



## AUDITS PRP-FN-002

Effective Date: 2001/03/30

Amended: 2010/02/26

Amended: 2013/09/27

### Policy Statement

*It is the policy of the Regional Municipality of Peel Police Services Board that the policy requirements set out in this document shall form part of the Board Policies and the Chief of Police is hereby directed to implement and comply with these requirements in his/her administration and operation of the Peel Regional Police.*

### 1. Subject

The conditions under which procedures and processes for the audits of systems and programs to ensure the effectiveness of delivery programs, assess the adequacy of internal control functions, and ensure compliance with relevant legislation are established..

### 2. Specific Definitions

**“audit”** – means an examination and an opinion of evidential matter to determine the reliability of a record or assertion or to evaluate compliance with standards, policies, and/or directives

**“risk management”** – means the process used to identify risks, assess the impact they could have and the probability or likelihood of them occurring and, to develop strong mitigation plans

**“audit plan”** – is a document that outlines the focus and direction of an audit; it sets out the audit’s scope and objectives, the methodology and criteria to be used, and provides an approximate time frame for the duration of the audit

**“audit work plan”** – is a document which forecasts, based on risk, the areas/bureaus, scheduled to be audited over a three (3) year period

**“compliance audit”** – means a review or an examination of an area/bureau to ensure that applicable legislation, the Ontario Policing Standards, and Peel Regional Police Directives are being adhered to

**“comprehensive audit”** – means an examination that provides an objective and constructive assessment of an area/bureau, ensuring that:

- human and physical resources are managed, with due regard to economy, efficiency and effectiveness within the mandate of the policy; and
- that applicable legislation, the Ontario Policing Standards, and Peel Regional Police directives are being adhered to

**“financial audit”** – means an examination of financial information and/or internal controls of a function

**“internal auditing”** – is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes (*source: the Institute of Internal Auditors*)

**“Police Services Board Audit Committee”** – the Board acting as a committee of the whole with regard to the audit work plan and audit reports and with primary responsibility for the consideration of reports related to risk management.

### 3. Policy Requirements

#### Objective

It is the Board's intent to protect the integrity of the police service through audits by ensuring controls are established and maintained and that resources, including personnel, equipment and public funds are utilized in the most efficient, effective and economical manner, and that programs and systems achieve their intended goals.

#### Guiding Principles

The Board directs that this policy and any police service directive and/or procedure be interpreted based on the following principles:

1. That it is in complete compliance with all applicable legislation, regulations, constitutional requirements, recognized legal principles, and utilizes standards for the professional practice of internal auditing;
2. That it is in compliance with priorities established by the Board and/or operational priorities of the police service;
3. That the it ensures that members act with full respect for human dignity and according to professional standards of skill, integrity and accountability;
4. That the it ensures members involved in internal audit processes have the knowledge, skills and abilities required to perform this function;
5. That it establish parameters for reviewing and reporting on the management of financial, human and physical resources;
6. That the it ensures audits are conducted by members who do not have control of the persons, facilities or procedures being inspected;
7. That audits be conducted in one or more areas of operation from time to time for the purpose of examining other processes or matters in addition to policy compliance; and
8. That the Chief of Police regularly review procedures on audit processes to remain current with established practices.

#### Procedure:

It is the policy of the Board that:

1. The police service financial statements shall be verified by the annual audit performed by the Region's external auditors as defined in the Municipal Act, Section 296;
2. The police service be subject to audits performed internally to ensure that operational, management, training and financial controls are established and maintained;
3. The Board's Community Resources and Recognition Fund financial statements shall be verified via an annual audit performed by an external auditor and the results reported back to the Board's Audit Committee;

4. The Audit Committee of the Board shall meet twice annually to consider reports forwarded by the Chief of the Police or as required by this policy;
5. The Chief of Police shall determine the composition of the Police Audit Team. In making that determination, the Chief of Police shall consider the nature of the audit; the area to be audited, and whether the audit shall benefit from specific skills Regional audit staff may possess;
6. The Chief of Police may also consider the merit of having Regional Audit involved to ensure a perceived level of independence. The Police Audit Team and Regional Audit will work cooperatively on audits that form part of a mutually agreed upon internal audit plan; and
7. The result of a co-operative audit undertaken by the Police Audit Team and Regional Audit will be reported through the chain of command to the Board's Audit Committee. The results of any such audit may be reported to the Regional Council's Audit Committee solely at the discretion of the Board's Audit Committee.

#### **4. Measurement Methods**

The Chief of Police shall regularly review external and internal audits to ensure the integrity and relevance of the police service directive and/or procedure.

