

Audit of

Vancouver Police Department's Enterprise Risk Management



An independent auditor's report prepared in accordance with the Canadian Standard on Assurance Engagements 3001 published by the Chartered Professional Accountants of Canada

December 2023

Performance Audits

A performance audit is an independent, objective, and systematic assessment of how well government is managing its activities, responsibilities, and resources. We select audit topics on the basis of their significance. While the Office of the Auditor General (OAG) may comment on policy implementation in a performance audit, we do not comment on the merits of a policy.

Performance audits are planned, performed, and reported in accordance with professional auditing standards and OAG policies. They are conducted by qualified auditors who:

- Establish audit objectives and criteria for the assessment of performance;
- Gather the evidence necessary to assess performance against the criteria;
- Report both positive and negative findings;
- Conclude against the established audit objectives; and,
- Make recommendations for improvement when there are significant differences between criteria and assessed performance.

Performance audits contribute to a public service that is ethical and effective and a civic administration that is accountable to taxpayers and its elected officials.

Message from the Auditor General

To the Mayor and Council of the City of Vancouver,

I am pleased to present this report on my office's performance audit of enterprise-wide risk management (ERM) at the Vancouver Police Department (the Department). This was my first audit of the Department and I express my gratitude to the Vancouver Police Board (the Board) for their invitation to conduct this work.

Policing can be a tough, risky job. The risks in some situations encountered by law enforcement are readily apparent, whereas other seemingly benign situations can turn dangerous in the blink of an eye. As a result, operational risk management is the job of every police officer and, as we saw when we did our work, is the subject of ongoing focus by the Department's management team.

Risks to organizations come in many forms: physical, legal, operational, political, social, economic and cultural, to name some commonly encountered. Operational risk management is one important component of a comprehensive ERM system, especially due to the high level of inherent risk associated with day-to-day policing. Potential benefits of implementing a comprehensive ERM system include improved decision making, enhanced consistency and awareness of risks across an organization, increased efficiency, and improved accountability and transparency with governance bodies.

Policing is a specialized enterprise. Consequently, to ensure we were on the right track we engaged subject matter experts with extensive experience in executive management in law enforcement, law, academia and ERM specific to policing. They advised us as we planned and conducted our work, assessed findings and developed the recommendations in this report. I am grateful for their expertise and wise counsel.

We found that the Department had placed considerable focus on operational risk management, but largely lacked the structured and documented system of risk identification, assessment, prioritization, mitigation, communication and evaluation associated with effective ERM. This report contains nine recommendations directed at both the Board and the Department. I am pleased that all nine of the recommendations have been accepted and that the Board and the Department have each provided action plans for them in their respective responses.

I have committed to publishing in their entirety the responses we receive from audited departments to allow them to voice their perspectives, even if these responses are not entirely relevant or completely accurate. The Department has provided a lengthy response detailing its

approach to operational risk management. Rather than discount this information when it was initially provided, we accepted and reviewed it and determined that it was the foundation for ERM, not a substitute for it.

I would like to extend my appreciation to the Chief Constable, his team and to the Board, for their full cooperation and professionalism throughout the audit.

A handwritten signature in black ink, appearing to read "Mike Macdonell", with a horizontal line underneath.

Mike Macdonell, FCPA, FCA
Auditor General
Vancouver, BC

7 December 2023

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Executive Summary

Summary

1. Our audit objective was to determine if the Vancouver Police Board and the Vancouver Police Department effectively oversee and manage enterprise risks.
2. We concluded that the Vancouver Police Board (the Board) and the Vancouver Police Department (the VPD) did not have an effective enterprise risk management (ERM) framework in place to oversee and manage organizational risks. An effective ERM framework is characterized by policies, procedures, defined roles and tools such as a documented risk register, complete with mitigation strategies and assessment of residual risks. We also found gaps in the Board's approach to overseeing enterprise risks that limited its ability to stay appropriately informed about major risks and the processes the VPD used to identify, monitor, manage and report on those risks.
3. The VPD had a range of management and operational processes, roles and expertise that could be the building blocks for effective enterprise-wide risk management, but it did not have a coordinated or centralized risk management function or a consistent documented departmental approach for effective enterprise-wide risk management. The management of day-to-day risk is a key success factor for the effective delivery of policing. As part of that, the Department had broadly identified enterprise risks and mitigation strategies, and identified instances where consideration of specific risks was implicit in their planning and actions. However, in the absence of a robust ERM framework, the VPD did not have documentation on how it assessed and monitored enterprise risks and the impact and sufficiency of mitigation strategies.
4. This audit report includes findings and recommendations related to the oversight and management of enterprise-wide risks. We did not assess the effectiveness of the VPD's identification or treatment of risks related to specific initiatives or services or management of operational day-to-day risks carried out to keep officers and the public safe.
5. Implementing the nine recommendations in this report will strengthen the capability of the Board and the VPD to effectively oversee and manage enterprise-level risks.

Background

6. Uncertainty and risks exist in every organization. They can never be eliminated. ERM is the coordinated, ongoing application of risk management processes from across all parts of an organization at all levels, from strategic planning to service delivery to actively identify, assess, and manage enterprise risks. ERM is a cornerstone of good governance and can

position an organization to prepare for, mitigate or avoid potential losses and harms and otherwise maximize potential opportunities and achieve organizational objectives. Law enforcement agencies routinely deal with a wide range of risks including those relating to preserving life and preventing harm. As a result, effective ERM is an integral part of effective police oversight and management. Although police agencies may be at different stages in the maturity of their approach, ERM is an emerging practice that supports but does not replace the need for day-to-day operational risk management.

7. The responsibility for ERM is shared by the Board as overseer of the VPD and the Department itself. Given the budget for the VPD represents over 20 per cent of the City's total budget, and given VPD's critical public safety role, it is particularly important for VPD to have an effective framework in place to oversee and manage enterprise risks.

What We Examined

8. The audit covered the period of January 1, 2022, to July 31, 2023. Its scope included the Board and the VPD's risk management policies, frameworks, guidelines, processes, reports, data and other documentation related to the oversight and management of enterprise risk.

What We Found

Governance and oversight: The Vancouver Police Board's approach to enterprise risk management

9. The Vancouver Police Board defined its risk management oversight responsibilities in its Governance Manual; however, the manual had several gaps and limitations, and the Board had not followed through on implementing some aspects of its policy. A sufficiently detailed manual with appropriately implemented policies helps set the tone for successful ERM and is foundational to the Board's ability to exercise its full oversight responsibilities.
10. Although the Board and the VPD identified, discussed, and addressed some enterprise-wide risks:
 - The risk oversight process primarily involved the Board receiving limited risk and issue-related information from the Department, discussing issues at meetings as the department raised them, and initiating ad hoc responses after incidents occurred.
 - The Board periodically received risk-related information from the VPD; however, this information did not include some elements typically found in a risk register such as risk severity, prioritization and residual risk.

- The Board did not take steps to ensure that risk mitigation strategies identified by the VPD were in place and working. Also, some information the VPD provided to the Board was dated, inaccurate or highly generalized.

11. Information gaps prevent effective oversight and decision-making and limit an organization's ability to track the status of risk treatments over time. Information gaps can also create a reactive environment, where opportunities to act on new or changed risk profiles are missed, which may impede the achievement of departmental objectives or introduce potential liabilities.
12. The Board indicated that more board-level expertise in enterprise risk management would be an asset. In its April 2023 update to the Vancouver Police Board Governance Manual, the Board introduced a requirement to implement an annual board development program. Once in place, the program could be leveraged to enhance the Board's risk management capacity.

The Vancouver Police Department's approach to enterprise risk management

13. Although the VPD had unit-level processes in place intended to manage risks and threats affecting its ability to keep the public safe, the Department did not have:
 - An ERM program, documented framework, policy direction or processes to guide its management of enterprise risks; and,
 - A dedicated function or business area to ensure that management can effectively manage its enterprise risks and use risk-based decision-making to support the achievement of organizational objectives.
14. In the absence of an appropriate framework, the VPD annually presented a set of risks to the Board; however, there was no record that the Department presented or discussed its methodology or processes with the Board, further limiting the level of assurance and oversight the Board had on the completeness or robustness of the risks and mitigation activities the Department identified.

The Vancouver Police Department's enterprise risk management tools and processes

15. In addition to the absence of a documented, consistent strategy to manage department-wide risks, the VPD did not utilize the tools and processes that are hallmarks of effective ERM. Specifically, the VPD:

- Did not use ERM principles or tools to manage enterprise-wide risks and did not have documented processes to address department-wide risks;
 - Relied on the individual judgement of staff and its organizational structure to ensure that risks were appropriately communicated throughout the Department; and,
 - Did not utilize formal and documented assessments of Departmental risks to inform the goals and strategies included in its strategic plan and its decisions on resource allocation activities.
16. Effective risk management processes allow an organization to:
- Proactively identify risks;
 - Assess the potential impact and likelihood that these risks will affect the achievement of strategic objectives;
 - Assess the current controls that are containing the risks;
 - Develop mitigation plans to adjust, monitor, or develop new controls to enhance the strength of the controls; and,
 - Monitor the effectiveness of the mitigation strategies and reporting.

Recommendations

17. We designed our recommendations to be relevant to the Board and the Department and their respective roles in ERM. Implementing these recommendations will help establish a strong foundation for implementing effective ERM. The Board and the VPD have developed action plans in response to these recommendations (see Appendix A: Responses and Action Plans from the Vancouver Police Board and the Vancouver Police Department).

Exhibit 1: Summary of Recommendations

| Themes | Recommendations |
|--|--|
| <p>The Vancouver Police Board</p> | <p>1. The Vancouver Police Board should clarify and expand sections of its Board Governance Manual relating to oversight of enterprise risk management such as:</p> <ul style="list-style-type: none"> • A statement that identifies the Board as the overseer of enterprise risk management for the Vancouver Police Department and describes what this entails; • A definition of risks including key risk categories the Board oversees such as: hazards, material, strategic, financial, reputational, governance, operational and other; • The roles of the Board and Chief Constable in defining and communicating the levels and types of risks the organization is willing to accept; |

| | |
|---|--|
| | <ul style="list-style-type: none"> • The Board's expectations for when and how the Department should seek Board guidance or approval on managing enterprise risks; and, • The Board's Standing Committee responsibilities for the oversight of financial and non-financial risk management. <p>2. The Vancouver Police Board should require that the Chief Constable establish, maintain and obtain Board feedback on and approval of an enterprise risk management framework, including a policy and risk register.</p> <p>3. The Vancouver Police Board should introduce consistent mechanisms to implement the Board's risk management direction, such as:</p> <ul style="list-style-type: none"> • A process for the Board's involvement in the development of an enterprise risk management policy and processes, and the development and management of departmental risk registers; • A schedule to review and approve the Vancouver Police Department's enterprise risk register at least annually; and, • Processes through which the Board can obtain reasonable assurance that the Department's risk management, internal control systems, and information systems are properly designed, reliable and operating effectively to prevent and mitigate risks, including elements such as: <ul style="list-style-type: none"> ○ Reporting, testing and third-party validations; and, ○ Regular reporting from management or direct oversight of the Department's internal audit function. <p>4. The Vancouver Police Board should include enterprise risk management as a knowledge area in the curriculum of its annual board development program.</p> |
| <p>The Vancouver Police Department</p> | <p>5. The Vancouver Police Department should:</p> <ul style="list-style-type: none"> • Develop an enterprise risk management framework. This framework should include, at a minimum: <ul style="list-style-type: none"> ○ Clearly documented procedures to identify, assess, manage, and oversee its enterprise risks; ○ Communication procedures to enable consistent understanding of enterprise risk by all relevant stakeholders; and, • Develop an enterprise risk management policy that includes: <ul style="list-style-type: none"> ○ A requirement for management to apply enterprise risk management principles in managing department-wide risks; ○ Policy aims such as how risk management will assist the Department; and, |

| | |
|--|--|
| | <ul style="list-style-type: none"> ○ Specific responsibilities and accountabilities related to managing enterprise risks for units and individuals throughout the Department. |
| | <p>6. The Vancouver Police Department should assign responsibility for managing and overseeing enterprise risk management to a position or unit within the Department.</p> |
| | <p>7. The Vancouver Police Department should support the successful implementation of enterprise risk management by:</p> <ul style="list-style-type: none"> • Ensuring it has sufficient resources, expertise and capacity to effectively develop, and implement enterprise risk management; and, • Exploring training opportunities for senior leaders and other relevant Department personnel to ensure there is a consistent vision for what enterprise risk management can bring and commitment to its implementation throughout the Department. |
| | <p>8. The Vancouver Police Department should develop a risk register that includes:</p> <ul style="list-style-type: none"> • Risks identified by internal and external stakeholders during its strategic planning sessions and facilitated unit-level risk assessment sessions; • Risks identified at Vancouver Police Board planning sessions and risk assessments conducted at these sessions; • Assignment of identified risks into categories to ensure that risks affecting similar functions, units and areas are clearly flagged to highlight areas of focus; • Units and individuals that are accountable for and contribute to the management of individual risk items; • Documentation on the effectiveness of risk treatments; and, • Risk thresholds, as developed with the Board. |
| | <p>9. The Vancouver Police Department should use enterprise risk management assessments to help set objectives, make strategic decisions and allocate resources.</p> |

