronto Fire Services (TFS) notifies City Manager and DCMs that Advance Fire Control and York Fire have been issued Notice of Violations (Not provided)</td>
</tr>
<tr>
<td>January 2018</td>
<td>TFS sends email to FM advising they are having “significant challenges” in locating documentation (Not provided)</td>
</tr>
<tr>
<td>February 2018</td>
<td>FM received email from TFS informing about potential wrongdoing by third-party contractors (Not provided)</td>
</tr>
<tr>
<td>March 2018</td>
<td>FM did not provide detailed inspection results of 19 critical infrastructure buildings until May 2018 (Not provided until requested)</td>
</tr>
</tbody>
</table>
Line of Inquiry 3 – Know Your Vendor

1. Company searches
2. Send bid signatures out to a handwriting specialist
3. Summons the vendor to provide evidence under oath
AG Findings

A – Ontario Fire Code Inspection report **audit trail is missing**
   Lack of proof to show inspections were done
   Lack of understanding

B – **Problems with York Fire’s Invoices** and Contracts

C – Concerns about the **Authenticity** of York Fire Protection

D – **Fire Chief’s Investigation**

E - Broader **systemic issues**
   How inspections are managed in City owned buildings
   Opportunities to improve the industry

F - Clarifying **reporting of potential wrongdoing**
A. Lack of Proof to Show Inspections Were Done

The "lack of an audit trail as to whether essential safety work was carried out" was seen to be "a deep flaw".

- Building a Safer Future report
A. Lack of Proof, Lack of Understanding of Importance of Documentation

- Auditor General and external forensic accounting firm could only find full or partial documentation for 52% of sampled invoices
- Missing documentation included:
  - Missing an entire inspection report
  - Incomplete reports (missing the fire alarm or flow test, for example)
- Payment was processed despite these issues
- Lack of compliance with the Fire Code
B. Problems With York Fire’s Invoices and Contracts

“… the reports were inaccurate. Sometimes the reports had showed more emergency lighting than there was, sometimes it showed less. They just weren't accurate.”

-Facilities Management Manager
York Fire: Invoice Issues

- More batteries than required were replaced
- Potentially overbilled hours
- Service orders indicating technician was at 3 locations at the same time on the same day
- Duplicate charges
- Incorrect invoice dates
- Contract Release Orders or Divisional Purchase Orders issued after the date of service
## Technician X in 3 Locations on Same Day, Same Time

<table>
<thead>
<tr>
<th>Service Order</th>
<th>Invoice Number</th>
<th>Technician</th>
<th>City Location</th>
<th>Date</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>#477681</td>
<td>#38897</td>
<td>Technician X</td>
<td>399 The West Mall</td>
<td>11-Dec-15</td>
<td>6:30am to 9:30am</td>
</tr>
<tr>
<td>#498985</td>
<td>#38899</td>
<td>Technician X</td>
<td>2700 Eglinton Avenue West</td>
<td>11-Dec-15</td>
<td>6:30am to 9:30am</td>
</tr>
<tr>
<td>#499025</td>
<td>#38670</td>
<td>Technician X</td>
<td>31 Glen Watford Drive</td>
<td>11-Dec-15</td>
<td>8:00am to 3:00pm</td>
</tr>
</tbody>
</table>
York Fire: Service Order Signatures Appear Electronically Manipulated or Duplicated

- Different Service Orders with exact same signatures
- Technician X said the signature “does not look like mine at all”
Customer Signatures Missing From Service Orders

Toronto Fire Services said:
"...no trucks were dispatched ... I do not see any training listed where they would have been out of the hall."
Inconsistent invoices and Service Orders

Quotes from emails between the City and York Fire:

*These are a mess to say the least. This is unacceptable. I have no time for sub-par work.*

*They are doing a terrible job.*

*I am not getting accurate reports no matter how much I try to hold their hand.*

*I have two invoices with the same invoice #, both in different amounts. Please send a credit in the amount of $96.31*

*(We) ... are done with your excuses of "glitch", "typo" etc. We have tried but no more*

City: *Why is there no company logo on the invoices ...?*

York: *We are in the process of upgrading all of our internal data system, due to that you didn’t get any LOGO’s this time. But if you are still looking the ones with the LOGO as all the previous times, then please give me until the end of the day so I can re-submit to you.*
Ontario Fire Marshal Guidelines

