

POTENTIAL AUDIT SCOPE - EDMONTON POLICE COMMISSION

RECOMMENDATION

That the Office of the City Auditor complete an audit of the Edmonton Police Commission as outlined in the January 24, 2022, Office of the City Auditor report OCA00938, and that the 2022 Operating Budget of the Office of the City Auditor be increased on a one-time basis by \$200,000 with funding from Council Contingency for the purpose of completing the audit.

Report Purpose

Council decision required

Council is being asked to direct the Office of the City Auditor to complete an audit of the Edmonton Police Commission and approve a one-time funding increase to the Office of the City Auditor 2022 Operating Budget of \$200,000, for the use of subject matter experts to complete an audit of the Edmonton Police Commission.

Previous Council/Committee Action

At the December 17, 2021, City Council meeting, the following motion was passed:

That the City Auditor consult with the Edmonton Police Commission and return to City Council with a report providing a brief scope for a potential audit of the Edmonton Police Commission, focusing on how police budgeting could be:

- made more transparent and data-informed; and
- provide better direction toward achieving anti-racism in support of the Community and Safety Well-being Task Force recommendations presented at the April 6, 2021, City Council meeting;
- as well as a proposed timeline that would enable the audit to return in advance of the 2023-2026 Operating Budget discussion.

Executive Summary

- The proposed audit will focus on whether the Edmonton Police Commission (Commission) and Edmonton Police Service (EPS) develop strategic, operating and financial plans to support community safety and well-being. This includes how the Commission and the EPS incorporates the recommendations from the Task Force.

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- We will look at five topics: i) mandates, roles and responsibilities, ii) stakeholder engagement, iii) defining outcomes, measures and targets, iv) development of strategic, operating and financial plans, and v) reporting and evaluation on achievement of outcomes.
- The proposed audit is anticipated to be completed by June 30, 2022 with the help of subject matter experts. The estimated cost is \$200,000.

REPORT

Background

The Edmonton Police Commission (Commission) plays an important role in establishing policies for effective community policing. The Edmonton Police Service (EPS) provides protection of life and property, preservation of public peace, and prevention and detection of crime. The Commission and the EPS developed the operation and capital budget focused on the following strategic directions:

- reduced crime and victimization
- citizen-centred policing
- model of efficiency and effectiveness

In fall 2020, City Council-appointed Community Safety and Well-Being Task Force was formed to work independently and make recommendations on dealing with racism, discrimination, excessive use of force, poverty and homelessness in the city. On March 31, 2021, the Task Force released their report, called Safer for All¹, which included 14 recommendations. On April 6, 2021, City Council voted in favour of directing City officials and the Edmonton Police Commission to develop a joint strategy to implement 13 of the 14 recommendations to be reported back to City Council in the first quarter of 2022. This includes an analysis of the EPS funding formula, including peer funding level comparators and performance accountability mechanisms.

In 2020, through the Fall 2020 Supplemental Operating Budget Adjustment report City Council formally reduced the EPS operating budget by \$11.0 million on an ongoing basis, with \$5.5 million reduced in 2021 and an additional \$5.5 million in 2022. In 2021, through the Fall 2021 Supplemental Operating Budget Adjustment report City Council further reduced the EPS operating budget by \$10.9 million on an ongoing basis starting in 2022. As a result of these two budget reductions, in total \$21.9 million in funds were removed from the police services budget and held corporately to be used for community and safety well being initiatives, with \$5.5 million removed in 2021, and an additional \$16.4 million in 2022.

City Council approved use of the full amount of funding held corporately for 2021 of \$5.5 million on a one-time basis for various community and safety well being initiatives, resulting in no further funding remaining in 2021. For 2022 during the fall 2021 budget deliberations, of the \$21.9 million held corporately, City Council approved use of \$7.6 million of these funds - \$4.3 million on a one-time basis and \$3.2 million on an ongoing basis. To date, this results in \$14.4 million in

¹ https://www.edmonton.ca/sites/default/files/public-files/documents/PDF/SaferForAll-CSWBTaskForce-Report-March30_2021.pdf

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funding remaining unallocated for 2022 and \$18.7 million remaining unallocated on an ongoing basis starting in 2023.

On December 18, 2021, City Council passed a motion for the City Auditor, in consultation with the Edmonton Police Commission, to provide a report outlining a brief scope for a potential audit of the Commission, focusing on how police budgeting could be:

- made more transparent and data-informed; and
- provide better direction toward achieving anti-racism in support of the Community and Safety Well-being Task Force recommendations presented at the April 6, 2021, City Council meeting

Strategic and Financial Planning Processes

City Council is responsible for establishing the budget for the EPS based on a multi-year funding formula², designed to provide funding certainty for long-term budgeting and workforce planning. The formula is based on population growth and inflation, using an inflation rate called the Police Price Index. Police Price Index is similar to the Municipal Price Index but reflects a typical basket of goods that EPS is required to purchase on an annual basis. The most significant difference is the weight put on personnel costs as a large portion of the police budget is personnel. It is responsible for providing funding for policing at a level that is adequate and effective and may, in developing a budget, obtain any information from the Commission that may be necessary to enable it to assess the efficiency and the financing requirements of the police service. City Council approves the police operating budget, but does not direct how funding is managed and allocated.

