



Toronto Police Services Board

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November 5, 2020

Ms. Beverly Romeo-Beehler
Auditor General
City of Toronto
Metro Hall – 9th Floor
55 John Street
Toronto, ON M5V 3C6

Dear Ms. Romeo-Beehler:

Re: Status of Auditor General's Proposed Risk-Based Audit Plan for the Toronto Police Service

At its meeting held on October 22, 2020, the Toronto Police Services Board (Board) received your report regarding Agenda Item No. 4 - *Status of Auditor General's Proposed Risk-Based Audit Plan for the Toronto Police Service* and adopted the following motion:

That the Toronto Police Services Board request the Auditor General, City of Toronto, conduct an audit of Public Safety Answering Point – 911 Calls, for inclusion in her 2021 Audit Work Plan.

A copy of the Board Minute P7159/2020 regarding this matter is attached.

Your effort to prepare the audit plan is greatly appreciated.

Yours truly,

Diana Achim
Board Administrator

Attachments: Board Public Minute P159/2020

Status of Auditor General's Proposed Risk-Based Audit Plan for the Toronto Police Service report to the Board dated October 9, 2020

This is an Extract from the Minutes of the Virtual Public Meeting of the Toronto Police Services Board that was held on October 22, 2020

P159. Status of Auditor General's Proposed Risk-Based Audit Plan for the Toronto Police Service

The Board was in receipt of a report dated October 9, 2020 from Beverly Romeo-Beehler, Auditor General, City of Toronto.

Recommendation:

That the Toronto Police Services Board request the Auditor General, City of Toronto, conduct an audit of Public Safety Answering Point – 911 Calls, for inclusion in her 2021 Audit Work Plan.

The Auditor General answered questions from Board Members and advised that she will do an extensive consultation at all levels and evaluate all the information against the criteria set by other auditor generals in setting her workplan. Ms. Romeo-Beehler advised that any auditor general uses the same approach, the work is very detailed and there is a methodical approach used across the City.

She further advised that the reporting relationship is always reporting to the Board first and then the Board can refer anything back to the Audit Committee at its discretion. She advised that the workplan usually consists of: 1) three months of planning; 2) three months of work and 3) the reporting period; therefore, it usually takes approximately nine months for an audit in total.

Ms. Romeo-Beehler advised that the 2021 workplan will be considered by the Board at its November 2020 public meeting. Ms. Romeo-Beehler answered questions from the Chair and advised that the Service can continue its own risk assessment separate from her own work and that both entities can continue their respective work as it is separate in nature.

The Board received the deputation and the foregoing report.

Moved by: M. Ford
Seconded by: J. Tory

Status of Auditor General's Proposed Risk-Based Audit Plan for the Toronto Police Service

Date: October 9, 2020
To: Toronto Police Services Board
From: Auditor General
Wards: All

SUMMARY

The Auditor General's audits and investigations provide independent information for City Council to hold City administrators accountable for providing stewardship over public funds. The Auditor General's work helps to identify and mitigate risks the City faces, improve accountability, strengthen management controls, and enhance the efficiency and effectiveness of City operations.

The Auditor General undertakes a risk-based approach to audit selection. To identify audit priorities for her risk-based Audit Work Plan, every five years the Auditor General performs an extensive risk assessment of the operations of the City divisions and its major agencies and corporations included in her mandate. The results of the Auditor General's last city-wide risk assessment were reported in 2015. In accordance with the Auditor General's 2020 Audit Work Plan, the Auditor General initiated a city-wide risk and opportunity assessment in early 2020.

At the request of the Toronto Police Services Board in December 2019, the Auditor General is completing a risk assessment to inform a proposed risk-based audit plan of the Toronto Police Service. Although the Auditor General has conducted many performance audits of the Toronto Police Service in the past, this is the first time the Toronto Police Service is being included in the Auditor General's city-wide risk and opportunity assessment process.

The purpose of this report is to provide an update to the Toronto Police Services Board on the status of developing our proposed risk-based audit plan for the Toronto Police Service, and to outline two higher priority audit projects for the Board.