► OFM Guidelines include checking the performance record of a service company for:

“...evidence of satisfactory work, quick response to service calls and absence of repetitive problems"

► It is management's responsibility to ensure proper documents are retained.
# Inconsistent Service Orders

<table>
<thead>
<tr>
<th>Service Order #</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Test A</td>
</tr>
<tr>
<td>2</td>
<td>Test B</td>
</tr>
</tbody>
</table>

### Service Order Details

- **Date**: [Insert Date]
- **Technician**: [Insert Name]
- **Address**: [Insert Address]
- **Customer**: [Insert Customer Name]

---

Image of a service order form with handwritten notes and signatures.
Inconsistent Invoices
Staff Knew Inspection Reports Could Be Manipulated

Quotes from FM staff discussing the potential for inspection reports to be manipulated:

Manager 1: “We get York reports – by email – not as an invoice attachment.”

Manager 2: “No signature? No time in time out? No comments? Excel and not PDF?”

Manager 1: “True – but it is better than no report 😊”

Manager 2: “Yes, but it can be totally manipulated.”

Manager 1: “Yes it can”
Final Interview with Senior Management it was admitted:

► “Where there’s no service report, the supervisor who does the approval will not necessarily go looking for the service report. It was easier to just pass it through [to payment]"
Supervisor Raised Concerns, but there was a lack of follow-up by management to verify that inspections were up to date

Manager took Supervisor of Life Safety Systems’ concerns “with a grain of salt” and that he could be “persnickety”

After concerns raised, there was a lack of follow up on performance issues to ensure compliance with the Ontario Fire Code

- Lack of follow-up on discrepancies
- Lack of spot audits to verify work was done

June 2, 2017: PMMD wrote to Senior Management at Facilities Management about possible health and safety risks and work not done related to this vendor

- Management did not follow up
Lack of Management Action

Interview with AG:

AG: “So [the supervisor] is saying there are issues. You’re relying on [the supervisor’s] audit to make sure that you’re in compliance with the Fire Code.”

Manager: “Yeah.”

AG: “So [the supervisor] is saying … he spent the time [to review the service provider’s work]… he says, “I have issues”. Then what do you do?”

Manager: “…we’ve known all along that there were issues [with York Fire]. We escalated it. There was a meeting with PMMD.”

The AG checked – there was no meeting with PMMD.
Lack of Verification to Confirm Work

AG: “… You paid (the invoices)? But these were in dispute at the time, were they not?”

Manager: “That’s correct.”

AG: “Did (you) go back and make sure that the work was done?”

Manager: “No.”

AG: “… it’s in dispute because…the work might not be done?”

Manager: “Or the reports were inaccurate. Sometimes the reports had showed more emergency lighting that there was, sometimes it showed less...they just weren't accurate.”

AG: “…So there is a possibility that the work wasn't done?”

Manager: “Yeah.”

AG: “And (you) didn't go back to check that?”

Manager: “No.”
TIMELINE: City’s issues with companies

**DEC. 2002**
New Company: **Advance Fire Control** incorporated with **Rauf Ahmad** listed as President and Director.

**2008 - 2011**
**Performance issues** raised by **Facilities Management (FM)** staff on **Advance Fire Control** related to double billing and wrong reports.

**OCT. 2007**

**OCT. 2011**
**Concern raised by staff about Advance Fire Control's Signing Officer: David Williams being fictitious.**

**JUL. 2011**

**JAN. 2012**
Concerns raised by **PMMO** about contract renewal: “Division Contracts funds are over billed. Are the problems being resolved with Advance Fire?”

**MAY 2012**
**Verbal warning issued to Advance Fire Control and accepted by Rauf Ahmad, company representative.**
Rauf Ahmad filed claim against City of Toronto in relation to invoices not paid to Advance Fire Control\(^1\) in Small Claims Court. The City defended saying the invoices:

- Are duplicates of invoices that have been paid;
- Were submitted without Service Reports, which are necessary as proof that services were performed;
- Were for work not requested and/or authorized to be performed under the contract;
- Were submitted with inaccurate Service Reports; or
- Were otherwise deficient or improperly invoiced and not in accordance with the Contract.

New company: Maf-Bar Conseil Ltee o/a York Fire Protection Ltd. incorporated. Aisha Lodhi listed as Director.