Since the City of Edmonton has its own municipal police service, the provincial *Police Act*³ requires the City of Edmonton to establish a police commission through bylaw⁴. The Alberta Provincial Policing Standards provide guidance for effective, efficient and impartial policing covering topics such as roles and responsibilities, organizational management, personnel administration and support services. The Commission is responsible for providing effective oversight of policing to inspire trust and innovation in policy and community safety. The Commission is intended to provide an arm's length relationship between the EPS and the political decision-making process. Some of its key responsibilities include:

- Allocating the funds under the budget that City Council provides for policing
- In consultation with the EPS' management, establishing policing priorities and participating in the EPS' strategic planning
- In consultation with the Chief of Police, preparing estimates of all money required and a yearly plan specifying level of service and programs
- Ensuring sufficient persons are employed for the purposes of carrying out the functions of the police service

² City Policy Number: C604 Edmonton Police Service Funding Formula

³ Policy Act, RSA 2000, cP-17

⁴ City of Edmonton Bylaw (No 14040), Edmonton Police Commission Bylaw, December 15, 2015

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The Commission's Finance and Audit Committee reviews financial reporting and oversees the annual operating budget.

In consultation with the Commission, the EPS develops a strategic plan and brings it forward to the Commission for approval. Part of the planning process is the development of key performance indicators and measures that take into consideration:

- EPS' performance and/or estimated costs
- Crime trend analysis and other social, demographic and economic factors impacting the community
- Community expectations

In consultation with the Commission, the Chief of Police prepares a four-year strategic and business plan, which outlines the level of policy service, programs and performance targets. The EPS will develop an operating and capital budget and submit financial reports to the Commission.

The City's Financial and Corporate Services department will lead the development of the 2023-2026 operating budget which will be released by mid-November 2022 and be deliberated in December. See Attachment 1 for tentative budget dates for purposes of this report. The budget process for 2023-2026 is still under development, as a result these dates are subject to change.

City of Edmonton Community Safety and Well-being Strategy

On November 22, 2021, City Administration was directed to prepare a report to outline a methodology that summarizes the process from initiating motions of community safety and well-being to the final recommended budget items, and how these actions alleviate pressure on policing and promote community safety and well-being. City Administration is drafting a Community Safety and Well-being strategy anticipated to be presented to the Community and Public Services Committee on March 21, 2022. It is also developing a long-term, comprehensive anti-racism strategy which is expected to be presented to the Community and Public Services Committee on February 14, 2022. The Commission and EPS will be a key stakeholder in these strategies, and may need to coordinate and align its planning with these strategies. Attachment 1 and 2 outlines key community safety and well-being City Council motions and a calendar of when City Council reports are expected to be presented.

Potential Risks

Below are potential risks related police budgeting, specifically whether it is transparent and data-informed:

- Governance structure and roles and responsibilities of various stakeholders are unclear.
- Various stakeholders have different roles within the community, it may not be clear who plays what role in supporting community safety and well-being.
- Outcomes and performance measures are not defined and articulated.

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- Strategies, programs and services are not aligned with community safety objectives/outcomes and financial resources provided.
- Strategies, programs and services do not support the Task Force recommendations.
- Outcomes, measures and financial information are not regularly reported and evaluated to assess whether objectives are achieved.

Proposed Audit Objective and Scope

To determine whether the Edmonton Police Commission and Edmonton Police Service develop strategic, operating and financial plans to support community safety and well-being.

The audit will not focus on City Council's funding formula and Financial and Corporate Services budgeting process. Although social services funding and partners are integrated with the work of the Commission and the EPS, funding for other social service programs and services will not be in scope. We will also not focus on the future of community safety and well-being in the City that are anti-racist, which was under the purview of the Task Force. However, we will assess how the Commission and the EPS incorporates the relevant recommendations made by the Task Force into the Commission's and the EPS' strategic, operational and financial planning.⁵ Attachment 3 has additional background and the list of the Task Force recommendations.

Proposed Audit Criteria

The Edmonton Police Commission and Edmonton Police Service should:

1. Clearly define their mandate and roles and responsibilities
2. Identify and partner with stakeholders to support the community safety strategy
3. Define outcomes and set performance measures and targets that support societal goals to reduce contributing factors of crime
4. Develop strategies, plans and budgets that are transparent, data-informed, and aligned to outcomes
5. Regularly report and evaluate whether they are achieving the desired results and outcomes

Proposed Timeline for the Audit

The Commission and EPS have commenced their strategic and financial planning in 2022. The City's 2023-2026 planning and budget process is already underway and will run for the duration of 2022 until the proposed 2023-2026 capital and operating budgets are released in mid-November 2022. The EPS will hold sessions to refresh their strategic and business plans in March 2022, with the Commission involved in the drafting process. The finalized strategic and

⁵ Pursuant to a City Council motion in April 2021, the Commission provided a report to City Council on quickly actionable items within direct City of Edmonton control, and that an in-depth report would follow in the first quarter of 2022 on the remaining items.

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business plans will be sent to the Commission for review and approval in July 2022. It is proposed that this audit be completed and reported by June 2022. This timing is dependent on the approach for resourcing this audit. Attachment 4 provides key planning and budget dates.

Audit Approach and Resourcing

This audit will require the use of subject matter experts. Our office will lead the audit and oversee the subject matter experts. The subject matter experts will provide insight on defining policing outcomes, strategy and financial planning. They will advise on how community safety and well-being, racism, reconciliation, equity, diversity and inclusion should be incorporated into the Commission and EPS' planning. They will also gather good practices nationally and internationally to provide insight and advise on current practices. We estimate the cost of the subject matter experts to be \$200,000.

ATTACHMENTS

1. Community Safety and Well-being City Council Motions
2. Community Safety and Well-being Calendar (January 2022 to June 2022)
3. Community Safety and Well-Being Task Force - Background
4. 2023-2026 Tentative Budget Timelines
5. Office of the City Auditor Historical Audits