#### **5. Reporting**

##### External Audits:

1. The Executive Director shall ensure the Board's Community Resources and Recognition Fund financial statements are verified via an annual audit performed by an external auditor and the results reported back to the Board's Audit Committee.
2. The Chief of Police shall report to the Board's Audit Committee the results of the external audit of the Region of Peel (inclusive of Peel Police) financial statements.
3. The Chief of Police shall report to the Board's Audit Committee the results of the external audit conducted by the Ministry of Community Safety & Correctional Services on compliance with the Canadian Police Information Centre (CPIC) policies and procedures.

##### Internal Audits:

On an annual basis the Chief of Police shall provide the Board's Audit Committee with a risk based internal audit work plan identifying the type of audit projects to be performed that will provide assurance to the Board that police operations are operating effectively.

Comprehensive Audits:

On an annual basis, the Chief of Police shall present to the Board's Audit Committee a review and update of the 3 year comprehensive audit work plan with recommendations for audits in the current year. At each meeting of the Board's Audit Committee, the Chief of Police shall provide prescribed reports as required under this policy.

Adequacy Standards:

1. The Chief of Police shall report to the Board's Audit Committee the results of the audit of all property and evidence held by the police service in accordance with the Board's policies on:
  - (i) Collection, Preservation and Control of Evidence (LE-020 A);and
  - (ii) Collection, Preservation and Control of Property (LE-020 B).
2. The Chief of Police shall report to the Board's Audit Committee the results of the audit on the use and management of paid informants and agents in accordance with the Board's policy on Paid Informants and Agents (LE-015).

Exception Based Reporting

The Chief of Police is to report to the Board's Audit Committee any audit results that s/he believes should be brought to the Board's immediate attention, including those that have resulted in an "exceptional" circumstance, or a circumstance which may be detrimental to the police service; and/or resulted in significant issues of potential liability to the Board and the police service.

As part of a separate Annual Report on the Adequacy Regulation, the Chief of Police shall report on compliance with this section of the policy.

Reports to the Audit Committee (Conducted Annually)

- Annual Follow Up on Status of Outstanding Audit Recommendations (Internal Audit)
- Unauthorized Use of PRP Logo, Property and Services(Internal Audit)
- Provincial Adequacy Regulation Annual Compliance Report (Quality Assurance)
- Annual FIN 101: Intelligence Services – Ordering, Receiving & Payment of Specialty/Confidential Equipment (Internal Audit)
- Any Comprehensive Audits completed and approved by PRP Risk Management Committee (Internal Audit)
- Any Risk Management Reports completed and approved by PRP Risk Management Committee (Risk Management)
- Confidential Informants and Agents Awards – FIN 99 (Internal Audit)
- Internal 3 Year Comprehensive Audit Work Plan (Internal Audit) (*Refer to Section 5 Reporting –Comprehensive Audits of this policy*)
- PSB-Community Resource and Recognition Fund (CRRF) Financial Statements (External Audit) (*Refer to Section 5 Reporting- External Audits of this policy*)
- External Audit Results of the Region of Peel (inclusive of Peel Police) financial statements (*Refer to Section 5 Reporting- External Audits of this policy*)

- External Audit by the Ministry of Community Safety & Correctional Services on Compliance with the Canadian Police Information Centre (CPIC) (*Refer to Section 5 Reporting- External Audits of this policy*)
- Emergency Preparedness Fund (FIN 38) (Internal Audit)
- Criminal Investigation Fund –Non-Receipted (FIN 99) (Internal Audit)
- Annual Property and Security Safes Audits (Internal Audit)
- Unannounced Property Room Inspections (Internal Audit)
- Member Funded Cash Activities (Tuck Shop Audits) (Internal Audit)
- Computer Access and Security Audit (Internal Audit)
- Prisoner Care and Control (Internal Audit)

#### Non-Annual Reports Conducted

- Contract Towing and Peel Regional Police Pounds (*report to coincide with the towing contract cycle*)

Any other reports or reporting cycles as directed by the Board.

#### **5. Authority/Legislative Reference**

Ontario Regulation 03/99; Section 35

Municipal Act, Section 296

Board Minute #268/00

Board Minute #67/01

Board Minute #29/10

Replaces: Staff Inspections Policy –II-HH-1

Board Minute #63/13

#### **6. Linkage to Appropriate Police Service Procedure/Directive/Board Policies**

Peel Regional Police FIN-17; 1-A-106(O)

LE-015 Paid Informants and Agents (*Board Policy*)

LE-020 (A) Collection, Preservation and Control of Evidence (*Board Policy*)

LE-020 (B) Collection, Preservation and Control of Property (*Board-Policy*)

PSB - FN-002 Community Resource and Recognition Fund

**Review Date: Bi -Annual**