The Auditor General's risk assessment process of the Toronto Police Service is still in progress. However, our preliminary results identify a higher priority area as a potential audit - Public Safety Answering Point, 911 call centre. The Board has already requested the Auditor General perform a Cyber Security audit, also a higher priority area, and this

work has recently begun. We plan to report our proposed risk-based audit plan to the Toronto Police Services Board at its November 24, 2020 meeting.

We plan to incorporate the two higher priority audit projects, as requested by the Board, in the Auditor General's 2021 Work Plan to be presented to City Audit Committee on November 19, 2020.

It is important to note that our city-wide risk and opportunity assessment of the City's divisions, agencies and corporations is still in process. The risks and potential audit projects of the Toronto Police Service will be considered together with the rest of the City's, to inform the prioritization of the audit projects included in the Auditor General's 2021 Audit Work Plan. The audit projects to be completed is subject to available resourcing.

RECOMMENDATIONS

The Auditor General recommends that:

1. The Toronto Police Services Board request the Auditor General, City of Toronto, conduct an audit of Public Safety Answering Point – 911 Calls, for inclusion in her 2021 Audit Work Plan.

FINANCIAL IMPACT

The recommendations and information provided in this report have no financial impact.

DECISION HISTORY

The Auditor General's mandate, powers, and responsibilities are set out in the City of Toronto Act, 2006 and Chapter 3 of the Toronto Municipal Code. The Auditor General's mandate includes all of the divisions of the City and the majority of the City's agencies and corporations. For certain City entities, such as Toronto Police Services Board, the Auditor General may undertake financial (excluding attest), compliance, and performance audits, and provide recommendations to the Board, *upon request by the Board*.

The Toronto Police Services Board Chair's letter dated December 12, 2019, stated that "*on behalf of the Toronto Police Services Board, I invite you to conduct an overall risk assessment as well as a cyber security audit of the Toronto Police Service*".

City Council recommendations made at its June 29, 2020 meeting and recommendations made by the Toronto Police Services Board at its August 18, 2020 meeting, both reinforced the support for the Auditor General's audits of the Toronto Police Service. Various recommendations in both the Council and Board reports requested the Auditor General to develop an independent audit work plan in order to

identify opportunities to more effectively and efficiently deliver police services in the City of Toronto.

Council's report on Changes to Policing which was considered by Council on June 29, 2020:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.CC22.2>

The Toronto Police Services Board's report on Policing Reform Initiatives which was considered at its Board meeting on August 18, 2020:

<https://tpsb.ca/component/jdownloads/send/32-agendas/631-august-18-2020-agenda>

The Auditor General included the Toronto Police Service within the scope of the 2020 city-wide risk and opportunity assessment.

COMMENTS

The Auditor General undertakes a risk-based approach to audit selection. To identify audit priorities for her Audit Work Plan, every five years the Auditor General performs an extensive risk assessment of the operations of the City divisions and its major agencies and corporations included in her mandate. The results of the Auditor General's last city-wide risk assessment were reported in 2015. In accordance with the Auditor General's 2020 Audit Work Plan, the Auditor General initiated a city-wide risk and opportunity assessment in early 2020.

The purpose of the Auditor General's city-wide risk and opportunity assessment is to inform the development of her risk-based Audit Work Plan. It helps to ensure that all significant areas of the City are evaluated from an audit risk perspective by using uniform criteria to identify areas that may warrant audit attention. Determining which areas to audit and the appropriate allocation of audit resources is essential in maximizing the value of an effective audit process.

The Auditor General will present her 2021 Audit Work Plan at the November 19, 2020 City Audit Committee meeting. This work plan considers audits that are in process, those which have not yet started, and new proposed audits. The available resources are a major factor in determining which priority projects are included in the 2021 Audit Work Plan.

Police Included in Auditor General's Risk-Based Audit Planning Process

In December 2019, the Board Chair on behalf of the Toronto Police Services Board, requested the Auditor General to complete both a cyber security audit as well as a risk assessment of the Toronto Police Service.

In early 2020, the planning for the police risk assessment and the cyber security audit began. All staff in the Auditor General's Office performing audit work at the Toronto Police Service began and have since completed the Toronto Police Service background

security clearance. Due to COVID-19, both the risk assessment and cyber security audit work were temporarily put on hold until the summer 2020.