Main Report

1. Introduction

1.1 Background & Context

18. The responsibility for day-to-day policing in the City of Vancouver (the City) rests with the Vancouver Police Department (the VPD), with supervision and command falling to the Chief of Police (*Police Act*, section 34).
19. With a 2023 gross expenditure budget of just over \$401.8 million, the VPD makes up over 20 per cent of the City of Vancouver's operating expenditure budget. The VPD is among the ten largest municipal police services in Canada with an authorized strength (sworn police officers) in 2023 of 1,448 and a civilian staff of 461.5.
20. The VPD carries out its responsibilities with some administrative support provided by the City of Vancouver, including by the City's Finance, Risk and Supply Chain Management, Fleet and Manufacturing Services Branch of Engineering Services, Real Estate, Environment and Facilities Management, and Technology Services departments. The VPD provides policing services with support from several external entities including the Police Academy at the Justice Institute of BC, E-Comm Emergency Communications, and PRIME Corp and through partnerships with service providers including Vancouver Coastal Health.

Policing in BC

Under section 26(2) of the *Police Act*, municipal police departments in British Columbia perform three functions:

1. To enforce municipal bylaws, the criminal law and the laws of BC;
2. To maintain law and order; and,
3. To prevent crime.

Municipalities with populations 5,000 and over, such as the City of Vancouver, must:

- Provide their own law enforcement by forming their own police department, contracting with an existing police department, or contracting with the provincial government for RCMP police services (*Police Act*, section 3(2)); and,
- Bear the expenses of policing with a police force of sufficient numbers to enforce laws and maintain order as well as adequate accommodation, equipment and supplies for operations and detention (*Police Act*, section 15).

Source: [Police Act](#)

Enterprise Risk and Risk Management in Policing

21. The International Organization for Standardization (ISO) defines risk as the effect of uncertainty on objectives. It can be characterized as either a potential negative (threat) or positive (opportunity) consequence or event that deviates from a desired outcome. Risks to an

Key Risk Management Concepts

Risk: The positive or negative effect of uncertainty on objectives. **Enterprise risks** could significantly affect the ability to achieve an organization's mission (e.g., significant threats to an organization's reputation). **Operational risks** are associated with the delivery of a specific program, functional or operational objective, including risk inherent to the design, management or performance of a business process (e.g., risks inherent in individual police uses of force; individual safety risks to vulnerable people).

Enterprise Risk Management (ERM): The coordinated, ongoing application of risk management processes from across all parts of an organization, at all levels, from strategic planning to service delivery. Sometimes referred to as "organizational risk management."

ERM Framework: The process an organization uses to ensure that risk information is adequately utilized in decision-making. This includes how risk is assessed, the roles and responsibilities of senior leaders and all employees in managing risk, and the effective reporting and communication of risk information throughout the organization. Sometimes referred to as "ERM program."

Day-to-day Management of Operational Risks: Processes individuals use to reduce uncertainties and hazards related to specific events and activities. In the policing sector, risks are assessed and managed continuously (e.g., assessing risks and deciding on an appropriate course of action on whether to engage in a pursuit).

Adapted From:

[ISO 31000: 2018](#)

[BC Public Service Guideline](#)

[Crown Agencies and Board Resourcing Office Risk Management Training](#)

[IIA Position Paper: The Role of Internal Auditing in](#)

[Enterprise-wide Risk Management](#)

[Deloitte 2018](#)

organization may arise internally or externally and may range from being completely within an organization's sphere of control to completely outside of the control of an organization.

22. Uncertainty and risk exist in every organization and can never be completely eliminated. Organizations that utilize enterprise risk management (ERM) explicitly recognize their risks (e.g., financial, legal, reputational), and therefore, are better positioned to manage the risks.

23. A robust approach to actively identify, assess and manage enterprise risks is a cornerstone of good governance and can position an organization to prepare for, mitigate or avoid potential losses and harms, and otherwise maximize potential opportunities and help achieve its organizational objectives. For law enforcement agencies that routinely deal with risk in various ways, effective ERM is an integral part of police accountability, in addition to the day-to-day management of operational risks faced by police members as they carry out their duties.

24. ERM frameworks are recognized as a best practice for different levels of governments, corporations and entities such as police services. ERM is a proactive, systematic, organization-wide process to understand and manage risks strategically from the perspective of the entire organization. ERM is a methodology to identify, assess and prepare for potential harms that may interfere with an organization meeting its objectives. ERM can also be used to identify, assess, and act on potential opportunities, capitalize on existing areas of strength and support decisions on resource prioritization and allocation based on the best available information, thereby improving operational efficiency and cost-effectiveness.

25. ISO 31000 is an international standard with guidelines, principles, and common processes for risk management. The standard is designed to be customizable to different sectors and different sized organizations and is the foundation of ERM across several Canadian police agencies. Although police agencies may be at different stages in the maturity of their ERM framework, ERM is implemented to varying degrees in the Canadian policing sector. We consulted six police agencies across Canada known to have ERM programs in place to understand the approaches, tools and success factors of their programs, the value these programs add to their respective agencies and to illustrate how ERM can be applied in policing environments. We noted five of these agencies based their ERM program on the ISO 31000 risk management guidelines customized to the law enforcement context and that in general, although the programs had numerous common elements, they ranged in maturity (see Figure 1).



Figure 1: A Snapshot of Enterprise Risk Management (ERM) Programs in Six Canadian Police Agencies

This summary of common practices was compiled from interviews held with six police agencies across Canada that have an ERM program in place.

- Three of the agencies are based in BC and three are among the nine largest independent municipal police services in Canada, measured by authorized strength.
- Some agencies launched their ERM programs in the past two years while others have been in place for approximately a decade.

What Did it Take to Get an ERM Program Started?

- All agencies put in place a centralized business area and staff responsible for ERM.
- All agencies leveraged professional risk management expertise in house, externally and/or through their board.
- Five agencies based their ERM program on the ISO 31000 risk management guidelines customized to the unique needs of the law enforcement context.
- Four police agencies (including the three largest we spoke to) had a formalized ERM framework and/or policy document in place.

What Makes ERM Programs Work?

- Have support and buy-in from senior management.
- Have a risk policy or framework in place.
- Recognize that ERM is a process that takes time to build and establish.
- Leverage existing law enforcement skills and processes.
- Introduce training, education and awareness exercises.
- Assign responsibility for risk management oversight to a board sub-committee.
- Focus on continuous improvement.

What Does ERM Assessment, Monitoring and Reporting Look Like?

- All agencies used risk registers to document, prioritize and report on risks. Common elements include: risk description, risk causes, risk/mitigation owners, controls/mitigations in place, risk score (likelihood + consequence), risk treatment and residual risk.
- All agencies reported consolidated risks and mitigations to senior management regularly.
- All agencies reported to the board semi-annually on the top (e.g., 5-10) enterprise-level risks including information such as likelihood, potential impacts, risk treatment, and status updates on priority risk response efforts/strategies for each of those risks.

What Value Does ERM Provide?

Increased Risk Transparency: Systematic documentation and reporting improves risk visibility and provides the board with a centralized reference for risk issues, mitigation strategies and their adequacy, and clear articulation of residual risk.

Assurance: Provides assurance to the board that high impact risks are being addressed and encourages detailed discussion between the board and department regarding those risks.

Constructive Challenge: ERM provides a structure to workshop risk-related information through multiple lenses.

Standardized Risk Reporting: Issues are logged and reviewed on a regular basis; mitigation strategies are regularly assessed and updated.

Coordination with Audit and Compliance Functions: Outputs of ERM are used to inform and focus audit plans and compliance processes.

Performance Management: Risk management is used with performance management to support the strategic priorities of the organization.

The difference between ERM and other approaches to managing risks in policing

- 26. Day-to-day operational risks include individual threats to the public and officer safety that are addressed daily. Effective management of these risks is essential and inherent in policing and is guided by experience, training and policies. Examples of operational risks include risks to officer safety when conducting core critical tasks such as executing search warrants, risks to public safety when protesters and counter-protesters become violent with each other and safety risks to officers and the public related to managing motor vehicle threats.
- 27. On the other hand, enterprise-level risks may have organization-wide impacts and require a coordinated risk management process that is proactive and systematic, and that prioritizes high likelihood, high impact risks over the long term. Examples of enterprise-level risks include reputational risks to the department as a result of officer misconduct and human resources-related risks to officer morale, retention and wellness.
- 28. ERM aims to identify, assess and mitigate potential harms that may interfere with an organization meeting its objectives, capitalize on potential opportunities and implement and monitor risk treatments and their impacts. ERM does not replace the need for day-to-day risk management.

Policing risk categories

- 29. When considering enterprise risks, entities typically group or categorize them to identify similarities, the tolerance levels the organization has for each risk, potential impacts, and selected strategies or activities to reduce the impacts of the risks on meeting objectives. These are referred to as ‘treatments’ or ‘mitigation strategies.’
- 30. The categories used by an organization may change over time, as the external and internal environments change and an organization’s risk assessment process and capability mature. The following are typical risk categories to consider in policing:

Table 1: Sample Risk Categories and Descriptions

| | |
|-----------------------------|---|
| External | <ul style="list-style-type: none"> • Weather and climate issues (e.g., response to natural disasters, pandemics, global supply chain challenges) |
| Legal and Regulatory | <ul style="list-style-type: none"> • Legislative and case law compliance • Policy and regulatory changes |
| Strategic | <ul style="list-style-type: none"> • Planning and preparing for the future policing needs of the jurisdiction |

| | |
|-----------------------------------|--|
| Governance | <ul style="list-style-type: none"> • Clear organizational roles and responsibilities • Demonstrable oversight processes and procedures |
| Operational | <ul style="list-style-type: none"> • Management of core critical tasks to meet a department's mandate |
| Informational | <ul style="list-style-type: none"> • Reliability of information and data of the organization |
| Human Resources | <ul style="list-style-type: none"> • Recruiting and retention • Training • Labour relations • Discipline |
| Technology | <ul style="list-style-type: none"> • IT security and systems backup • Reliability of hardware and software |
| Financial | <ul style="list-style-type: none"> • Budgeting • Expenditure controls |
| Political and Reputational | <ul style="list-style-type: none"> • Public trust • Government priorities |

Policing and Risk Management Roles and Responsibilities

The Vancouver Police Department

31. The VPD employs sworn members, special municipal constables and civilian employees across its three divisions. The Support Services Division houses the VPD's corporate sections including its Planning, Research and Audit section, which supports the organization in identifying enterprise risks. The Operations Division is responsible for responding to calls for service, and the Investigations Division is responsible for the VPD's major investigations.

Vancouver Police Department Divisions

Support Services Division: Personnel services (human resources, training and recruiting, and professional standards), information services, planning, research and audit, financial services and discipline authority services.

Operations Division: Front line patrol teams across each of the City's four districts as well as the VPD's Diversity, Community and Indigenous Relations section, and specialty squads that support frontline police including the 24/7 Operations Command Centre, Metro Teams, Court and Detention Services, Emergency and Operational Planning, Traffic, and Emergency Response teams.

Investigations Division: Two main areas: one focused on Investigations, including major crime, organized crime, and special investigations and the other on investigations support which includes general investigation, the youth services section, tactical support and forensic support sections.

