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The London Police Services Board

Report on Internal Audit Results

- Revenue-generating activities

Rating Scale – Opportunities for Improvement

- Satisfactory

Controls are present to mitigate process/business risk, however opportunities may exist.

Satisfactory



- Unsatisfactory

Significant loss of revenue identified or significant opportunity for revenue overlooked. A significant portion of costs incurred for a service is not being recovered through the fees for the service.

Unsatisfactory



Summary of Risks & Scope

London Police Services (LPS): Revenue-Generating Services

Scope

Conduct a review of three of the revenue-generating services provided by LPS to ensure that the service is recovering the full cost of delivery. The three services are:

- Record Checks
- Special Events
- Officer Secondments

Potential Risks

- Fees charged for incremental services being performed are not sufficient to cover the service costs associated with that service
- Fees charged are not in line with other Police Services
- Those benefiting from additional services provided by LPS are not those incurring the incremental cost

Controls Operating Effectively

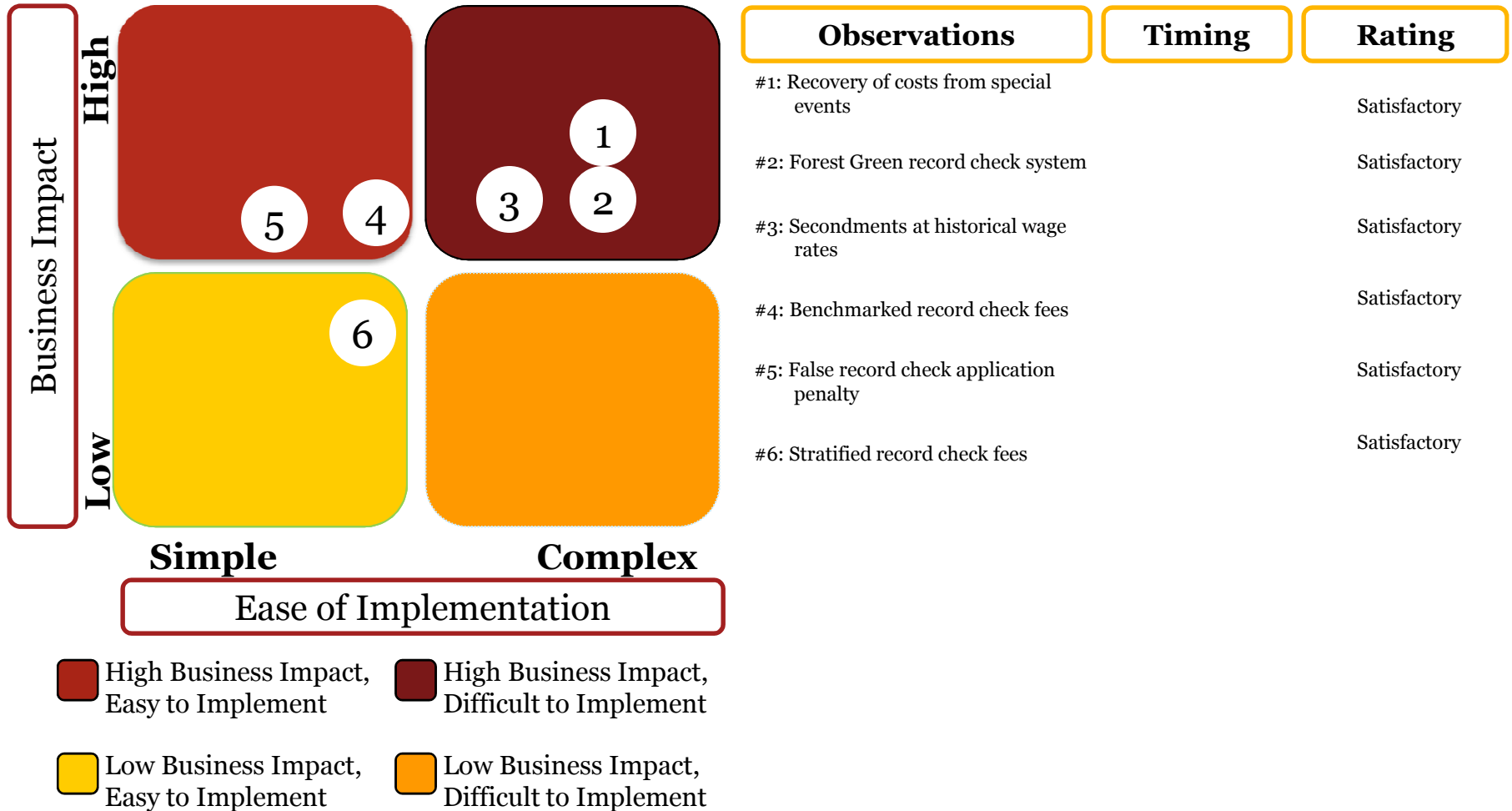
- Sufficient data is being captured by LPS management to facilitate appropriate analysis of these risks
- Front-line staff are appropriately trained on record checks to perform a screening of the information provided by the applicant to ensure completeness
- When fees are being set for new revenue streams, such as compliance notices, a review is done to verify costs are being recovered.
- Secondment contracts are reviewed by senior administration prior to renewal

Performance Based Considerations

- Changing record check fees to be in line with the average Police Service fees could produce incremental revenue of approx. \$80k annually.
- If a tiered pricing structure was put in place on record checks to reflect the incremental level of effort associated with vulnerable sector checks, this could result in incremental added revenue of \$15k, in addition to the \$80k above.
- Secondment contracts that fully recovered the staff's cost to LPS would create additional revenue
- Implementing a penalty to reduce the number of instances where an individual should self-declare matters on a record check but does not could have savings in staff efficiency

Action Plan Summary

London Police Services: Revenue-Generating Activities



Observations & Action Plans -#1

London Police Services: Revenue-Generating Activities

Satisfactory



Observation

Recovery of costs from special events

Periodically, one-time special events take place in London which require increased police presence due to a higher volume of people in one area, while still maintaining the required staffing level throughout the city.