In June 2020, certain events in the United States as well as Canada caused a public outcry demanding police accountability and changes to policing. In response, City Council recommended for the Toronto Police Services Board to take action to allow the City's Auditor General to independently develop an audit work plan and conduct audits of the police, including examination of systemic issues. City Council recommendations made at its June 29, 2020 meeting and recommendations made by the Toronto Police Services Board at its August 18, 2020 meeting, both reinforced the support for the Auditor General's audits of the Toronto Police Service.

During the summer 2020, the Auditor General resumed work on both the risk assessment and the cyber security audit at the Toronto Police Service. We continue to complete interviews and review information requested from management. The Auditor General will report on the proposed risk-based audit work plan for the Toronto Police Service at the Board's November 24, 2020 meeting.

Auditor General's Risk Assessment Process

Our risk assessment process involves research, a review of publicly available information, interviews with management, and a review and analysis of both quantitative and qualitative information requested of management.

We are using the following 10 risk factors of our city-wide risk and opportunity assessment in evaluating the risks of the Toronto Police Service:

1. Cyber Security and Information and Technology Exposure
2. Legal Exposure (includes Environmental, Regulatory, Litigation)
3. Susceptibility to Fraud, other Wrongdoing, or Waste
4. Complexity and Significant Changes in Operations and Service Delivery
5. Alignment of Strategic / Business / Service Planning
6. Staffing Levels & Organization Competence
7. Financial Exposure (Materiality and Impact)
8. Contractual Exposure
9. Adequacy of Policies, Procedures, Processes and Controls
10. Public and Political Interest

See Attachment 1 for the descriptions of the above risk factors. For audit areas of higher risk we identify potential audit projects and consider these of highest priority when developing the risk-based audit plan.

Emerging Higher Priority Areas for Potential Audit Projects

Table 1 below outlines two higher risk audit areas for potential audit projects.

The Auditor General's risk assessment process is still in progress, however the 911 call centre has emerged as a higher priority area for a potential audit. The Public Safety Answering Point, better known as 911 emergency call centre, is a critical area that has

never been reviewed by the Auditor General. Dialing "9-1-1" in Toronto links a caller to an emergency dispatch centre operated by the Toronto Police Service. The 911 emergency call centre is the gateway to reactive police services, provides critical information for prioritizing the Toronto Police Service's response to emergency calls, and affects other important emergency response services in the City, such as fire and paramedics.

Given that the Auditor General plans to present her 2021 Audit Work Plan at the November 19, 2020 Audit Committee meeting, we wanted to inform the Board of this preliminary higher priority audit area that has emerged from our risk assessment. Pursuant to the Board's request, the Auditor General plans to include this project in her 2021 Audit Work Plan.

The other higher priority area of cyber security is a high risk area for most organizations, and our work for the City in 2019 highlighted these risks. We have begun a cyber security audit at the request of the Board. A Memorandum of Understanding is in place regarding the cyber security audit currently in process.

Performance audits help in identifying opportunities to deliver services more effectively, efficiently, and to obtain the greatest value from public funds. Audits also help management and boards to continuously improve and strengthen policies, controls, and processes, improve accountability, and often identify potential cost savings. The scope for each audit area will be defined during the planning stage of the project.

Table 1: Higher Priority Audit Areas for Potential Audit Projects

	Audit Area	Potential Audit Project
1.	Information Technology	<p>Cyber Security - Currently in process at the Board's request</p> <p>This project includes IT vulnerability assessment and penetration testing of the Toronto Police network, systems, and applications. We will also use social engineering techniques to test police information technology cyber security risks.</p>
2.	Priority Response Command	<p>Public Safety Answering Point - 911 Calls</p> <p>Dialing "9-1-1" is intended for emergency purposes, such as fires, when someone can't speak, breathe, or has passed out and if a crime is happening or there is a serious car accident. Of the 1.24 million calls for service received in 2019 by the emergency call centre, 34% required a police unit to attend.</p>

The Auditor General will report on the proposed risk-based audit work plan for the Toronto Police Service at the Board's November 24, 2020 meeting. A Memorandum of Understanding is being drafted to formalize the working relationship between the Auditor General and the Toronto Police Service and the Toronto Police Services Board for future audit work and will be presented at a future Board meeting.