Claim settled between City of Toronto and Advance Fire Control\(^2\) after partial payment of disputed invoices by the City.

\(^1\) Rauf Ahmad interchangeably used Advance Fire Control and Advanced Fire Controls during contracts with City of Toronto. Advanced Fire Control changed its name to AF Controls Canada. Rauf Ahmad on behalf of AF Controls Canada filed claim against the City of Toronto.
**AUG. 2014**

New company: Advanced Detection Technologies Corp. incorporated. Khalid Lodhi listed as Director. Rauf Arain is Signing Officer.

**FEB. 2015**

Contract for fire alarm and sprinklers inspection, testing and maintenance awarded by Toronto Water Division to York Fire.

**MAY 2015**

RFQ for fire safety services issued by Facilities Management
- Bid submitted by Advanced Detection Technologies. Signing Officer: Rauf Arain.
- Bid submitted by York Fire. Signing Officer: Dave Daniels. The Auditor General later notices similar handwriting on bid submissions.

**JUL. 2015**

Rauf Ahmad, President, York Fire emails Toronto Water Division staff to resolve invoice issues.

**JUL. 2015**

York Fire awarded contract for Emergency Lighting inspection testing and maintenance issued by Facilities Management Division.

**MAY 2016**

Facilities Management Division supervisors escalate the issues of disputed invoices with York Fire to FM management.

**MAR. 2016**

Concerns about York Fire billing and performance flagged within Facilities Management but not raised to PMMD.
Documents submitted for renewal of contract between Facilities Management Division and York Fire.

**MAY 2016**

Toronto Water Division contract ended with York Fire without renewal. New RFQ issued for Fire Alarm inspection, testing and maintenance service. Toronto Water Division continued to use York Fire using Divisional Purchase Orders for fire alarm testing.

**JUN. 2016**

York Fire submitted bid for Toronto Water Division RFQ for fire alarm and sprinklers inspection, testing and maintenance. Signing Officer - Rauf Ahmad. Quotation declared non-compliant due to late submission of Bidder Reference Information.

**OCT. 2016**

Facilities Management contract with York Fire amended to increase by $100,000 because contract was overbilled despite ongoing issues and concerns.

**MAY 2017**

Complaint sent to PMMD and Facilities Management about a potential wrongdoing by Advanced Detection Technologies, Advance Fire and York Fire. The complainant informed that Facilities Management Life Safety Supervisor is aware of the poor performance.
TIMELINE: City's issues with companies

PMMD informed Facilities Management that “the information complainant is providing is and could be a health and safety risk to the City... annual inspections of the sprinklers, hydrostatic test, and flow, are not in fact completed.” No action taken by Facilities Management.

JUN. 2017
Complaint against York Fire came in through Fraud and Waste Hotline. The Auditor General refers the complaint to Facilities Management and Toronto Fire Services for investigation. Fair Wage Office also initiates compliance review.

JUN. 2017
New Company: Ontario Fire Control incorporated with Fida Majid as Registrant.

JUL. 2017
York Fire Contract put on hold by Facilities Management Division while contract under investigation by the Auditor General. Disputed invoices held for payment.

SEPT – DEC. 2017
Toronto Fire Services inspected various sites for safety risk and faced great difficulty in finding documentation.

NOV. 2017
Toronto Fire Services issued a Notice of Violation to Advanced Fire Control / York Fire alleging a number of violations contrary to the FPPA. Information provided to City Manager and DCM so that City Divisions are fully aware of relevant information in making purchasing decisions.

DEC. 2017
Fair Wage Office issued letter of non-compliance with Fair Wage By-law to York Fire. Lack of transparency in record keeping noted.

Facilities Management received letter from Toronto Fire Services informing about potential wrongdoing by third
Facilities Management received letter from Toronto Fire Services informing about potential wrongdoing by third party contractors not performing their work properly when inspecting City properties. TFS recommended FM to inform the Auditor General. The Auditor General was not informed.

Facilities Management issued a Letter to the Auditor General "contextualizing" the compliance issues related to the maintenance of Fire & Life Safety Plans according to Ontario Fire Code requirements and mitigating actions. No information about potential wrongdoing provided.