Source: [The Vancouver Police Department](#)

The Vancouver Police Board

32. The Vancouver Police Board (the Board) is responsible for governance and oversight of the VPD under section 23(1) of the *Police Act* (see sidebar on the appointments and composition of police boards). To support its governance and oversight responsibilities, the Board has five standing committees. Specific to the area of risk

Municipal Police Board

- Police Boards are comprised of the mayor as chair, one person appointed by the municipal council and up to seven people appointed by the Province.
- Members are chosen to reflect the demographics of the community and have demonstrated they can act in the best interest of the community.
- Board members are appointed to a term not exceeding four years, and although they may be re-appointed, they cannot serve for more than six consecutive years.
- Generally, police board members are not paid.

Source: [BC Police Board Handbook](#)

management, the Finance Standing Committee assists the Board in carrying out its oversight role by reviewing budget development processes, financial planning, financial information, systems of internal controls and audit processes. The primary responsibility of this standing committee is to oversee the VPD's management of its budget development, financial reporting, information systems, risk management and internal controls.

33. The Vancouver Police Board Governance Manual, Chapter 3, section 1.3.4, sets out the Board's risk oversight responsibilities including to:
- Work with the Chief Constable and Senior Leadership Team to identify, assess and manage the VPD's strategic and operational risks;
 - Develop, review, and approve the Board's risk management document for key areas of department-wide risk;
 - Direct senior leadership to ensure systems are in place for the implementation, security and integrity of VPD's internal control and information technology systems; and,
 - Require such reporting, testing and third-party validations as may be required to satisfy the Board that important threats and risks have been anticipated and mechanisms are in place to prevent and manage those risks.
34. The terms of reference for the Board's Finance Committee identify risk management as one of its duties.

The City of Vancouver

35. The City's Finance, Risk and Supply Chain Management (FRS) Department provides input to VPD Finance on the provisional operating budget after the Board's initial review and supports the VPD's salary staffing analysis model.
36. The City has its own Chief Risk Officer and staff, and ERM program. The role of the Risk Management team is to support the integration of risk management practices into the City's planning, policy development and daily decision-making process. However, this unit does not perform these functions for the VPD.

1.2 About the Audit

37. Given the budget for the VPD represents over 20 per cent of the City's total operating budget, it is particularly important that the police service demonstrate fiscal accountability and transparency. As a result, we included a performance audit of the Vancouver Police Department in the Office of the Auditor General's (OAG's) 2022 three-year audit plan. Through a subsequent motion passed by the Vancouver Police Board on November 24th, 2022, the Auditor General was asked to conduct a performance audit in accordance with section 3.3 of the *Auditor General By-Law*. As a result of audit planning work, it was determined that the OAG would conduct an audit on the Board's and the VPD's organizational or enterprise risk management and performance management practices and issue the results through two consecutive audit reports. This audit is the first of those reports.

38. Our audit objective was to determine whether the Vancouver Police Board and the Vancouver Police Department effectively oversee and manage enterprise risks.
39. The audit period covered from January 1, 2022, to July 31, 2023. The scope included the Board's and the VPD's risk management policies, frameworks, guidelines, processes, reports, data, and other documentation related to the oversight and management of enterprise risk.
40. The scope of this audit did not include evaluating:
- Risks related to specific initiatives or services provided by the VPD;
 - Day-to-day risk management engaged in by individual officers;
 - The City's ERM Framework and performance reporting;
 - Governance matters not related to risk management; and,
 - The quality of the VPD's strategic plan, and the steps taken to develop the plan, other than those tied to our audit findings.
41. We also did not conduct an independent risk assessment or risk maturity model assessment for the entire VPD or for individual units or services.
42. We used several methods to obtain sufficient and appropriate evidence. We conducted interviews with board members and VPD staff responsible for risk management, reviewed and analyzed the strategies and practices in place to support the Board and the VPD in managing department-wide risks and looked at approaches to ERM in other Canadian policing jurisdictions. We also drew on the ISO standard on risk management to develop our audit expectations.¹
43. Our approach involved assessing how well the Board had established and communicated its risk management and reporting expectations to the VPD. We also reviewed the VPD's risk management policies and procedures to ensure that department-wide risk was managed in a way that informed the Department's decision-making and allowed it to meet its objectives.
44. Due to the sensitive nature of the risks and vulnerabilities managed by the Board and the VPD, this report may not provide detailed findings on some specific risks. For more on this audit, please refer to [Appendix B: About the Audit](#).

¹ The ISO 31000 is an international standard with guidelines, principles, and common processes for risk management.

2. Conclusion, Findings and Recommendations

Conclusion

45. We concluded that the Vancouver Police Board and the Vancouver Police Department did not have an effective enterprise risk management (ERM) framework in place to oversee and manage organizational risks. An effective ERM framework is characterized by policies, procedures, defined roles and tools such as a documented risk register, complete with mitigation strategies and assessment of residual risks. We also found gaps in the Board's approach to overseeing enterprise risks that limited its ability to stay appropriately informed about major risks and the processes the VPD used to identify, monitor, manage and report on those risks.
46. The VPD had a range of management and operational processes, roles and expertise that could be the building blocks for effective enterprise-wide risk management but did not have a coordinated or centralized risk management function or a consistent documented departmental approach for effective enterprise-wide risk management. The management of day-to-day risk is a key success factor for the effective delivery of policing. As part of that, the Department had broadly identified enterprise risks and mitigation strategies, and identified instances where consideration of specific risks was implicit in their planning and actions. However, in the absence of a robust ERM framework, the VPD did not have documentation on how it assessed and monitored enterprise risks and the impact and sufficiency of mitigation strategies. Documentation of risks and mitigation strategies facilitates a common understanding and approach to risk management and is integral to upholding individual and organizational accountability.
47. This audit report includes findings and recommendations related to the oversight and management of enterprise-wide risks. We did not assess the effectiveness of the VPD's identification or treatment of risks related to specific initiatives or services or management of operational day-to-day risks carried out to keep officers and the public safe.
48. The following report sections describe the audit findings that support our overall conclusion and recommendations to improve the Board's and the VPD's practices to oversee and manage enterprise risks.

2.1 Governance and oversight: The Vancouver Police Board's approach to enterprise risk management

- 49. As with policing in general, the VPD's ongoing strategies and activities expose the Department to a wide variety of enterprise risks. A key responsibility of the Board, as the oversight body of the VPD, is to ensure key risks are identified, monitored, and mitigated and that an effective approach is in place to manage these risks for the Department.
- 50. Provincial guidance on risk management for B.C. public sector board members sets out the responsibility of board members for providing risk management oversight, setting organization risk tolerance levels, and ensuring that the organization has an effective ERM program in place.
- 51. Similar to board governance practices for other public sector entities, appropriate direction and oversight from the Board to the VPD is an important element of effective ERM practice and for the department's success in identifying and managing its risks.

Guidance on Board Input into Risk Management

Within an ERM framework, a board would be expected to provide varying degrees of input and counsel into risk management:

- Identification
- Analysis and validation
- Prioritization
- Tolerance and risk appetite
- Mitigation and response strategies
- Monitoring activities

Source: [*CPA Canada: A Framework for Board Oversight of Enterprise Risk*](#)

What we looked for

- 52. Effective oversight of risk management requires mechanisms for risk identification, decisions on risk treatment and mitigation efforts, and ongoing monitoring. A well-designed process also identifies and assigns responsibility for elements of risk management, so the board is regularly informed about, and capable of assessing, management's reporting on major risks and the processes management uses to identify, manage, and monitor those risks.
- 53. We looked at whether the Board had defined its risk oversight responsibilities and approved a risk management approach for the VPD. We examined the Vancouver Police Board Governance Manual and the Board's practices with respect to its oversight of the VPD's risk management.

Board Oversight of Risk Management

Boards of directors are not expected to unilaterally identify, analyze, mitigate and monitor enterprise risk. Rather, they must oversee the risk management systems and processes and continuously review the associated outcomes and planning. The oversight role should be neither passive nor too reliant on management.

Source: [*CPA Canada: A Framework for Board Oversight of Enterprise Risk*](#)

What we found

2.1.1 The Vancouver Police Board defined its risk oversight responsibilities in its Governance Manual; however, the manual had several gaps and limitations and the Board had not implemented some of its elements

54. The Vancouver Police Board Governance Manual included several sections related to the oversight of risk management. It described the division of responsibilities for risk management between the Board, specific Board standing committees, and the Chief Constable. However, it lacked key elements such as:
- The context and rationale for risk management as part of the Board's oversight duties;
 - A definition of risks including key risk categories the Board oversees;
 - The Board's role in developing the VPD's risk appetite statements for key risk areas;
 - The Board's role in assessing the effectiveness of VPD's policies and procedures to identify and manage its risks;
 - The frequency and timing of when the Board will be engaged in specific risk management processes, including risk identification and receiving risk management updates;
 - A requirement that the Chief Constable develop a risk management policy that defines risk management objectives, responsibilities, monitoring and reporting; and,
 - A requirement that the Chief Constable establish risk processes and mechanisms to identify and implement control strategies and measures of expected results, monitor material risks, and obtain feedback and approval from the Board on these processes and mechanisms.
55. In addition to the risk management content gaps we found in the Vancouver Police Board Governance Manual, we also noted some deficiencies in the Board's implementation of some elements of its manual. These included:
- Although the governance manual indicated that the Board had the responsibility to work with the Chief Constable and Senior Leadership Team to develop and regularly review risk management factors, strategies, and systems, the Board only received risk-related information developed and presented by VPD, but did not work with the VPD on the development of the information;
 - Though section 5.3.4.d of the manual required the Standing Committee on Governance to coordinate an annual planning workshop to discuss and review Board oversight issues such as risk management, the Board did not include risk management in the 2023 annual planning session, as it focused the session on governance. As such, the opportunity was missed to discuss risk management updates, changes or results at the 2023 planning workshop.

- The Board had the authority to implement a range of mechanisms to ensure that the VPD appropriately manages risks and threats. The Board did not have a systematic approach to identifying when to utilize additional processes to satisfy itself that the VPD had appropriately identified enterprise risks and responded appropriately; and,
 - Although section 5.2.4.7 set out the responsibility of the Board's Finance Committee to oversee any internal audit function, the VPD's Internal Audit function was not overseen by the Committee. Robust internal auditing can provide boards with objective assurance on the effectiveness of ERM and other risk control and compliance activities.
56. Inconsistencies in implementing policies from its governance manual can limit the information the Board receives from the Department and the opportunities the Board has to provide regular input into the identification of new risks and how enterprise risks are handled. This ultimately weakens the Board's ability to exercise its full oversight responsibilities.
57. We also identified instances where expectations outlined in the manual were not clear. These related to risk management documentation and the frequency of review processes.

Recommendation 1: The Vancouver Police Board should clarify and expand sections of its Board Governance Manual relating to oversight of enterprise risk management such as:

- A statement that identifies the Board as the overseer of enterprise risk management for the Vancouver Police Department and describes what this entails;
- A definition of risks including key risk categories the Board oversees such as: hazards, material, strategic, financial, reputational, governance, operational and other;
- The roles of the Board and Chief Constable in defining and communicating the levels and types of risks the organization is willing to accept;
- The Board's expectations for when and how the Department should seek Board guidance or approval on managing enterprise risks; and
- The Board's Standing Committee responsibilities for the oversight of financial and non-financial risk management.

Recommendation 2: The Vancouver Police Board should require that the Chief Constable establish, maintain and obtain Board feedback on and approval of an enterprise risk management framework, including a policy and risk register.

2.1.2 Risk management information provided by the Department to the Board was not systematic or robust enough for effective enterprise risk management and included some information that was dated, inaccurate or highly generalized

58. Other than requirements set out in the Vancouver Police Board Governance Manual, the Board had no other documented processes and procedures specifically for overseeing risk management. However, the Board and the VPD referred to three broad processes through which the Board carried out its oversight, described in the sections below.

59. We found that these processes were not employed consistently and systematically and were primarily focused on high-priority issues being managed by the VPD. They lacked key elements of effective risk management such as:

- Risk rating and prioritization;
- Clear relationships between identified risks and risk treatments;
- Risk controls and residual risks; and,
- Ongoing monitoring of changes in the risk landscape.