Auditor General's Previous Audits of the Toronto Police Service

The Toronto Police Board's 81 recommendations approved during its August 18, 2020 meeting included reference to following up on the previous audits of the Auditor General.

Table 2 below lists the previous Auditor General's audit reports of the Toronto Police Service reported from 1999 until the date of this report. The table highlights the extensive audit work completed in the past by the Auditor General for the Toronto Police Services Board.

Table 2: Auditor General Audit Reports of the Toronto Police Service

	Audit Report Title	Year
1	Review of Integrated Records and Information System (IRIS)	2011
2	Parking Enforcement Review	2011
3	Police Paid Duty - Balancing Cost Effectiveness and Public Safety	2011
4	The Auditor General's Second Follow-up Review on the Police Investigation of Sexual Assaults	2010
5	Police Training, Opportunities for Improvement - Toronto Police Service – Follow-Up Review	2010
6	Fleet Review	2008
7	Review of Court Services	2008
8	Review of Police Training, Opportunities for Improvement -	2007
9	Enterprise Case and Occurrence Processing System (eCOPS) Project Review	2005
10	Review of the Enterprise Case and Occurrence Processing System (eCOPS) Project (APPENDIX 1)	2005
11	Follow-up Review on the October 1999 Report Entitled: "Review of the Investigation of Sexual Assaults	2005
12	Overtime	2003
13	Performance Audit – The Public Complaints Process	2002
14	Six-month Air Support Unit Pilot Project	2002
15	Revenue Controls Review	2002
16	Information Technology Services Unit	2002
17	Vehicle Replacement Policy	2000
18	Toronto Police Service Audit Reports	2000
19	Review of Parking Enforcement Unit	2000
20	Review of Controls Relating to Overtime and Premium Pay	2000
21	Review of the Investigation of Sexual Assaults	1999
22	Radio Communications System - Toronto Police Services and Toronto Fire Services	1999
23	Review of Metropolis Project	1999

The Auditor General completes a regular follow-up process to review the status of audit recommendations made in previously issued audit reports. At the time of this report, all police audit recommendations of previous Auditor General Reports have been addressed and none remain outstanding. Given that some of these audits occurred

several years ago, it is possible that risks and practices have changed over time and we are still considering the above areas as part of our risk assessment process.

A report on this matter was before the Board on June 15, 2017 and is recorded in the Board minute *P130 - Toronto Police Service: Results of 2017 Follow-Up of Previous Audit Recommendations*. <https://tpsb.ca/component/jdownloads/send/42-2017/567-june-15>

Thank You to the Toronto Police Service and its Board

We would like to extend our appreciation to the Toronto Police Service and Toronto Police Services Board, for their professional courtesy and cooperation as we complete both the risk assessment process and cyber security audit during these challenging times.

We look forward to working together in the future on audits that will add value for the Toronto Police Service and its Board, as well as for the residents of the City of Toronto.

CONTACT

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SIGNATURE

Beverly Romeo-Beehler
Auditor General

ATTACHMENT

Attachment 1: Description of Risk Factors

**Attachment 1: Description of Risk Factors
2020 City-wide Risk Assessment
Auditor General's Office**

1) CYBER SECURITY AND INFORMATION AND TECHNOLOGY EXPOSURE

Given the dependence of business operations on information technology, the risks related to availability of systems, confidentiality, and integrity of data, are often considered among the top risks to organizations.

In recent years, many municipalities and other public/private sector organizations in Canada and the U.S. have been affected by cyber-attacks. These cyber-attacks have resulted in loss of sensitive information and confidential data, and caused denial of service in a number of instances where municipalities and organizations were not able to provide services to their citizens, businesses, and other stakeholders. These cyber-attacks also resulted in significant financial losses and litigation issues.