Bid awarded for fire alarm and sprinkler inspection, testing and maintenance to Advanced Detection Technologies Corp. on the recommendation of Facilities Management despite ongoing issues and concerns on other contracts and charges being laid under the Ontario Fire Code. PMMD asked FM to identify any historic performance issues relating to Advanced Detection and FM did not raise any. Contract award was halted after PMMD was informed by Legal Services.
"There was a developing pattern of issues with business practices that staff had noticed and documented. There were also performance problems and failure to meet the terms outlined in the contract. Despite continued attempts to resolve the situation, it reached a point where action was required and all services with this company were stopped."

The contract was put on hold at that municipality. In addition, Ahmad confirmed to us that two more municipalities stopped working with his companies because of performance issues.
Contracts Continued to be Renewed

► December 2017: Deputy Fire Chief writes to City Manager and all Deputy City Managers explaining that York Fire Protection / Advanced Fire Control had been issued a Notice of Violation for apparent contraventions of the Ontario Fire Code and the original complaint was about Advanced Detection Technologies.

► February 2018: Deputy Fire Chief wrote to Facilities Management that the vendor was not performing the work it was contracted to do.


► May 2018: Advanced Detection Technologies was successful in bid for contract with Shelter, Support and Housing Administration. In wake of fire charges, contract was not sent to vendor.
C. Concerns About Authenticity of York Fire Protection

“A long time leader in life safety and property protection since 1993.”
- website, Advance Fire Control

“You can trust that your buildings’ life safety systems are being maintained by real professionals in the industry with care.”
- website, York Fire Protection
York Fire & Advance Fire Control

York Fire

Life Safety Supervisor’s Concerns

Early on in contract with Advance Fire Control, billing issues arose, Life Safety Supervisor could not get in contact with David Williams. The supervisor emailed a City staff member:

"I think when we call them in to discuss the contract we should insist that David Williams attends, he is the one that signed the contract, I think he is fictitious…

Have you ever spoke to him, I have left voice mail for him and sent e-mail to his attention, but have not heard back or receive a reply."
2015: York Fire Protection won a contract
- Life Safety Supervisor tried to have a kickoff meeting with Dave Daniels, who was similarly unavailable.
- City staff never met a Dave Daniels or a David Williams.

A colleague of the Life Safety Supervisor emailed:
"So you finally met Dave Daniels… !!??
Or is he on his yacht sailing away into the sunset never to be seen again?"
<table>
<thead>
<tr>
<th>Date</th>
<th>Name</th>
<th>Role</th>
<th>Company</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>17-Feb-11</td>
<td>David Williams</td>
<td>Signing Officer and Operations Manager</td>
<td>Advance Fire Control</td>
<td>RFQ bid</td>
</tr>
<tr>
<td>06-Jun-13</td>
<td>Rauf Ahmad</td>
<td>Representative in Legal proceeding</td>
<td>Advance Fire Control / AF Controls Canada</td>
<td>Lawsuit</td>
</tr>
<tr>
<td>29-May-15</td>
<td>Rauf Arain</td>
<td>Signing Officer</td>
<td>Advanced Detection Technologies Corp.</td>
<td>RFQ bid</td>
</tr>
<tr>
<td>01-Jun-15</td>
<td>Dave Daniels</td>
<td>Signing Officer and Director</td>
<td>York Fire Protection</td>
<td>RFQ bid</td>
</tr>
<tr>
<td>11-Jun-15</td>
<td>Dave Daniels</td>
<td>Project Manager</td>
<td>York Fire Protection</td>
<td>Fair Wage Declaration</td>
</tr>
<tr>
<td>11-Jun-15</td>
<td>Rauf Arain</td>
<td>Signing Officer and Director</td>
<td>Advanced Detection Technologies Corp.</td>
<td>Fair Wage Declaration</td>
</tr>
<tr>
<td>31-Jul-15</td>
<td>Rauf Ahmad</td>
<td>President</td>
<td>York Fire Protection</td>
<td>Email to Toronto Water Division</td>
</tr>
<tr>
<td>21-Oct-15</td>
<td>Dave Daniels</td>
<td>Director Sales</td>
<td>York Fire Protection</td>
<td>Email to Facilities</td>
</tr>
<tr>
<td>18-Oct-16</td>
<td>Rauf Ahmad</td>
<td>Signing Officer</td>
<td>York Fire Protection</td>
<td>RFQ bid</td>
</tr>
<tr>
<td>15-Dec-16</td>
<td>Dave Daniels</td>
<td>President</td>
<td>York Fire Protection</td>
<td>Email to Facilities</td>
</tr>
<tr>
<td>22-Jun-17</td>
<td>Rauf</td>
<td>Technician</td>
<td>York Fire Protection</td>
<td>Packing Slip</td>
</tr>
<tr>
<td>05-Jul-17</td>
<td>Rauf Arain</td>
<td>Service Manager</td>
<td>York Fire Protection</td>
<td>Email to City Fair Wage Office</td>
</tr>
<tr>
<td>11-Jul-17</td>
<td>Rauf Arain</td>
<td>President</td>
<td>York Fire Protection</td>
<td>Email to City Fair Wage Office</td>
</tr>
<tr>
<td>11-Jul-17</td>
<td>Dave Daniels</td>
<td>President</td>
<td>York Fire Protection</td>
<td>Email to Facilities</td>
</tr>
<tr>
<td>14-Aug-17</td>
<td>David Daniels</td>
<td>Senior Fire Engineer</td>
<td>York Fire Protection</td>
<td>Website screenshot</td>
</tr>
</tbody>
</table>
Stock Photos, False Identities

