

Non-Competitive Contract with Ernst & Young LLP for the Provision of an Integrated Risk Management Solution

Date: June 17, 2022

To: General Government and Licensing Committee

From: Chief Information Security Officer (CISO) and Acting Chief Procurement Officer

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report includes information about the security of assets belonging to the City of Toronto.

SUMMARY

The purpose of this report is to seek City Council authority for the Chief Information Security Officer (CISO) to enter into a one (1) year non-competitive contract with Ernst & Young LLP (EY) for professional services to immediately develop an Integrated Risk Management (IRM) solution. The services are urgently required to support the City's Cyber Risk Assurance Program by integrating risk management practices into processes, standards, governance and compliance across the City's divisions, agencies and corporations. An IRM solution will ensure that the Office of the CISO can effectively address Council's direction in agenda item [GL30.12](#) to report instances of non-compliance with cyber risk assessments and the City's Cybersecurity Confirmation Program in a timely and effective manner.

The IRM solution is required to enhance cyber risk oversight, governance, and compliance across the City, its agencies and corporations. Due to the increase in complexity and frequency of cyber threats, building a robust Cyber Risk Assurance program that includes a comprehensive, Integrated Risk Management solution to manage cyber risk effectively and holistically is crucial. The IRM solution will create a culture of cyber security, and improve decision-making. Due to the time constraints of having these services begin immediately, a competitive procurement process cannot be conducted.

The total potential amount of this engagement is \$1,900,000 net of all taxes and charges, and the total potential cost is \$1,933,440 net of Harmonized Sales Tax recoveries.

City Council approval is required in accordance with Municipal Code Chapter 195-Purchasing, where the current request exceeds the Chief Procurement Officer's authority of the cumulative five-year commitment for each supplier, under Article 7, Section 195-7.3 (D) of the Purchasing By-Law or exceeds the threshold of \$500,000 net of HST allowed under staff authority as per the Toronto Municipal Code, Chapter 71-Financial Control, Section 71-11A.

RECOMMENDATIONS

The Chief Information Security Officer (CISO) and the Acting Chief Procurement Officer recommend that:

1. City Council authorize to the Chief Information Security Officer to enter into a one (1)-year non-competitive contract with Ernst & Young LLP in the amount of \$1,900,000 net of all taxes and charges (\$1,933,440 net of Harmonized Sales Tax recoveries) to develop an IRM solution on terms and conditions satisfactory to the Chief Financial Officer and Treasurer and in a form satisfactory to the City Solicitor.
2. City Council directs that the information in the confidential attachment remains confidential as it includes information relating to the security of City assets.

FINANCIAL IMPACT

The total value identified in this report is \$1,900,000 net of all taxes and charges. The total potential cost to the City is \$1,933,440 net of Harmonized Sales Tax recoveries.

Funding in the amount of \$1,933,440 net of Harmonized Sales Tax recoveries is available in the 2022 Council Approved Operating Budget for the Office of the Chief Information Security Officer.

Funding details are shown in Table 1

Table 1 - Financial Impact Summary of Contract (Net of Harmonized Sales Tax Recoveries)

Division	WBS/Cost Centre	2022	TOTAL
Office of the Chief Information Security Officer	CY1001 CE4038	\$1,933,440	\$1,933,440

Division	WBS/Cost Centre	2022	TOTAL
TOTAL		\$1,933,440	\$1,933,440

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of May 11, 2022, City Council adopted item GL30.12 "Confirmation Program Response Rate - Addressing Cyber Risks" to report instances of non-compliance with cyber risk assessments and the City's Cybersecurity Confirmation Program in a timely and effective manner.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.GL30.12>

COMMENTS

It is estimated that the cost of global cybercrime will keep growing by 15 percent a year over the next five (5) years, reaching USD \$10.5 trillion annually by 2025, up from USD \$3 trillion in 2015. In addition, Government entities are estimated to be targeted ten (10) times more often than organizations in other industries.

The City of Toronto urgently requires a comprehensive, Integrated Risk Management (IRM) solution to keep pace with these rising cyber threats. Forming the backbone of the City's Cyber Risk Assurance program, the IRM solution will provide a holistic view of cyber risks across the City and its agencies and corporations and improve oversight of the City's ever-changing risk posture in the evolving threat landscape. The IRM solution is further needed to systematically track compliance with risk treatment plans and the City's Cybersecurity Confirmation Program (as directed by Council under adopted item [GL30.12](#) in May 2022).

As cyber risks rise in complexity and frequency, a robust Cyber Risk Assurance program is needed to track, measure and report on all identified cyber risks across City divisions, agencies and corporations. The IRM solution will bolster risk-control accountability, centralize risk remediation tracking, and strengthen remediation assurance processes to protect City services, assets and stakeholders. In addition, the Cyber Risk Assurance program will further ensure that instances of non-compliance to established risk treatment plans and the Cybersecurity Confirmation Program are readily identified and reported to the General Government and Licensing Committee in an expedient manner to minimize potential impacts to the City and its residents. Such objectives depend on an IRM solution that efficiently tracks risks and the treatments in place to address them. It also amalgamates metrics within a comprehensive dashboard to support strategic decision-making.

The Office of the CISO is seeking a service provider with proven ability and expertise in cyber risk management, IT risk management, and Enterprise Risk Management to support this effort. Ernst & Young LLP is a professional service provider with a proven track record in providing such professional services in Canada and internationally for over 25 years with over thousands IRM engagements each year. This supplier has deep experience providing IRM services to government and other public sector organizations.

Additional information details on the non-competitive contract are outlined in Confidential Attachment 1.

CONTACT

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SIGNATURE

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ATTACHMENTS

Confidential Attachment 1 - Integrated Risk Management Solution