Key Components of a Risk Register

Documenting risk information in a risk register preserves it for future monitoring and reporting. Key components should include:

- Risk descriptions;
- Risk categories;
- Inherent risk ratings;
- Risk owners;
- Risk responses;
- Residual risk ratings; and,
- Financial impacts

Source: [CPA Canada Enterprise Risk Management Guide](#)

2.1.2.1 The Risk Management Overview document

60. A Risk Management Overview document was included in the Spring 2022 annual Board-VPD planning session materials. The document included 11 key risk categories (human resources, labour relations considerations, COVID-19 pandemic, major natural disaster, civil disobedience, investigative challenges, program and policy, terrorism, information and security risks, financial risks, organizational and reputational harm). These were largely consistent with good practice on ERM within the policing sector. It also included a list of risk management mitigation strategies.

61. Risk management documentation, often in the form of risk registers or risk matrices, should include several standard components to give a complete picture of key risks, to document the results of risk assessments and to manage the risk assessment process. Such information is used for awareness and decision-making, for example to demonstrate the adequacy of existing risk treatments or to show where more is needed to bring higher risk levels within an organization's tolerance. Components should include a description of key prioritized risks, summarized results of risk assessments such as anticipated impact, gravity, or intensity of risks, risk treatment and financial impacts.

62. The information provided in the VPD's risk management overview document was limited and did not include several expected risk-related assessment items:

- Identification of the risk owner;
- Information on the likelihood, potential impact, or intensity of each risk;
- Prioritization or ranking of identified risks;
- How each risk should be treated (see sidebar);
- Clear links between mitigation strategies and the specific risks they are intended to address;
- Whether the risk is stable or trending up or down;
- A clear indication of whether the list of mitigation strategies is intended to reflect processes already in place or processes still being implemented; and,
- The residual risk expected to remain after mitigation strategies or controls have been put into place.

Common Risk Treatments

Risk Mitigation: An appropriate form of control designed to limit the potential of a particular risk from interfering with the organization's ability to achieve its objectives.

Risk Avoidance: A process control where an organization does not undertake an activity. For example an organization minimizes work offsite to limit liability related to safe working environments and property damage.

Risk Acceptance: A decision an organization makes that recognizes that something may occur that interferes with the ability to achieve its objectives. For example an organization decides to delay repairing machinery for a year, accepting that it might cause damage before that.

Risk Transfer: A control that transfers the impact of realized risk to another entity. For example an organization purchases insurance in order to transfer the financial impact of a possible earthquake to an insurance company.

Source: [Risk Management Guideline for the BC Public Service](#)

63. A 2022 status update from the VPD on action items arising from the 2021 planning session indicated the VPD had followed through on an action item from the Board to rate risks in the risk management overview document as high, medium or low. However, neither the Board nor VPD were able to provide us with a document in which these risk ratings had been applied.

64. We also found there was nothing describing the process to follow or criteria to use in developing or updating the risk management overview document. Instead of a defined process to develop or update it, the VPD relied on ad hoc updates. Part of the value of creating a risk register lies in its regular, coordinated and systematic completion where all known and potential risks across the entire organization are considered and a level of rigour is applied to assess risks and potential impacts.
65. ERM methodology recognizes that not all risks can or should be fully mitigated once they have been identified. Doing so may be inefficient and not cost effective. Organizations must allocate resources carefully so that resource investments are justified by the anticipated outcomes. To optimize the value of risk management to an organization, risks should be categorized by size or significance to ensure they receive appropriate coverage levels and oversight. Accordingly, risk management processes should identify risk treatments – that may or may not involve risk mitigation – as well as residual risks the organization is willing to live with once treatments are applied.
66. The VPD's 2022 Risk Management Overview document included a range of mitigation strategies such as policies, procedures, documentation and training. However, like the general approach used to update the overview, the process and criteria used to identify mitigation strategies was not systematic or robust. We noted that several mitigation strategies included in the overview were not in place or were out of date. For example, "business continuity planning" was identified as a risk mitigation strategy for information security risks, however the VPD indicated that apart from some information and communications technology-related disaster recovery planning and plans developed specifically to ensure business continuity during the COVID-19 pandemic, it did not have an up-to-date documented business continuity plan. Likewise, a "proactive public affairs strategy" was identified as a risk mitigation strategy for organizational reputational harm, however the VPD did not have documentation that a public affairs strategy was in place.
67. The Risk Management Overview document also identified internal audits as a risk mitigation strategy for program and policy-related risks. However, the VPD only completed two reports during the audit period: one summarizing VPD sick leave usage and another related to the Department's use of street checks. The VPD indicated that audits were generally not done after 2019 and that the minimal number of reports produced by its audit team was a result of the unit being focused on other strategic projects, analysis work unrelated to audits and a lack of capacity.

68. Reviews such as an operational review or potential new operational review of the VPD, workload assessments and program evaluations were also identified as risk mitigation strategies, however a selection of such reviews provided by the VPD showed many were not recent. With respect to a mention of a "potential new operational review of the VPD," the VPD indicated that such a project was not being planned and no budget or resources had been set aside for its completion.
69. Since ERM is meant to be iterative and flexible to support an organization in actively managing its shifting risk profiles, organizations typically make changes to potential risk mitigation strategies over time, as more is understood about the impacts of particular mitigation strategies. However, risk registers should clearly document whether mitigation strategies are in place, historical or planned. This information is important to understand the adequacy of existing treatments and the significance of remaining risks.
70. The Board indicated that it was not involved in formally assessing risks and did not track or follow up on the effectiveness of risk mitigation strategies.
71. The absence of information on how the risk document was updated and how risk treatment decisions were made and the fact that some identified mitigation strategies were either not in place or not current underscores the value of implementing a structured, documented approach to risk management and in particular, processes for validating and monitoring the effect of mitigation strategies on key risks.

2.1.2.2 The strategic policing issues report

72. In addition to its Risk Management Overview document, VPD senior leaders indicated that its practice was to prepare a "Strategic Policing Issues" report for the Board that identified strategic policing issues that directly impacted the VPD in a given year. We were told that the items identified were not intended to be exhaustive and that the topics were not listed in any particular order. Although the report included some information on the impacts of the listed risks, as well as the estimated financial impacts associated with each risk, it did not include any specific approaches to risk treatment or levels of residual risk.
73. This report was last presented to the Board in Fall 2021. The VPD informed us that a report of this nature had not been developed or provided to the Board during the audit period.

2.1.2.3 In camera board meetings

74. Apart from the risk-related documents provided to the Board, the Board's involvement in overseeing VPD risk management was described by board members as ad hoc, reactive and 'incident-based' rather than proactive and strategic. Section 3.5.2.3 of the Vancouver Board Governance Manual required the Chief Constable to identify the principal risks to the Department, regularly review these risks with the Board and implement appropriate systems to manage these risks. The Board's main opportunity to consider VPD's enterprise risks was via its monthly board meetings whenever either the VPD or the Board had an issue to raise. While such discussions provide opportunities to raise awareness of key risks among board members, they should only be complementary to strategic, systematic and proactive ERM, not a substitute for it.
75. In particular, the Board pointed to discussions held during in camera Board meetings with the VPD as opportunities to discuss departmental risks, though the conversations about risk were described as fluid rather than structured. These in camera discussions were important opportunities to focus on sensitive or high-priority issues that the VPD was managing or considering, but they were not a structured discussion of a risk topic (such as an HR risk) and the related elements, controls and residual risks for the topic and were reactive more than proactive.
76. The Vancouver Board Governance Manual required the Board to work with the VPD to review risk management factors and mitigation strategies and systems to identify, assess and manage the VPD's strategic and operational risks. The Department did not have documentation that described its systems for identifying, assessing, and managing strategic and operational risks. As the Department had not established a framework for ERM, or any standalone policies and procedure documents, we similarly found no documentation of system or process-related discussions between the Department and the Board. We did not audit the quality of discussions between the Department and Board on specific strategic and operational risk or issue areas.

Recommendation 3: The Vancouver Police Board should introduce consistent mechanisms to implement the Board's risk management direction, such as:

- A process for the Board's involvement in the development of an enterprise risk management policy and processes, and the development and management of departmental risk registers;
- A schedule to review and approve the Vancouver Police Department's enterprise risk register at least annually; and,
- Processes through which the Board can obtain reasonable assurance that the Department's risk management, internal control systems, and information systems are properly designed, reliable and operating effectively to prevent and mitigate risks, including elements such as:
 - Reporting, testing and third-party validations; and,
 - Regular reporting from management or direct oversight of the Department's internal audit function.

2.1.3 The Vancouver Police Board indicated that more expertise in enterprise risk management would be an asset and had recently introduced an annual board development program that could be leveraged to enhance its capacity in this area

77. As with other important board processes, the success of risk management oversight is enabled by strong leadership. Police boards have few levers to increase their collective capabilities in functional oversight areas, given that board members are volunteers appointed by the Province with limited term appointments in a highly complex governance area. As such, ensuring that sufficient and appropriate board capacity can be maintained is a foundational aspect of effective risk management oversight.
78. The Board indicated that more expertise in ERM would be an asset. An update to the Vancouver Police Board Governance Manual in April 2023 introduced a requirement to establish an annual Board development program, with a focus on key skills, knowledge or issues in policing and police oversight, such as risk management. Once established, this development program could be leveraged to enhance board capacity in this area.

Recommendation 4: The Vancouver Police Board should include enterprise risk management as a knowledge area in the curriculum of its annual board development program.

2.2 The Vancouver Police Department's approach to enterprise risk management

79. At the departmental level, well designed and managed ERM has a range of benefits. It enables senior leaders to identify and communicate shared risks, apply combined risk mitigation strategies, and determine overarching priorities, harness key opportunities, facilitate discussion of the types and levels of risk an organization is prepared to accept, and make and monitor long-term plans. An ability to recognize and proactively manage the uncertainty that unfolds as strategies are implemented is crucial to the success of police departments where unexpected occurrences can have costly impacts on critical services.
80. To be more proactive rather than reactive to risks, organizations should employ risk management frameworks tailored to the needs and context of their organizations as well as policies that govern their risk management practices.

What we looked for

81. We examined whether the VPD had established a documented program or framework to guide its management of enterprise risks. An effective risk management framework would allow the Department to identify and manage its most critical opportunities and threats, ensure that strategic initiatives are focused on addressing the most pressing challenges and opportunities and allocate resources to its highest priorities.
82. We also looked for a stand-alone policy or other guidance documents that defined the Department's approach and internal requirements to manage enterprise risks. We looked for documentation that indicated whether a particular unit or role within the Department had accountability for ERM, and if the VPD received any assistance in this area from other parties.
83. We also examined whether the Department met the Board's information needs.

What we found

2.2.1 The Vancouver Police Department did not have an enterprise risk management program, documented framework, or policy direction to guide its management of enterprise risks

84. The VPD lacked a documented framework to manage enterprise risks. We were told by the Department that its risk management approach was 'decentralized.' The Department indicated that it managed department-wide risks without documented centralized guidance. Instead, risks were managed at the discretion of those with responsibility for the specific business area where each particular risk arose.
85. Departmental policies and procedures on operations, administration, personnel management, conduct, and equipment were housed in the Department's Regulations and Procedures Manual (the RPM) and in several stand-alone policy documents. The RPM and the stand-alone policies did not include any references to ERM.

Recommendation 5: The Vancouver Police Department should:

- Develop an enterprise risk management framework. This framework should include, at a minimum:
 - Clearly documented procedures to identify, assess, manage, and oversee its enterprise risks;
 - Communication procedures to enable consistent understanding of enterprise risk by all relevant stakeholders; and,
- Develop an enterprise risk management policy that includes:
 - A requirement for management to apply enterprise risk management principles in managing department-wide risks;
 - Policy aims such as how risk management will assist the Department; and,
 - Specific responsibilities and accountabilities related to managing enterprise risks for units and individuals throughout the Department.

2.2.2 The Vancouver Police Department did not have a dedicated function or business area with assigned responsibilities to ensure that management uses risk-based decision-making to support the achievement of organizational objectives

86. While the VPD had a range of management and operational processes, functions and roles that, if performing effectively, are building blocks for effective ERM², the Department did not have a dedicated ERM resource with assigned responsibilities that utilizes a framework, policies, tools and techniques to ensure that management uses risk-based decision-making to achieve organizational objectives.
87. The Department's Planning, Research and Audit section had responsibility for some arms-length management functions intended to ensure that internal controls are effectively designed, and an internal audit function. The section assisted with generating statistical reports, formalizing operational standards, conducting or participating in research projects emerging from internal or external requests and developing crime analytics methodologies.
88. We were told that there was some ERM expertise within the Department and from the City, but that this expertise was not currently being utilized by the VPD. The Department's in-house ERM expertise includes staff with ERM qualifications and experience in working in ERM functions at other organizations.
89. In July 2023, the Planning, Research and Audit section was tasked with building a departmental risk matrix.
90. Having individuals with ERM expertise is a key success factor in establishing an impactful ERM process within an organization. Successfully implementing ERM in an organization that currently does not have it requires preparing for, managing and sustaining the change, training on principles and processes for all levels of staff, and cultivating a shared organizational risk culture. To effectively sustain a new initiative like ERM it is important for key personnel to have a clear vision of a successful outcome and the ability to communicate that vision throughout the organization.