York Fire website as at August 14, 2017:

**OUR TEAM**

David Daniels
David is a Senior Fire Engineer who has been designing Fire Protection for 15 years. He has worked on complex Fire Systems in Ontario.

Lacette Daniels
Lacette works as a Fire Safety Plan Coordinator. She has got many plans approved in various Municipal Fire Offices around GTA Toronto.

Steve Sallings
Steve is an outstanding Marketing Manager for our new clients.

Serena Crawford
Serena is assisting Omar in marketing Department, making clients meetings, and schedules. She also

**OTHER WEBSITES WITH THE SAME IMAGES AND SIMILAR NAMES AS AT AUGUST 14, 2017:**

**OUR ATTORNEYS**

David Williams
David is a bankruptcy attorney who has been practicing for 15 years. He has served as Judge Pro Temp in Federal and Superior courts in Arizona.

Lacette McDaniels
Lacette practices Family and Probate Law. Lacette is highly skilled at resolving domestic issues quickly and fairly.

James Dumont
James served 10 years as an organized crime prosecutor. In private practice he has broadened his work in all areas of criminal law.

Serena Crawford
Serena primarily focuses on civil matters, with an emphasis in corporate disputes. She is very effective at reaching settlements, but also has an excellent trial record.

**OUR CONSULTANTS**

David Williams
David is an Operations consultant who has been practicing for 15 years. He has served as an advertising consultant for leading agencies in Asia.

Lacette McDaniels
Lacette is a Sales specialist with over 20 years in Banking industry. Christine is highly skilled at identifying domestic & international sales opportunities issues quickly and fairly.

James Dumont
James served 10 years as an organized crime consultant. His area of expertise is in maximizing areas of opportunities.

Serena Crawford
Serena primarily focuses on business start up. Understanding business areas & competition. He specializes in Political, Economic, Sociological, and Technological factors for international businesses.

Louis A Betchem
Louis is a strategy thinker with experience leading business and business strategy in Europe and North America.

Lacette McDaniels
Lacette practices Family and Probate Law. Lacette is highly skilled at resolving domestic issues quickly and fairly.

James Dumont
James served 10 years as a senior financial adviser. In private practice he has broadened his work to all areas of finance.

Serena Crawford
Serena primarily focuses on civil matters, with an emphasis in corporate disputes.
LISTED ADDRESSES BY COLOUR, LEGENDS AND FOOTNOTES

26 MANORWOOD RD., TORONTO, ON (Residential property)
43-2721 MARKHAM RD., SCARBOROUGH, ON (Commercial property)
102A-1510 BIRCHMOUNT RD., TORONTO, ON (Commercial property)
39 CITADEL DR., SCARBOROUGH, ON (Residential property)
2575 DANFORTH AVE., TORONTO, ON (Mixed use property)
1303 AVE-Y NORTH, SASKATOON, SK (Residential property)
6 – 1193A BRIMLEY RD., SCARBOROUGH, ON (Commercial property)
2560 LAWRENCE AVE. EAST, TORONTO, ON (Mixed use property)
1100 BIRCHMOUNT RD., SCARBOROUGH, ON (Jamia Talimul Islam listed as registered office)