The City provides a number of services, such as information about and registration of various programs for kids, communities, and businesses through the internet. The City's IT infrastructure stores a significant amount of confidential and sensitive data, such as information about employees' and citizens' personal records. It also maintains a large number of systems that are critical to the City's operations and providing services, such as water, fire services, transportation, and emergency response to the citizens of Toronto.

Weaknesses in information technology controls could lead to potential cyber-security risks, exposing the City to compromise confidential information, or the potential shutdown of critical technology systems that are relied upon to provide services to citizens.

The following are some important factors that impact the IT security exposure of an operating unit:

- Existence of an IT Governance framework, adequacy of policies and procedures
- Security over data collection, management and storage, such as data relating to personally identifiable information, financial records, including credit card information, etc.
- IT access controls, monitoring, and change management
- Pace of adoption of new technologies, comparison with industry benchmarks, and compliance with cyber security standards
- Business continuity, applications and systems change management, and disaster recovery procedures
- Employee training and awareness on information technology and cyber security

2) LEGAL EXPOSURE (INCL. ENVIRONMENTAL, REGULATORY, LITIGATION)

Exposure to risk can be introduced by non-compliance with internal and external policy, procedure, regulatory, and statutory matters. Non-compliance can result in public embarrassment and/or monetary loss due to improper business practices, the levy of fines or litigation, loss of funding sources, disallowed costs from funding agencies, and in certain cases may compromise privacy or health and safety.

The complexity and clarity of internal / external requirements impacts an organization's ability to comply, and therefore influences the degree of exposure to risk. Compliance risk may be mitigated if external third parties / government sectors are required to perform independent monitoring / audits.

Consideration should be given to:

- Crisis management (i.e. health-related pandemics, mass public violence, natural disasters)
- People and equity (i.e. diversity and inclusion, mental health awareness, harassment)
- Climate change (i.e. reducing the carbon footprint, risks to infrastructure)
- Health and safety

3) SUSCEPTIBILITY TO FRAUD, OTHER WRONGDOING, OR WASTE

The Disclosure of Wrongdoing and Reprisal Protection policy, part of the Toronto Public Service By-law (Chapter 192), includes a duty for employees to report allegations of wrongdoing. Specifically, the By-law requires:

- all City employees who are aware that wrongdoing has occurred to immediately notify their manager, their Division Head, or the Auditor General's Office
- allegations of wrongdoing received by Division Heads, Deputy City Managers or the City Manager to be immediately reported to the Auditor General
- employees who report wrongdoing in good faith to be protected from reprisal.

Exposure to potential losses from fraud, other wrongdoing, or waste may be impacted by various factors including the degree of:

- pressure on employees to achieve performance goals
- opportunities from weak internal controls (e.g. inadequate segregation of duties) or management override of controls
- liquidity of assets
- potential conflicts of interest or collusion

Fraud and wrongdoing in the following areas have been identified in recent years:

- irregular procurement practices
- misuse of City resources
- subsidy claim fraud
- employee benefits fraud
- sick leave abuse / overtime
- conflict of interest

An effective way to deal with fraud or other wrongdoing is to identify and document fraud risks. In the consideration of risk, it is important to assess the extent of fraud or other wrongdoing that has occurred and the adequacy of fraud prevention and awareness activities. Fraud risks are not limited to theft and misappropriation of cash or physical assets, but should consider emerging trends and historic trends in the program area.

4) COMPLEXITY AND SIGNIFICANT CHANGES IN OPERATIONS AND SERVICE DELIVERY

The degree of risk is influenced by the complexity, size, scope, and magnitude of a unit's operations, activities, and service delivery. Units may deal with a high volume of transactions and/or a portfolio of programs and services of varying size and complexity, the people, process, and technology to support them, and all of the related regulations.

The complexity of a unit's operations must be considered within the context of interdependencies and agreements with third parties, (i.e. general contractors, subcontractors, housing providers, etc.), divisions, agencies, and corporations, and the City as a whole. It may be difficult to establish clear accountability for process and control ownership, and alignment of risk decisions and tolerances.

In addition, structural changes, reorganizations, changes in third-party relationships, and key management turnover, can all potentially increase risk for established operations.