² We were informed that the VPD considers risk management and risk mitigation in everything it does, including policies, procedures, training, decision-making, performance monitoring and reporting, etc. While we have observed the existence of some of these functions, assessing the effectiveness of each unique activity as an indicator of effective risk management was not in the scope of this audit.

2.2.2.1 The Vancouver Police Department's relationship to Risk Management at the City of Vancouver

91. As a distinct entity from the City, the VPD was not included in the mandate of the City's Risk Management team, except for third party claims, insurance, and some fleet and property related risks.
92. The VPD's Regulations and Procedures Manual required Department members to contact the City's Risk Management team on specific issues where the VPD (and the City as its funder) might be exposed to liability or require the use of City funded insurance.
93. The City's ERM program was not included in the scope of this audit; however, we noted that the VPD did not have a risk liaison officer or similar role and did not participate in the City's Risk Management Committee.

Recommendation 6: The Vancouver Police Department should assign responsibility for managing and overseeing enterprise risk management to a position or unit within the Department.

Recommendation 7: The Vancouver Police Department should support the successful implementation of enterprise risk management by:

- Ensuring it has sufficient resources, expertise and capacity to effectively develop, and implement enterprise risk management; and,
- Exploring training opportunities for senior leaders and other relevant Department personnel to ensure there is a consistent vision for what enterprise risk management can bring and commitment to its implementation throughout the Department.

2.2.3 The Vancouver Police Department had processes in place intended to manage threats that affect its ability to keep the public safe

94. Assessing the effectiveness of the VPD's response to risks associated with daily operations was not in the scope of this audit. However, we noted that the Department had several processes to monitor and address threats to public safety and public order. These processes were used to discuss and plan responses to actual situations or incidents that had occurred or that could occur in the near term.

95. The VPD's senior leaders managed and monitored perceived threats to public safety and loss of public order through regular formal and informal meetings. Formal meetings were regularly scheduled touch points that allowed leaders to discuss issues. Examples of key meetings among senior leaders included:
- A daily weekday morning meeting to ensure that all senior VPD leaders were aware of, and could weigh in on issues that arose;
 - A monthly COMPSTAT³ meeting to review and discuss crime statistics in all four policing districts within the City and significant files from all the units within the Investigation division;
 - Senior Leadership Team meetings generally scheduled two times per month. Meetings were held 14 times in 2022 and six times in the first half of 2023 and included discussions on projects and initiatives that various Departmental units were working on;
 - An Executive Committee meeting generally held once or twice a month where members of the Department's executive team provide feedback on VPD projects, initiatives and updates; and,
 - We were told there was also a monthly executive session, where comprehensive strategic and operational decisions were made, but no minutes were recorded.
96. We were told that there were also other meetings that occurred on an ad hoc basis among relevant senior leaders to address issues that arose, or to take an issue offline that was raised in one of the other meetings. These meetings did not have recorded minutes to track discussions, decisions and action items.
97. We were told that the purpose of these meetings, which included some intentional redundancies, was to focus on important items and ensure that they did not fall between the cracks.
98. Although formal and ad hoc meetings did not use ERM tools to structure discussions and resulting action items, the regularity of the VPD's processes and the documentation of ongoing items from these meetings could provide an opportunity to add an ERM analysis on a consistent basis.

³ COMPSTAT is short for Computer Statistics, which is a quantification program used by police departments to track crime and identify trends. The data presented includes week-to-date and year-to-date numbers to flag changes. This meeting is designed to present information to VPD senior leadership to increase awareness and weigh in on issues.

2.3 Risk management tools and processes

99. Fit for purpose ERM frameworks, tools and processes can help organizations improve their performance, encourage innovation, and support achieving their objectives. ERM tools address three key areas: risk identification and assessment, active risk management, and risk reporting and communication.
100. Organizations with low risk awareness can find themselves scrambling to deal with unexpected events that may cause unforeseen financial losses, disruptions to normal operations, non-compliance with statutory obligations, and reputational damage. Stakeholders expect organizations to take full account of and avoid the harm arising from these risks.
101. Well designed risk management frameworks and processes allow organizations to effectively identify risks, assess their likelihood of occurring and their potential impacts on the achievement of strategic objectives.
102. Organizations should also assess the effectiveness of any relevant internal controls in place, (adding or strengthening as needed) that may reduce or contain these risks to acceptable levels. Mitigation plans may also be needed for some risks to further reduce potential impacts to within acceptable levels. A process to monitor the effectiveness of the mitigation strategies and reporting should also be developed and implemented.

What we looked for

103. We set out to determine whether the Department had comprehensive risk management tools and processes to manage its enterprise risks, from identification to analysis and treatment. We also assessed whether the VPD's processes were aligned with its policy and direction. Although the Department did not have documented, consistent tools and processes to manage enterprise risks, we sought to determine whether it used formal or informal procedures or ERM processes in the management of enterprise risks.
104. We expected to see evidence that the Department's risk management approach would ensure that enterprise-wide risks were consistently recorded and reported, and appropriately tracked and monitored. We also expected these assessments to be considered in strategic decision-making and resource allocation decisions.

What we found

2.3.1 The Vancouver Police Department did not use defined enterprise risk management principles or tools to manage its risks

105. Assessing the comprehensiveness and effectiveness of the VPD's response to day-to-day and specific operational risks was not in scope for this audit, however we observed and were informed that the VPD identified and reacted to day-to-day and operational risks within its specialized areas through a wide range of processes. The elevation of significant risks into a risk management overview was done in an ad hoc manner with no written definitions or frameworks and limited documentation in the form of a final product. It is unclear what type of risk analysis and evaluation processes took place as there was no documentation or record from the audit period to indicate how these processes were carried out.
106. The VPD has defined responsibilities for functional areas within the Department (such as HR, Finance, IT) that have staff clearly accountable for them. However, staff with these accountabilities were not required to document their identified risks, use ERM tools and techniques to assess those risks or develop specific mitigation strategies to prioritize, manage and measure risks. Within one functional area, we did find that the VPD had documentation on a specific procurement-related activity that included identified risks, their ratings, and mitigation activities.
107. A process to highlight the biggest risks within each relevant unit and link those items to the goals of each unit would allow the Department to demonstrate that it is adequately managing its most significant risks across the Department.
108. Throughout the risk management process, communication and monitoring were primarily dependent on the formal and informal meetings among senior department leaders described earlier in this report.
109. The minutes of VPD Executive Committee meetings had documented references indicating whether an item was closed or ongoing. They also distinguished between 'new' and 'old' business. These items were not limited to risks and included a wide array of departmental activities and initiatives. The effectiveness of the action taken to close an item was not documented in the minutes.
110. One unit within the VPD was in the initial stages of developing a risk management dashboard with identified and assessed risks. The unit started the process in mid-2023 and though more work remains to complete the exercise, initial documentation indicates that these first steps in the risk identification process were robust.

2.3.2 The Vancouver Police Department did not have documented processes to address enterprise risks

111. The VPD's risk treatment processes were unclear, as they were not formally documented. Prior to the audit period, the Department did categorize the risks presented to the Board for annual strategy sessions. During the audit period, in 2022, there was an updated document of identified risks, which used the same categorization of risks. However, there was no updated list of identified risks for 2023 and thus no categorization of risk for that year. The lack of categorization of risks can limit the focus of leadership to shorter-term individual issues in front of them instead of broader department-wide risks with potentially longer-term impacts.
112. The VPD did not list and track key enterprise risks in a document during the audit period. The absence of a risk document prevents the Department from having a shared, agreed-upon understanding of specific risks, their assessments and strategies to address them. A risk document could also identify individuals responsible for the risk as well as who has relevant expertise related to that risk. Such documentation would also demonstrate whether the impact of interventions put in place to manage department-wide risks were effective in mitigating, reducing or eliminating particular risks.
113. The lack of documentation for risk management during the audit period prevented the Department from being able to demonstrate that it applied consistent processes and procedures in managing enterprise risks or validate how these processes were undertaken.

Recommendation 8: The Vancouver Police Department should develop a risk register that includes:

- Risks identified by internal and external stakeholders during its strategic planning sessions and facilitated unit-level risk assessment sessions;
- Risks identified at Vancouver Police Board planning sessions and risk assessments conducted at these sessions;
- Assignment of identified risks into categories to ensure that risks affecting similar functions, units and areas are clearly flagged to highlight areas of focus;
- Units and individuals that are accountable for and contribute to the management of individual risk items;
- Documentation on the effectiveness of risk treatments; and,
- Risk thresholds, as developed with the Board.

2.3.3 The Vancouver Police Department relied on the individual judgement of staff and its organizational structure to ensure that risks were appropriately communicated throughout the Department

114. As a hierarchical organization, the Department relied on a command-and-control process (a group of leaders exercise authority and direction over all decision-making and communication within the organization), with an expectation that enterprise risks would be communicated to senior leaders to actively manage issues. Although this structure was informal and not documented, it was well understood among VPD leadership. Since Department leaders communicated often through regularly scheduled and ad hoc meetings, we were told that they were expected to know the accountabilities and expertise of their senior colleagues.
115. Decision approval was based on rank of the staff member in the Department. However, we were told that the Department mostly relied on the judgement of its staff to decide when to escalate an issue, unless this was explicitly specified by legislative or policy requirements. While this may be appropriate for managing issues associated with daily operations, such a process may complement, but is not a substitute for a proactive approach to strategic risk management.
116. The Department had not defined risk thresholds for enterprise risks. The lack of documentation to track and manage enterprise risks limited the opportunity to establish risk thresholds for those risks. The absence of defined risk thresholds may limit the Department's ability to take advantage of opportunities presented by risks, proactively transfer, and share risks and logically accept risks given time and resource constraints. Determining and communicating risk tolerance for specific risks associated with day-to-day operational policing, and the effectiveness of the treatment of those risks through specific controls (e.g., policies, procedures, training etc.), while important, was not in the scope of the audit.

2.3.4 The Vancouver Police Department did not utilize formal and documented enterprise risk assessments to inform the goals and strategies included in its strategic plan and its decisions on resource allocation activities

117. The Vancouver Police Department has emphasized the importance of community consultation in developing its strategic plan. The Department stated that it made every effort to hear from as many community members as possible in shaping the plan and indicated that consultation was the foundation of each strategic goal. It also sought the feedback of internal stakeholders from across the Department. We were informed that consideration of risks was implicit throughout the development of the VPD's strategic plan and annual business plans, building from year to year.

However, as these risks were not documented, the strategies in the strategic plan and related activities in the annual business plans did not have explicit links to a risk register. The existence of a risk register, complete with mitigation strategies and documentation of residual risk, is a hallmark of an effective ERM framework.

118. We were told the VPD allocated resources based on the allocations of prior years. Reallocations of resources to adapt to changing priorities utilized the expertise of the finance team to assess financial feasibility. However, documented risk assessments were not used to weigh decisions on an annual or ad hoc basis. We were told that resource reallocations were instead driven by the situational awareness of senior leaders, informed by prior analysis such as the Department's 2017 Operational Review and Board, City and Provincial priorities. In addition to these sources of information, using a thorough risk assessment to assist in resource allocation decisions can help ensure that high-risk areas are appropriately resourced and can contribute to more efficient resource management.
119. The VPD's financial management framework was not included in the scope of this audit.
120. The VPD did not use a documented risk assessment process as an input to refine and update its organizational decision-making process. We were told that the VPD reflected on the impact of past decisions and the results and experience of other police departments that have tried similar interventions when adjusting its activities.

Recommendation 9: The Vancouver Police Department should use enterprise risk management assessments to help set objectives, make strategic decisions and allocate resources.