1 Person is Signing Officer on City contracts and are confirmed to be fictitious. Ahmad confirmed that these are AKA names. Details of roles and positions in Table 2. Ray Cafee is believed to be fictitious.
2 The affiliation and roles of these individuals to York Fire Protection are outlined in Table 2.
3 Maf-Bar Conseil Ltée is the incorporated company that operates as York Fire Protection.
4 Rauf Ahmad interchangeably used Advance Fire Control and Advanced Fire Controls during contracts with City of Toronto. Ahmad confirmed that these are operating trade names for Advanced Detection Technologies.
5 Advanced Fire Control later changed its official name to AF Controls Canada. The claim filed by Rauf Ahmad against City of Toronto was on behalf of AF Controls Canada.
6 Ahmad confirmed that York Fire Protection and Advanced Detection Technologies are merging into Ontario Fire Control.
Handwriting Analysis

► Auditor General noticed similar handwriting on various bids

► Expert: “the evidence supports my opinion to a reasonable degree of scientific certainty that the signatures and handwriting on the three Requests for Quotation from the City of Toronto labeled 'Q1' through 'Q3' were written by one hand/same hand…”
Fraud Warning Signs

- Staff raise concerns about vendor
- Duplicate, incorrect, and excessive errors on vendor’s invoices
- Multiple companies with same address and/or owners
- Difficulty in contacting vendor or in getting clear answers
- Poor performance
- Invoiced goods or services cannot be verified
- Vendor consistently submits lowest bid
- Constant over-commitment in contracts
- Frequent changes in vendor contacts/staff designations and difficulty contacting key officials
- Vendor awarded contract without history or background check done
- Negative feedback from staff about vendor
- Forged signatures
Risk of Fraud, Difficult to Prove

► Fraud is unproven because of the difficulties amassing the records and a lack of consistency in management's statements regarding the procedures they followed when paying invoices.

► However, based on the totality of the evidence, it is our view that there is a high-risk situation for fraud.
D. Fire Chief’s Investigation

“It really is a breach of trust. These fire prevention systems are in buildings to protect the public and responding firefighters and for these companies to allegedly have gone in and not inspected and maintained those systems causes us great concern.”

-Deputy Chief Jessop, Toronto Fire Services
Time Constraints with the Fire Prevention and Protection Act (FPPA)

► Auditor General asked Toronto Fire Services to investigate
  - **May 2018**: 90 charges laid against Advanced Detection Technologies, York Fire Protection, Rauf Ahmad, and several others

► Time constraints of the Fire Prevention and Protection Act (FPPA):
  - Toronto Fire Services only allows 6 months from when a violation is allegedly committed to investigate and lay charges
  - FPPA is silent on the limitation period and discoverability language, so the law defaults to the Provincial Offences Act’s 6-month time limit
  - By contrast, Ontario Building Code allows for 1 year from the time when the alleged violation becomes known

► TFS has requested legislative change to bring the FPPA in line with the Ontario Building Code
E. Systemic Issues
City Building Inspection Results

- York Fire not the only company hired by the City to do life safety inspection work

- Auditor General requested Toronto Fire Services to inspect 12 buildings, including City Hall, Metro Hall and Union Station
  - All but 1 found to have Fire Code deficiencies
Sample of TFS Inspection Results – Building A

<table>
<thead>
<tr>
<th>Service</th>
<th>Inspection</th>
<th>Results (TFS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company 1</td>
<td>2016 Fire Extinguisher and Fire Hose Inspection</td>
<td>- The five (5) and six (6) year internal maintenance inspections for the fire extinguishers have not been recorded (NFPA 10, 7.3.1.1).</td>
</tr>
</tbody>
</table>
| Company 3            | 2017 Fire Alarm and Life Safety System Inspection Certificate | - CFAA Technician No. not provided and is not signed.  
- Various information (i.e., monitoring company, etc.) is missing and/or not properly filled out. |
| Company 3            | 2017 Sprinkler Inspection Certificate           | Various information within the fire pump testing records (Page 35) is missing and/or not properly filled out. It appears that the fire pumps have not been tested based on the lack of information provided. |
| Company 9            | 2016 Kitchen Extinguishing System               | Only the certificate of inspection has been provided. No inspection/test reports have been provided for review. |
# Sample of TFS Inspection Results – Building B