5) ALIGNMENT OF STRATEGIC / BUSINESS / SERVICE PLANNING

The development and implementation of strategic and long-term business plans define the key initiatives and priorities of a unit. A Division/Agency/Corporation business plan links funding requirements to organizational goals and objectives in the short-term (annual) and for a longer-term period (3-5 years).

These plans also establish the formal goals and objectives for the organization and communicate them to staff. This allows staff to develop performance objectives which are aligned with the organizational objectives. Both personal and organizational objectives should include measurable performance targets and indicators.

Without clearly defining goals, objectives, performance measures/targets, and outcomes, it is not possible to track and evaluate the effectiveness of a unit. It is important that the outcomes set are also aligned with the City's goals and help the City to move forward. Also, without a periodic refresh, and continuously measuring outcomes, the strategic plan and business plans may lose relevance, increasing the risk that operations will not meet stakeholder expectations.

6) STAFFING LEVELS & ORGANIZATION COMPETENCE

There must be sufficient personnel with appropriate experience and capability to manage day-to-day operations in accordance with policies and procedures, make decisions, and maintain internal controls. To limit organizational exposure, these individuals need to understand their roles and responsibilities and be accountable for their actions or lack thereof.

Changes in an organization's management personnel, structure or systems influence risk. For example:

- Reorganization of responsibilities and activities can result in significant changes that compromise the internal control environment.
- Significant downsizing, inadequate succession planning, and process reengineering efforts may also increase risks if there are inadequate protocols in place to transfer knowledge or the control environment is not carefully analyzed and preserved. For example, adequate levels of authorization balanced with adequate segregation of duties.
- Every new election may present new City Council priorities that may impact existing systems or processes.

7) FINANCIAL EXPOSURE (MATERIALITY AND IMPACT)

Large dollar amounts either flowing through a system or committed to an activity or project will increase financial risk. Any potential financial loss (impact) depends on the dollar value of revenues and / or expenditures that a program manages.

Financial risks can also impact the adequacy of City reserve and reserve fund balances which are Council-approved:

- for planned future expenditures;
- to protect the City against unbudgeted or unforeseen events;
- to smooth out future program expenditures which may fluctuate from one year to the next;
- or to accumulate funds for future capital expenditures or irregular or occasional expenses (such as municipal elections every four years).

It is also important to note that some Divisions may have relatively small operating / capital budgets but are responsible for managing or administering significant funds (i.e. Engineering and Construction Services, Accounting Services (Accounts Payable, Accounts Receivable), PPEB – Employee Benefits, Revenue Services (Property Tax Collection, Water Billings, etc.)). These represent "at risk" dollars that need to be considered when assessing financial risk.

8) CONTRACTUAL EXPOSURE

All contracts present some level of risk. Risks can be increased or mitigated by the manner in which contracts for service providers and suppliers are procured and managed. Contract risk exposure is impacted by the degree to which:

- Oversight of procurement has been centralized (i.e. through PMMD)
- Compliance with procurement policies
- Formal, open, competitive procurement processes are used
- Wording of contract deliverables, outcomes, and any consequences for non-performance, etc. is clearly defined and clearly understood by all parties
- Irregular purchasing activities have been identified
- Contract management practices have been implemented by knowledgeable staff
- Potential conflicts of interest have been identified and addressed

9) ADEQUACY OF POLICIES, PROCEDURES, PROCESSES AND CONTROLS

Policies and procedures should be in place so that activities efficiently and effectively support the achievement of an organization's objectives in a consistent manner. Policies and procedures need to be communicated so that staff understand what is expected of them and the scope of their freedom to act. Authority, responsibility and accountability should be clearly defined so that the appropriate people make decisions and take action.

Even if policies and procedures are well-defined, processes must be in place to monitor adherence with requirements and address instances of isolated and/or recurring non-compliance in a timely manner.

10) PUBLIC AND POLITICAL INTEREST (INCL. ADVERSE PUBLICITY)

Events can occur which erode public confidence in the City of Toronto. As the level of visibility, political and/or public interest, or potential for public embarrassment increases, the degree of exposure will increase. The amount of interest that Council expresses in a particular unit or function could also impact this factor.