Appendix A: Responses and Action Plans from the Vancouver Police Board and the Vancouver Police Department

Overall Comments from the Vancouver Police Board

Earlier this year, the City of Vancouver's Office of the Auditor General (OAG) was invited to conduct an independent review of how the Vancouver Police Board and Vancouver Police Department manage enterprise risks. Over the past several months, OAG staff worked with VPD and the Board to gather information, answer questions and synthesize what they learned into this report and its recommendations. The Vancouver Police Board appreciates their objective assessment which will inform our collective efforts to bring the same level of excellence to manage enterprise risks that the VPD demonstrates in successfully managing the day-to-day operational risks of policing.

The Board wishes to thank Auditor General Mike Macdonell and his team not only for their report and recommendations, but for their professionalism and effective structuring of the audit process and engagement with VPD and the Board throughout. Enterprise risk management is an area for improvement, and we appreciate the guidance the OAG offers in this report and in the insightful conversations leading up to it. We will give serious and thoughtful consideration to all of the recommendations and their implementation.

The Board also would like to recognize and thank the VPD executive team, as well as VPD and Board Office staff who contributed to this audit. Our people are instrumental to the VPD's past and future success. We appreciate the understanding that everyone has shown for the importance of the audit and improving enterprise risk management. The Board looks forward to building on this foundation in the work of implementing these recommendations over the coming months.

Faye Wightman

Vice-Chair, Vancouver Police Board

Auditee’s Action Plan

Exhibit 2: Auditee Action Plan – Vancouver Police Board

| Recommendation | Board Response and Next Steps | Responsibility | Target Date |
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| <p>Recommendation 1</p> <p>The Vancouver Police Board should clarify and expand sections of its Board Governance Manual relating to oversight of enterprise risk management such as:</p> <ul style="list-style-type: none"> • A statement that identifies the Board as the overseer of enterprise risk management for the Vancouver Police Department and describes what this entails; • A definition of risks including key risk categories the Board oversees such as: hazards, material, strategic, financial, reputational, governance, operational and other; • The roles of the Board and Chief Constable in defining and communicating the levels and types of risks the organization is willing to accept; • The Board’s expectations for when and how the Department should seek Board guidance or approval on managing enterprise risks; and, | <p>The Board agrees with this recommendation.</p> <p>Actions:</p> <ol style="list-style-type: none"> (1) The Board will develop a statement to be added to its Governance Manual that identifies the Board as the overseer of enterprise risk management for the VPD and describes what this entails. (2) The Board will expand the mandate of its Standing Committee on Finance by adding Audit and Risk to the Committee’s terms of reference and establishing the Committee’s responsibility for oversight of financial and non-financial risk management. (3) The Board will amend its Governance Manual and/or adopt rules pursuant to section 28 of the <i>Police Act</i> to define key risk categories the Board oversees, the roles of the Board and Chief Constable in risk identification, risk appetite and tolerance; roles and responsibilities for managing risks; and the Board’s expectations for when and how the Chief Constable should seek Board guidance | <p>Board</p> <p>Board</p> <p>Board Office, Governance Committee and Finance Audit & Risk Committee</p> | <p>01.18.2024</p> <p>01.19.2024</p> <p>Q2 2024</p> |

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| <ul style="list-style-type: none"> The Board's Standing Committee responsibilities for the oversight of financial and non-financial risk management. | <p>or approval regarding managing enterprise risks.</p> | | |
| <p>Recommendation 2</p> <p>The Vancouver Police Board should require that the Chief Constable establish, maintain and obtain Board feedback on and approval of an enterprise risk management framework, including a policy and risk register.</p> | <p>The Board agrees with this recommendation.</p> <p>Actions: The Board will adopt rules pursuant to section 28 of the <i>Police Act</i> that include requirements and standards for the Chief Constable to:</p> <ul style="list-style-type: none"> create and maintain and ERM Framework, policies and risk register; develop mitigation strategies and a risk-based audit plan; provide the Board audit, operational and compliance reviews and highlight issues that assist the Board in identifying potential risk or liability; reassess risk; and report risks. | <p>Board Office, Chief Constable, Governance Committee and Finance, Audit & Risk Committee</p> | <p>Q3 2024</p> <p>Initial risk register and annual report: Q1 2025</p> |
| <p>Recommendation 3</p> <p>The Vancouver Police Board should introduce consistent mechanisms to implement the Board's risk management direction, such as:</p> <ul style="list-style-type: none"> A process for the Board's involvement in the development of an enterprise risk management policy and processes, and the | <p>The Board agrees with the recommendation.</p> <p>Actions: The Board will adopt rules pursuant to section 28 of the <i>Police Act</i> for its own Enterprise Risk Management and Audit Framework that clarifies the roles and responsibilities of the Board and Chief Constable, including:</p> <ul style="list-style-type: none"> The Board's involvement in overseeing the VPD's development of enterprise risk | <p>Board Office, Governance Committee and Finance, Audit & Risk Committee</p> | <p>Q3 2024</p> |

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| <p>development and management of departmental risk registers;</p> <ul style="list-style-type: none"> • A schedule to review and approve the Vancouver Police Department's enterprise risk register at least annually; and, • Processes through which the Board can obtain reasonable assurance that the Department's risk management, internal control systems, and information systems are properly designed, reliable and operating effectively to prevent and mitigate risks, including elements such as: <ul style="list-style-type: none"> ○ Reporting, testing and third-party validations; and, ○ Regular reporting from management or direct oversight of the Department's internal audit function. | <p>management policy, processes, and risk registers;</p> <ul style="list-style-type: none"> • Annual reassessment of risk registers and reporting of newly identified or evolving risks • Development of an Audit, Quality Assurance and Improvement program that includes reliable and effective control systems and information systems to prevent and mitigate risks and regular review of the program; and • The creation of a Chief Risk Officer or similar role, including its mandate and reporting relationship with the Board. | | <p>Initial annual reassessment: Q1 2025</p> |
| <p>Recommendation 4</p> <p>The Vancouver Police Board should include enterprise risk management as a knowledge area in the curriculum of its annual board development program.</p> | <p>The Board agrees with this recommendation.</p> <p>Action:</p> <ol style="list-style-type: none"> (1) The Board will require enterprise risk management as a knowledge area in its board development curriculum and board recruitment competency matrix. (2) The Board will engage external expertise for advice regarding development and implementation of ERM frameworks, policies | <p>Board Office and Finance, Audit & Risk Committee</p> | <p>Q1 2024 and ongoing</p> <p>Q1 2024</p> |

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| | and best practices, and to build curriculum for the Board's annual development program; | Board | |
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Overall Comments from the Vancouver Police Department

The Vancouver Police Department (VPD) wishes to thank the City of Vancouver's Office of the Auditor General (OAG) for performing a comprehensive audit of enterprise risk management (ERM) at the VPD at the invitation of the Vancouver Police Board ("Board").

Over the past several months, OAG staff worked with the VPD and the Board to gather information, answer questions, and provide relevant documentation in support of the audit. The VPD appreciates the time and dedicated efforts that the OAG has committed to this process and looks forward to working with the Board and OAG to implement the VPD's response and next steps as outlined in what follows. The VPD acknowledges the findings of the report and is supportive of the recommendations, understanding that dedicated resources and increased organizational capacity will be needed to prioritize the implementation of these recommendations.

Further context about existing VPD risk management efforts is summarized below. The VPD welcomes the opportunity to evolve its existing risk management practices into a formal ERM framework.

Opportunity to Evolve Risk Management at VPD

The VPD is committed to operational efficiency and continuous improvement and welcomes the OAG's resulting recommendations as an opportunity to evolve its existing risk management practices into a formal ERM framework.

In the face of unprecedented uncertainty and rapid change, a comprehensive ERM approach will provide additional clarity for the Board and will help the VPD continue to be a leader in policing and deliver public safety for everyone. It will evolve the VPD's existing organizational practices to further identify, assess, and control or treat risks systematically. The development of this ERM program and its framework will continue to be informed by best practices, along with the expertise that already exists and the work that is already being done at the VPD around risk management.

Building on Existing Work and Expertise

Risk is inherent in everything the VPD does and the VPD has significant experience and success identifying and managing risk across all areas of the Department. The VPD has always placed significant emphasis on risk management and has created contingencies and appropriate redundancies throughout the organization. The VPD continually manages a wide range of risk portfolios across many different areas and contexts, and has implemented risk mitigation measures across all these areas.

Risk is a key lens that informs all key VPD initiatives, programs, policies, and annual strategic business planning process. A non-exhaustive list of recent VPD reports discussing tangible examples of risks include: the 2022-2026 VPD Strategic Plan, the 2017 *Needs Assessment for Municipal Police Training in BC* report, the 2007 and 2017 VPD Operational Reviews, the 2021 VPD Budget Appeal submission, the 2021 and 2023 Strategic Policing Issues reports (Board Report #2311V18), and the 2023 Recruitment and Deployment Plan for 100 New Officers and 20 Civilian Professionals (Board Report #2301V11). All these reports were made available to the OAG during the audit but their content was largely discounted in the OAG's resulting analysis and findings.

For example, risk and liability was a key prioritization lens that informed the analysis and resource allocation findings in the 2017 VPD Operational Review ("Review"), the second comprehensive Operational Review conducted by the VPD in less than one decade. Figure 6 from the Review's report is reproduced below. This large-scale Review project was guided with oversight from external academics to further enhance the data-driven risk analysis, the resulting action plans, and overarching recommendations intended to address pressing and emergent staffing needs across the VPD. The Review's recommendations were ultimately implemented as part of a five-year staffing plan that culminated with the 2023 Recruitment and Deployment Plan for 100 New Officers and 20 Civilian Professionals (Board Report #2301V11).

We agree with the OAG report that "[u]sing a thorough organizational risk assessment to assist in resource allocation decisions can help ensure that high-risk areas are appropriately resourced and can contribute to more efficient resource management." (Paragraph 118 under Section 2.3.4) This is precisely what the 2017 Operational Review accomplished, setting the foundation for a successful 2021 Budget Appeal as well as a 2023 Recruitment and Deployment Plan properly informed by risk considerations.

Figure 6. *The three prioritization lenses that were utilized to evaluate and tier each resource gap that was identified.*



Every significant police decision considers the risks involved, including when objectives are set and resources are allocated. This includes but is not limited to: policies, procedures, training, recruiting, operational planning, organizational planning, strategic planning, succession planning, performance management, change management, project management, major case management, emergency planning, public order management, financial management, procurement, data management, information security, privacy, media relations, community engagement, technology, health & safety, staffing decisions, operational decisions, investigative decisions, performance monitoring, internal reporting to VPD management, reporting to the Police Board, external public reporting, and other related areas.

The following summary table contains a non-exhaustive list of areas that actively benefit from risk assessment, risk mitigation measures, internal control mechanisms, and other risk management activities currently in place at the VPD.