<table>
<thead>
<tr>
<th>Service &amp; Inspection</th>
<th>Results (TFS)</th>
</tr>
</thead>
</table>
• Several items on the report have not been completed. Where not applicable, N/A must be checked.  
• Smoke detector sensitivity tests not completed.  
• A deficiency report was not provided. |
| Company 10 2016 Fire Extinguisher A inspections and tests were conducted in accordance with was not provided.  
• A deficiency report was not provided. |
| Company 10 2016 Sprinkler Inspection | • An inspection certificate/cover letter indicating which standard the inspections and tests were conducted in accordance with was not provided.  
• Report identifies that changes or additions to the systems have been made. **No details provided.**  
• Main drain test not completed.  
• Standpipe flow test not completed.  
• Fire pump flow test not completed.  
• Dry pipe sprinkler systems trip test method not identified.  
• Standpipe hose inspection and test report not provided (part of checklist) |
| Company 10 2016 Deficiency Repair | • Includes corrective measures/repairs to address deficiencies noted on the 2016 Annual Inspection Reports as well as other repairs and installations.  
• Verification reports were not provided for repairs/installations such as the fire alarm system for a tent venue (Invoice 15654).  
• Certificates/clearance letters confirming that deficiencies noted on each report were corrected/repaired were not provided. |
| Company 11 2015-2016 Generator and Diesel Fire Pump Monthly and Semi-Annual ITM Reports | • Fire pump records do not include flow test information, only engine maintenance.  
• Generator annual and quinquennial test and inspection reports were not provided as required by C282-09.  
• Deficiency reports were not provided.  
• A certificate/clearance letter confirming that deficiencies noted were corrected/repaired was not provided. |
Findings do not mean that buildings are necessarily unsafe but there is some work that needs to be done to bring buildings into compliance.
Systemic Issues

1. Not treating inspection of life safety systems in a building as one whole system

2. Using a decentralized and siloed model to manage life safety inspection services

3. Not standardizing inspection sheets to ensure consistency

4. Not using a centralized database

5. Not having a centralized complaints process that can capture concerns about a particular contractor

6. Not clarifying roles and responsibilities of staff, contractors and building owners
As Many as 6 Companies Inspecting Parts of 1 Building at Same Time

COMPANY A
Emergency Lighting

COMPANY B
Fire Extinguishers

COMPANY C
Sprinkler Systems

COMPANY D
Fire Alarms

COMPANY E
Emergency Power

COMPANY F
Emergency Generators
Companies Have Extensive Access To City Buildings

- Service providers not monitored while they do their work. Not practical to monitor all of them, but highlights importance of due diligence and security checks before hiring.

- Past performance not verified
  - Ex. York Fire was formed in late 2013, but website said it had been in operation since 1989.
Need to Trust Vendor Does Not Override Need for Due Diligence

- Disreputable companies can present fire hazards, security risks and legal liabilities.

- Depending on the building, it would be appropriate to:
  - Obtain background checks on contractors
  - Ensure contractors identify themselves with valid ID at sites before inspection

Experience You Can Trust

York Fire Protection offers a total solution to any small or large scale facility’s fire safety issues. Our staff understand how inconvenient and expensive a building’s life safety system can be and that is why we are dedicated to providing exceptional service that is built around your schedule at an affordable price. York Fire Protection is a 24-hour, 365 days a year inspection, maintenance, and service company. Our goal is to make your building’s life as simple to maintain as possible. You can trust that your building’s life safety systems are being maintained by real professionals in the industry with care.
Potential Performance Issues - Other Vendors

One example:

► Company X, billed for inspecting 4 sprinkler systems in a building that did not even have sprinkler systems

► Life Safety Supervisor again raised concerns to manager that Company X was not performing work required in the contract and under the Ontario Fire Code
  ➢ Toronto Fire Services confirmed to Auditor General that some testing had not been completed by Company X

► PMMD asked Facilities Management if there were issues with Company X, Facilities Management managers did not identify any issues even though the manager had been told by the Life Safety Supervisor

► PMMD renewed a multi-year, multi-million dollar contract with Company X
Poorly Worded RFQs

► Fire Inspectors and Toronto Fire Services noted that City staff did not have an understanding of the daily, weekly, monthly and annual inspection, test and maintenance criteria.

► Some RFQs had conflicting information on inspection expectations.

“The scope of work identified throughout the document is not consistent and as a result provides an opportunity for bidders to misinterpret and/or not include for certain services. It is also important to ensure that the codes and standards being referenced to in the RFQ documents are accurate including the applicable editions as referenced in the OFC.”

- Fire Inspector
Awarding Contracts Based on Lowest Bid

► Complainant said Ahmad would submit lowest bids in order to get a contract.

► Facilities Management RFQ and Toronto Water said award of contract will be based on:
  "Bidder meeting the specifications and providing the lowest grand total cost…"

► Cost is important, but should not be the primary criteria for life safety inspection services.
  ➢ Past performance should be considered, but was not
F. Potential Wrongdoing

"It is my recommendation that you notify the AGO of this potential wrongdoing and the associated steps taken under your contract management of the Fire Testing Agreements. Please advise if you would prefer that I notify the AGO."

-Deputy Fire Chief to the Deputy City Manager, Internal Corporate Services and cc’d Deputy City Manager, Cluster B
Auditor General Not Notified About Potential Wrongdoing

► **February 6, 2018:** Deputy Fire Chief informs Facilities Management

> "It does not appear to the TFS staff that the third parties retained under the various Fire Testing Agreements provided the City with Inspection, testing and maintenance services of the fire protection systems, as required."

► **February 9, 2018:** Deputy Fire Chief brought potential wrongdoing complaint to Deputy City Manager and Deputy City Manager - Internal Corporate Services, recommending Auditor General be contacted

➢ "It is my recommendation that you notify the AGO of this potential wrongdoing and the associated steps taken under your contract management of the Fire Testing Agreements. Please advise if you would prefer that I notify the AGO."

► Auditor General was not notified
Definition of Wrongdoing

► Toronto Public Service By-law:

"Serious actions that are contrary to the public interest including but not limited to:

(1) Fraud;
(2) Theft of City assets;
(3) Waste: mismanagement of City resources or assets in a willful, intentional or negligent manner that contravenes a City policy or direction by Council;
(4) Violations of the City's Conflict of Interest rules set out in Article IV; and
(5) Breach of public trust."

83
Recommendations
(17 – Summarized Below)

1. Bring all City owned buildings into compliance with Fire Code
2. Clarify roles and responsibilities and increase training for staff
3. Develop protocols to conduct due diligence
   - Ensure appropriate qualifications
   - Update contracts with proper code specifications
4. Change FM approach to managing life safety systems in buildings
   - Treat a building as a holistic system
   - Centralize the oversight of all City buildings – including a centralized database of forms and status, accessible by the Fire Chief if need be – and notifications if a vendor is not performing well
   - Standardize inspections (and ensure forms comply with the Fire Code)
5. TFS to work with the Ontario Fire Marshall to support issues arising in the report, including:
   - Having a watch list for companies and tracking of where work is completed
   - Making recommendations to increase the time to complete investigations
   - Increasing regulation, training and licencing for all life safety system components to allow for ‘delicencing’ if necessary
   - Designing a quality control program
   - Striking a technical advisory committee on system-wide issues and making recommendations to the Deputy Minister
6. Staff to report all concerns about potential wrongdoing to the Auditor General
Changing the culture

In the summer of 2017, the U.K. government commissioned a report entitled, "Building a Safer Future: Independent Review of Building Regulations and Fire Safety – Final Report" that reviewed building regulations and fire safety measures following the Grenfell fire. Besides recognizing the impact of not having an audit trail of inspections as a key issue, the Report highlighted three cultural issues that contributed to the disaster:

• ignorance,
• indifference and
• a lack of clear roles and responsibilities.

These themes resonated with us during the investigation.

The technical situation here in Ontario is very different, according to Fire Chief Matthew Pegg.

"Here in Ontario we are fortunate to have the comprehensive fire protection and fire safety measures that are contained in the Ontario Building Code."
In closing

► The Building Code and Fire Code are not enough to prevent or lessen the impact of fires.

"Fire safety is always very much a team effort, it is very much a partnership (with owners).”

-Chief Pegg

► We must do our share.
End of presentation