| Governance / Political | | |
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| <ul style="list-style-type: none"> • Police Board • Board's Governance Committee • Provincial Policing Standards • Statutory requirements under <i>Police Act</i> • Advisory Committees • City Council • Coroner's inquests • Provincial committees • National inquests • Director of Police Services • Office of the Police Complaint Commissioner (OPCC) • Independent Investigations Office (IIO) • RCMP • Integrated units (e.g. INSET, CFSEU-BC, FSOC) • Joint Forces Operations (JFOs) | <ul style="list-style-type: none"> • Canadian Association of Chiefs of Police (CACP) • BC Association of Chiefs of Police (BCACP) • BC Association of Municipal Chiefs of Police (BCAMCP) • International Association of Chiefs of Police (IACP) • Major Cities Chiefs Association (MCCA) • Police Executive Research Forum (PERF) • Parliament and Senate committees • Supreme Court of Canada (SCC) challenges • Committees and working groups • Impacts of social policies on policing and public safety (advocacy, discussion, legislation, legal amendments) | <ul style="list-style-type: none"> • International partnerships (e.g. FBI) • Strategic partnerships • Musqueam, Squamish, Tsleil-Waututh Nations • Community groups • Community Policing Centres • Business Improvement Associations • Vancouver Coastal Health • Providence Health Care • Vancouver School District • Ministry of Children and Family Development • Ministry of Health • Ministry of Mental Health and Addictions • Ministry of Public Safety and Solicitor General • Ministry of Attorney General • Ministry of Housing • Federal and Provincial Crown • Family Services of Greater Vancouver • ICBC • E-Comm • JIBC Police Academy • Canadian Police College (CPC) • Canadian Police Knowledge Network |

| Operational | | | |
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| <ul style="list-style-type: none"> Operational planning Emergency planning Public order management Critical incident command (CIC) Public order command Operational decisions Use of force training that exceeds Provincial Policing Standards, including de-escalation Policies and standard operating procedures around vehicle pursuits, covert surveillance, undercover operations, etc. Equipment Committee Uniform Committee Internal review boards (e.g. vehicle collisions or damage to VPD equipment) Tiered policing (e.g. Special Municipal Constables) | <ul style="list-style-type: none"> Digital Evidence Management System (DEMS) Body Worn Camera Pilot Drone Policy Drug Policy Gender Diversity Policy Guidelines for Requesting Immigration Status Homeless Policy Hypothermia Policy <i>Learning from Lost Lives</i> Mental Health Strategy Opioid Crisis Reports Public Demonstration Guidelines Project Lockstep Policy for Initial Contact with Transgender People Sex Work Enforcement Guidelines Street Check Policy | <ul style="list-style-type: none"> Fair and impartial policing training Cultural and Indigenous awareness training Active shooter training and exercises Disaster response training and exercises Tactical Emergency Medical Services (TEMS) program Weekly crime control meetings CompStat meetings Priority files Daily morning meetings covering the most serious incidents that occurred in the past 24 hours Daily Executive/Divisional coordination meetings | <ul style="list-style-type: none"> GeoDASH Predictive policing / crime forecasting Intelligence-led, data-driven patrol deployment Resource Allocation Meetings (RAM) EOPS threat assessments Departmental Operations Centre (DOC) Operations Command Centre (OCC) Real Time Intelligence Centre-BC (RTIC-BC) |
| Environmental / Hazards | | | |
| <ul style="list-style-type: none"> Health & safety Disaster planning Business continuity planning | <ul style="list-style-type: none"> Facilities management Public health (e.g. COVID-19 Pandemic Working Group) | <ul style="list-style-type: none"> WorkSafeBC Medical guidance and follow-up | |

| Administrative | Personnel | | Investigative |
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| <ul style="list-style-type: none"> • Policies • Procedures • Organizational planning • Strategic planning • Business planning • Performance monitoring • Program evaluation • Change management • Equity, Diversity, Inclusion (EDI) Review • Dedicated internal Audit Unit • Quality Assurance | <ul style="list-style-type: none"> • Recruiting • Training • Promotional processes • Succession planning • Leadership development (IACP, MCCA, CPC, PERF) • Retention • Employee performance management • Accreditation programs (e.g. CIC, MCM, Public Order) • Early intervention program • Weekly PSS and HR trends • Recruit and employee screening • Hire-to-retain | <ul style="list-style-type: none"> • Respectful workplace training • Discipline and professional standards • Training Board • Board's HR Committee • Labour Management Committee • Weekly Executive meeting • Monthly Executive Session • Senior Leadership Team (SLT) meetings • Health & wellness • Departmental Security Office (DSO) | <ul style="list-style-type: none"> • Major case management (MCM) • Provincial Policing Standards • Investigative decisions • Operational plans • Threat assessments • Risk assessments • Duty to warn potential victims being targeted by murder conspiracies or threats • Specialized units, training, and services • Monthly invest reports to the Chief |
| Financial | | | |
| <ul style="list-style-type: none"> • Financial management • Procurement • Board's Finance Committee • External audits and reviews (e.g. City of Vancouver, Lepine and Lockie reviews) | <ul style="list-style-type: none"> • Overtime reports • Variance reports • Vacancy reports • Quota banks monitoring • Internal controls • Public Sector Accounting Board | <ul style="list-style-type: none"> • Canada Revenue Agency (compliance and periodic audits) • International Financial Reporting Standards (IFRS) | |
| Reputational | | | Technological |
| <ul style="list-style-type: none"> • Public affairs • Strategic communications • Media relations • Community engagement • Public satisfaction surveys • Freedom of Information • Public and transparent Regulations and | <ul style="list-style-type: none"> • Reporting to the Board (e.g. mid-year and year-end Strategic Business Plan reports, Strategic Issues Report) • External public reporting (e.g. <i>Community Matters</i>) • Reporting to the City (e.g. Service Planning Process, Annual | <ul style="list-style-type: none"> • Data management • Data quality and integrity (e.g. Quality Control Unit, Crown Liaison Unit) • Information security • Privacy • Project management • Cybersecurity awareness • Police Records Information Management Environment (PRIME) standards | |

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| <p>Procedures Manual (RPM)</p> <ul style="list-style-type: none"> • Internal management reporting | <p>Workplans, the City's integrated planning and performance measurement process)</p> <ul style="list-style-type: none"> • City-led meetings and working groups • Social Media Terms of Use | <ul style="list-style-type: none"> • Canadian Police Information Centre (CPIC) standards |
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The VPD acknowledges that there is value in centralizing these practices, as recommended by the OAG. This will further evolve how the VPD has been managing risk.

As recognized by the OAG report itself, operational risk is inherent to policing and a “typical risk category” in policing (Paragraph 30 and accompanying table). Specific examples related to operational and strategic risks were repeatedly brought up and communicated by the VPD to the OAG. Despite this, the day-to-day management of operational risks by VPD was largely discounted by the OAG and did not inform the overall findings. This is briefly acknowledged in the OAG report: “We did not assess the effectiveness of the VPD’s identification or treatment of risks related to specific initiatives or services or management of operational day-to-day risks carried out to keep officers and the public safe.” (Paragraphs 4 and 47) It is the VPD’s position that this noteworthy scope limitation should be carefully considered when interpreting the OAG findings around the overall effectiveness of the VPD’s approach to risk management.

In relation to VPD’s effectiveness and efficiency, we offer the following quotes from the two independent consultants engaged by the Province to review the VPD’s 2021 budget appeal submission, who had significant combined experience in the areas of organizational oversight and police leadership:

“We reviewed a series of strategic, business, and corporate plans used to provide strategic guidance to the VPD management team. These plans were authored by the Vancouver Police Department, the Province of British Columbia, and the City of Vancouver. Our analysis determined that until 2021, the VPD was able to meet or exceed all of the benchmarks they set for themselves or committed to addressing as outlined within these plans. Given that the VPD is the largest municipal police service in the Province of British Columbia, we were not surprised by this finding. Historically, the Department is consulted by many public safety stakeholders within North America and used as a best practice. The VPD also plays a leading role in helping the Province of BC and City of Vancouver establish service level and policing standards. We also found that the VPD’s structure and management style lends itself to providing strong leadership, direction, and public accountability in all aspects of their work. This level of accountability and transparency also enabled us to source many years’ worth of information deemed pertinent to our

review. We also concluded that to address concerns raised by various national and local stakeholders regarding the cost of policing over the years, the VPD has streamlined their operation to ensure that the service provided is done so as efficiently as possible.”

(Page 7 of the report by Peter Lépine)

“Overall, we concluded that the Vancouver Police Department and the Vancouver Police Board have a strong financial management framework in place. [They] demonstrate strong financial reporting processes. [...] We observed a culture of strong governance oversight, appropriate financial policy and procedures, robust budget building and financial reporting processes and an internal and external audit function in place.”

(Page 2 of the report by Peter Lockie)

Guided by Existing Policing Standards and Best Practices

We note that BC Provincial Policing Standards already document several risk categories and areas, along with several applicable risk mitigation steps. These prescriptive standards and their accompanying guidance are the result of extensive research and community consultations. They actively inform the VPD's approach to address risk categories associated to police activities, such as: training, use of force, major case management, missing persons, intimate partner violence, sexual assault investigations, unbiased policing, and inter-agency coordination. It should be noted that the mandatory minimum standards are binding under the *Police Act* and the VPD is consistently meeting or exceeding these standards.

The VPD continues to play a significant role internationally, nationally and provincially, advocating for better risk-centric and evidence-based public safety strategies. The VPD has played and continues to play a leadership role in assisting other agencies, providing expertise, nationally and regionally around risk mitigation. The VPD has contributed and continues to actively contribute to the IACP, MCCA, PERF, CACP, BCACP, and BCAMCP. In fact, the VPD has led or championed many initiatives undertaken by these organizations. The VPD is also actively represented and plays a leadership role on the CACP Drug Advisory Committee, CACP Law Amendments Committee, and several other national and provincial working groups. For example, the VPD has been and remains involved with advocacy work around reforms to the *Police Act*, decriminalization, extended bar hours, public consumption of drugs and alcohol, firearm possession regulations, and encampments.

As mentioned by the OAG, “ERM is an emerging practice” (Paragraph 6) in the Canadian policing sector. The VPD notes that the OAG interviewed "six police agencies across Canada that have an ERM program in place" and found that four of these had a formalized ERM framework and/or policy document in place (Figure 1 accompanying Paragraph 25). For reference, the VPD has surveyed nine of the largest municipal Canadian police agencies to benchmark and inform the ERM framework that is being envisioned for VPD. This sample

includes all Canadian member agencies in the Major Cities Chiefs Association (MCCA). This scan revealed that formalized ERM programs of varying maturity levels are currently in place in four of the nine agencies (including one where ERM is in an early infancy stage), while one other agency placed its ERM program on-hold. This scan of the largest Canadian municipal police agencies confirms the OAG's assertion that ERM is emerging but is not yet a common, well established practice within the policing field. ERM might be recognized in some business and management circles as a desirable best practice but it is not a legislated minimum performance standard required of police organizations, as demonstrated by the fact that there are no Provincial Policing Standards mandating its implementation or use by police organizations in BC. As recognized by the OAG's own Preliminary Findings, "neither the *Police Act* nor the BC Police Board Handbook contain specific guidance for police boards on risk management." In fact, there is a growing recognition in the business and management fields that risk management doesn't fit a one-size-fits-all template. As summarized in a 2012 article from the *Harvard Business Review*, "smart companies match their approach to the nature of the threats they face." (<https://hbr.org/2012/06/managing-risks-a-new-framework>)

Having said that, the VPD acknowledges that there is an opportunity to formalize, centralize, and evolve the risk management work already being done towards a comprehensive ERM framework and looks forward to working with the Board and OAG to implement the VPD's response and next steps as outlined in what follows.

The VPD has developed a prototype for a centralized enterprise-wide risk register that will be maintained, managed, and updated on an ongoing basis, under the leadership of a new Chief Risk Officer.

Adam Palmer
Chief Constable

Auditee's Action Plan

Exhibit 3: Auditee Action Plan – Vancouver Police Department

| Recommendation | VPD Response and Next Steps | Responsibility | Target Date |
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| <p>Recommendation 5</p> <p>The Vancouver Police Department should:</p> <ul style="list-style-type: none"> • Develop an enterprise risk management framework. This framework should include, at a minimum: <ul style="list-style-type: none"> ○ Clearly documented procedures to identify, assess, manage, and oversee its enterprise risks; ○ Communication procedures to enable consistent understanding of enterprise risk by all relevant stakeholders; and, • Develop an enterprise risk management policy that includes: <ul style="list-style-type: none"> ○ A requirement for management to apply enterprise risk management principles in managing department-wide risks; ○ Policy aims such as how risk management will assist the Department; and, | <p>The VPD agrees with the recommendation, and offers the following clarifying details.</p> <p>Action: The VPD acknowledges that there is an opportunity to formalize enterprise risk management (ERM) at the VPD. This work will centralize and document the risk management work already being done throughout the VPD and evolve VPD's risk management efforts towards a more comprehensive ERM framework.</p> <p>The VPD's ERM program and related framework and policy will include internal processes around risk identification, risk assessment, risk prioritization, risk response, residual risk, and risk reporting and monitoring. The VPD's ERM program will also include risk appetite statements with defined thresholds. It will be linked to and aligned with Board priorities, Council priorities, resource allocation decisions, financial objectives, key strategic goals, the VPD Strategic Plan and the business planning process. ERM training will be provided throughout the organization to enable consistent understanding of enterprise risk.</p> | <p>Chief Constable</p> | <p>Initial work underway.</p> <p>Full implementation by Q4 2024.</p> |

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| <ul style="list-style-type: none"> ○ Specific responsibilities and accountabilities related to managing enterprise risks for units and individuals throughout the Department. | <p>These ERM initiatives will be informed by best practices, including the Committee of Sponsoring Organizations (COSO) framework and the International Organization for Standardization (ISO) 31000 family of standards.</p> | | |
| <p>Recommendation 6</p> <p>The Vancouver Police Department should assign responsibility for managing and overseeing enterprise risk management to a position or unit within the Department.</p> | <p>The VPD agrees with the recommendation.</p> <p>Action: The VPD will be creating and staffing a Chief Risk Officer or equivalent senior management position within the Support Services Division to oversee the ERM program on a full-time basis. Fortunately, there is a significant amount of expertise already residing at the VPD in risk management as the VPD has staff with specific expertise, education and knowledge in the field of ERM.</p> | <p>Chief Constable</p> | <p>Position profile is being finalized.</p> <p>Recruitment and hiring process will begin in Q1 2024.</p> |
| <p>Recommendation 7</p> <p>The Vancouver Police Department should support the successful implementation of enterprise risk management by:</p> <ul style="list-style-type: none"> • Ensuring it has sufficient resources, expertise and capacity to effectively develop, and implement enterprise risk management; and, • Exploring training opportunities for senior leaders and other relevant Department personnel to ensure there is a consistent | <p>The VPD agrees with the recommendation, and offers the following clarifying details.</p> <p>Action: The VPD welcomes the opportunity to evolve its existing risk management practices into a formal ERM framework.</p> <p>The VPD is committed to continuous learning and will explore ERM training opportunities for senior leaders and subject matter experts to enhance existing risk management practices while enabling consistent understanding, vision, and</p> | <p>Chief Constable</p> | <p>Full implementation by Q4 2024.</p> |

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| <p>vision for what enterprise risk management can bring and commitment to its implementation throughout the Department.</p> | <p>implementation of ERM throughout the Department.</p> | | |
| <p>Recommendation 8</p> <p>The Vancouver Police Department should develop a risk register that includes:</p> <ul style="list-style-type: none"> • Risks identified by internal and external stakeholders during its strategic planning sessions and facilitated unit-level risk assessment sessions; • Risks identified at Vancouver Police Board planning sessions and risk assessments conducted at these sessions; • Assignment of identified risks into categories to ensure that risks affecting similar functions, units and areas are clearly flagged to highlight areas of focus; • Units and individuals that are accountable for and contribute to the management of individual risk items; • Documentation on the effectiveness of risk treatments; and, • Risk thresholds, as developed with the Board. | <p>The VPD agrees with the recommendation.</p> <p>Action: The VPD Planning, Research & Audit (PR&A) Section has developed a prototype for a centralized enterprise-wide risk register that will be maintained, managed, and updated on an ongoing basis, under the leadership of the VPD Chief Risk Officer or equivalent senior management position. This work started in July 2023 and is part of other ongoing efforts that will further evolve how the VPD is managing risk. The prototype register was developed through extensive research, with extensive contributions from internal VPD subject matter experts, and in consultation with subject matter experts from across the country – including both the private sector and other law enforcement/government agencies.</p> <p>The VPD's prototype risk register is designed to prioritize and categorize enterprise-wide risks by identifying, scoring, and documenting the key sources or areas of risks. It incorporates common elements from the risk registers of other organizations, including the private sector and the City of Vancouver. A progress update report was presented to the Police Board in November 2023 (Board Report #2311V17) to stimulate initial</p> | <p>Chief Constable</p> | <p>Work already well underway.</p> <p>Full implementation as part of a formal ERM program by Q4 2024.</p> |

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| | <p>discussions and refinement efforts within a formal ERM framework, in order to evolve the risk register beyond a prototype.</p> <p>The VPD's ERM program will be supported by a formal framework and policy, risk register, risk appetite statements with defined thresholds or risk tolerance levels, internal consultation process, robust reporting process, and appropriate evaluation framework.</p> <p>Current planning envisions that structured risk identification and risk assessment processes will be implemented within every functional area or Section of the VPD, and these processes will ultimately "feed into" or "flow up" to the overarching enterprise-wide risk register. An iterative process will contribute to the ongoing refinement of the ERM program. Input and feedback from the Police Board will be incorporated into this ERM program.</p> <p>These internal consultation efforts will be supported by brainstorming workshops facilitated by professionals who are well-versed with ERM methodology and standards.</p> <p>It is envisioned that the risk register will be reviewed by and communicated to key decision-makers in accordance with a schedule to be</p> | | |
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| | <p>determined by discussions between the VPD and the Board.</p> | | |
| <p>Recommendation 9</p> <p>The Vancouver Police Department should use enterprise risk management assessments to help set objectives, make strategic decisions and allocate resources.</p> | <p>The VPD agrees with the recommendation, and offers the following clarifying details.</p> <p>Action: Risk considerations routinely guide decision-makers at the VPD and help them set objectives, make strategic decisions and allocate resources on an ongoing basis. ERM will contribute to centralize, document, and evolve these efforts.</p> <p>As previously stated, risk is a key lens that informs all key VPD initiatives and programs – including strategic decisions and resource allocation decisions. A non-exhaustive list of recent VPD reports discussing tangible examples of risks include: VPD's strategic plan, its annual strategic business planning process, policy amendment reports and documents, the 2017 Needs Assessment for Municipal Police Training in BC report, the 2007 and 2017 VPD Operational Reviews, the 2021 VPD Budget Appeal submission, the 2021 and 2023 Strategic Policing Issues reports (Board Report #2311V18), and the 2023 Recruitment and Deployment Plan for 100 New Officers and 20 Civilian Professionals (Board Report #2301V11).</p> | <p>Chief Constable</p> | <p>Full implementation of ERM program by Q4 2024.</p> <p>2025 Strategic Business Plan will be informed by and address ERM explicitly.</p> <p>Next VPD Strategic Plan cycle will start in 2026.</p> |

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| | <p>Risk and liability was a key prioritization lens that informed the analysis and resource allocation findings in the 2017 VPD Operational Review ("Review"), the second comprehensive Operational Review conducted by the VPD in less than one decade. The Review's recommendations were ultimately implemented as part of a five-year staffing plan that culminated with the 2023 Recruitment and Deployment Plan for 100 New Officers and 20 Civilian Professionals (Board Report #2301V11).</p> | | |
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Appendix B: About the Audit

This report presents the results of a performance audit conducted by the Office of the Auditor General for the City of Vancouver (OAG) under the authority of the *Auditor General By-Law No 12816*. All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – Direct Engagements, set out in the CPA Canada Handbook – Assurance.

The Office of the Auditor General applies Canadian Standards on Quality Management, CSQMs 1 and 2 which require it to maintain a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

The OAG complies with the independence, other ethical requirements, and rules of professional conduct of Chartered Professional Accountants of British Columbia (CPABC) applicable to the practice of public accounting and related to assurance engagements and the standards of conduct of the City of Vancouver.

Objective

The objective of this audit was to determine if the Vancouver Police Board and the Vancouver Police Department effectively oversee and manage enterprise risks.

Period Covered by the Audit

The audit covered the period of January 1, 2022 and July 31, 2023. The audit included materials produced prior to January 2022 that were used as policies, guidance, or administrative processes during the audit period. We conducted our examination work between August and October 2023, and completed the audit on November 27, 2023.

Audit Scope and Approach

The scope of this audit included the Board and the VPD's risk management policies, frameworks, guidelines, processes, reports, data and other documentation related to the oversight and management of enterprise risk.

The scope of this audit did not include evaluating:

- Risks related to specific initiatives or services provided by the VPD;
- Day-to-day risk management that individual officers engage in;
- The City of Vancouver's (the City's) Enterprise Risk Management Framework and the City's performance reporting;

- Governance matters that are not related to risk management; and,
- The quality of the VPD's strategic plan, and the steps taken to develop the plan, other than those tied to our audit findings.

We also did not conduct an independent risk assessment or risk maturity model assessment for the VPD or for individual units or services for the VPD.

We used several methods to obtain sufficient and appropriate evidence. We conducted interviews with Board members and VPD staff responsible for risk management, reviewed and analyzed the strategies and practices in place to support the Board and the VPD in managing their department-wide risks, and looked at approaches to ERM in other Canadian policing jurisdictions. We also drew on the ISO standard on risk management to develop our audit expectations. Our approach involved assessing how well the Board had established and communicated its risk management and reporting expectations to the VPD. We also reviewed the VPD's risk management policies and procedures to ensure that department-wide risk is managed in a way that informed the Department's decision making and allows it to meet its objectives.

Audit Criteria

A performance audit uses specific criteria that are determined in advance to assess how the department or program is performing in the area being examined. Criteria are intended to be reasonable expectations of how a program, operation, system or practice is managed to achieve intended results.

We used the following criteria in this audit:

Exhibit 4: Audit Criteria

| Lines of Enquiry | Criteria |
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| Governance and leadership of risk management | The Vancouver Police Board has defined its risk oversight responsibilities and approved a risk management approach for the Department |
| Risk management framework | <p>The Vancouver Police Department has formally defined, clearly communicated policies and procedures that form the basis for effective management of enterprise risks</p> <p>The Vancouver Police Department has comprehensive risk management tools and processes that are communicated and applied in conformity with the Department's policy and direction</p> |

The Vancouver Police Board and the Vancouver Police Department acknowledged their responsibility for the subject matter of this report and agreed with the suitability of the criteria we applied.

Follow Up

The recommendations within this report will be included as part of the OAG's semi-annual follow-up process agreed to by Council.

Appendix C: Common Enterprise Risk Management Terms and Definitions

| Term | Definition |
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| Day-to-day management of operational risks | Processes individuals use to reduce uncertainties and hazards related to specific events and activities. In the policing sector, risks are assessed and managed continuously (e.g., assessing risks and deciding on an appropriate course of action on whether to engage in a pursuit). |
| Enterprise Risk | Risks that could significantly affect the ability to achieve an organization's mission (e.g., significant threats to an organization's reputation). |
| Enterprise Risk Management (ERM) | The coordinated, ongoing application of risk management processes from across all parts of an organization, at all levels, from strategic planning to service delivery. ERM is sometimes referred to as "organizational risk management." |
| ERM Framework | The process an organization uses to ensure that risk information is adequately utilized in decision-making. This includes how risk is assessed, the roles and responsibilities of senior leaders and all employees in managing risk, and the effective reporting and communication of risk information throughout the organization. Sometimes referred to as "ERM program." |
| ERM policy | Documentation of the overall intentions and direction of an organization related to enterprise risk management. |
| Monitoring | Continual checking, supervising, critically observing or determining the status in order to identify change from the performance level required or expected. |
| Operational Risk | Risks associated with the delivery of a specific program, functional or operational objective, including risk inherent to the design, management or performance of a business process (e.g., risks inherent in individual police uses of force; individual safety risks to vulnerable people). |
| Residual risk | The amount of risk remaining after a risk treatment. |
| Risk | The positive or negative effect of uncertainty on objectives. |
| Risk acceptance | A decision an organization makes that recognizes that something may occur that interferes with the ability to achieve its objectives. For |

example an organization decides to delay repairing machinery for a year, accepting that it might cause damage before that.

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| Risk analysis | A detailed consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls and their effectiveness. |
| Risk appetite | The amount and type of risk that an organization is willing to pursue or retain. |
| Risk avoidance | A process control where an organization does not undertake an activity. For example an organization minimizes work offsite to limit liability related to safe working environments and property damage. |
| Risk control | Any action to manage risk and increase the likelihood that established objectives and goals will be achieved. |
| Risk evaluation | Process of comparing the results of risk analysis with risk criteria to determine whether the risk and or its magnitude is acceptable or tolerable. Risk evaluation assists in decisions about risk treatment. |
| Risk identification | The process of finding, recognizing and describing risks. |
| Risk mitigation/ mitigation strategies | An appropriate form of control designed to limit the potential of a particular risk from interfering with the organization's ability to achieve its objectives. |
| Risk owner | A person or entity with the accountability and authority to manage a risk. |
| Risk rating/ prioritization | Part of the risk analysis process that combines the likelihood of a risk event occurring and the consequence if it were to occur. Often expressed as a numerical ranked list and/or low, medium or high rating. |
| Risk register | A record of information about identified risks. The term "risk matrix" or "risk log" may also be used. |
| Risk reporting | A form of communication intended to inform particular internal or external stakeholders by providing information regarding the current state of risk and its management. |
| Risk tolerance | An organization's or stakeholder's readiness to bear the risk after risk treatment in order to achieve its objectives. |
| Risk transfer | A control that transfers the impact of realized risk to another entity. For example an organization purchases insurance in order to transfer the financial impact of a possible earthquake to an insurance company. |
| Risk treatment | Process to modify risk. |