Business Impact

LPS must incur incremental costs outside of their planned hours. These costs are not recuperated, which may contribute to an operating deficit. Staff also must be re-allocated to these events, which would lead to potential reductions in other service areas and/or incremental costs.

Action Plan

It is recommended that as future special events are identified that will result in increased policing needs, LPS present the expected incremental costs to the event organizing committee (e.g., Tourism London and the City of London). Through mutual discussions, a recovery of these costs should be negotiated to mitigate the impact of this 'consequential policing' for events which provide economic benefit to the city.

Action Plan Lead

Timing

Observations & Action Plans -#2

Satisfactory



London Police Services: Revenue-Generating Activities

Observation

Forest Green record check system

An agreement with a third party service provider was entered to allow civilians to upload record check requests online through a system called Forest Green. The agreement states a flat \$10 fee per record check is charged to LPS. There is no difference in fee charged to the public whether they make their request online or in person.

Business Impact

While there are some cost savings with respect to the staffing needs at the front desk, there will be a learning curve for the public in submitting the application accurately and completely, which may result in an increase in incremental time. In addition, if the Forest Green system continues to see increased use the city will continue to lose \$10 per record check, which is not a sustainable practice at the current fees.

Action Plan

It is recommended that LPS look to re-negotiate the terms of the agreement with Forest Green, or not renew the agreement, when the current contract expires or review alternative service arrangements. A fixed pricing model would allow for more efficiencies to be gained through the promotion of the online portal. Alternatively, it is recommended that at least part of the \$10 fee be charged back to the requestor to recognize the convenience factor of the online request to them. Having this service will cost LPS on a gross basis \$80k annually based on current usage and is expected to increase to as much as \$200k annually as more users use this system. These costs would be higher than the staff savings.

Action Plan Lead

Timing

Observations & Action Plans -#3

London Police Services: Revenue-Generating Activities

Satisfactory



Observation

Secondments at historical wage rates

LPS currently second some of their staff to support other provincial policing programs, such as anti-terrorism or illegal gaming. The fee received from the province in exchange for an LPS officer does not increase over the duration of the contract, and does not always match the staff's current cost to LPS, particularly when accounting for overhead costs.

Business Impact

LPS is partially paying officers who are not technically under LPS' directive, or in other words, are helping supplement provincial programs. It is noted that these secondments do help connect LPS with operationally important policing programs, and also provide officers additional exposure and training they would not otherwise receive.

Action Plan

It is recommended that these secondments be reviewed as they come up for renewal with the explicit consideration for operational benefit in comparison to the incremental cost being incurred by LPS.

It is also recommended, in recognizing that LPS has minimal leverage to negotiate these contracts with the province, that these contracts be as short in duration as possible, so that the staff salary being recovered is updated as frequently as possible to reflect actual staffing cost to LPS. It is noted that incorporating expected staffing cost increases into the contracts, while ideal, is likely not going to be successful in discussions with the province.

Action Plan Lead

Timing

Observations & Action Plans -#4

London Police Services: Revenue-Generating Activities

Satisfactory



Observation

Benchmarked record check fees

Currently LPS has two prices for record checks, based on if the request is for employment or volunteer purposes. Their current prices are \$45 for employment and \$15 for volunteer. In comparison to other comparable Police Services, LPS is on average with the employment check fee, and is \$8 lower than average on volunteer checks.

Business Impact

Not charging competitive rates for checks could result in a loss of potential revenues. It is recognized however that performing volunteer record checks are a vital service for the community.

Action Plan

It is recommended that the LPS reassess the pricing for their record checks to assist in the recovery of their costs for providing this service. It is recommended that a strategic decision be made by administration to either increase the volunteer checks to be comparable to similar Police Services, which would result in increased revenue of approx. \$70k, or raise employment check fees to offset the volunteer discount. If the volunteer fee were to change, it would increase from \$15 to \$23. If the employment fee were to be adjusted instead, the fee would move from \$45 to \$49.

Action Plan Lead

Timing

Observations & Action Plans -#5

London Police Services: Revenue-Generating Activities

Satisfactory



Observation

False Record Check Application Penalty

Currently on record checks there is a section for the requestor to self-declare any matters which would be identified in the completion of the record check (e.g. prior criminal convictions). There are instances noted where individuals are not appropriately self-declaring and there is no penalty for this.

Business Impact

If a requestor does not self-declare any matters, but issues are identified by the record check staff, significant additional incremental work is needed. This causes additional staff time and delays in the processing of other requests.

Action Plan

It is recommended that a penalty is instituted to deter individuals from not self-declaring, similar to a compliance notice fee. This would reduce the number of these instances, reducing staff overtime and the overall processing time of requests.

Action Plan Lead

Timing

Observations & Action Plans -#6

London Police Services: Revenue-Generating Activities

Satisfactory



Observation

Stratified record check fee

Two types of record checks are currently offered by LPS, available to both employment and volunteer requests: Police Information Check (PIC) and Police Vulnerable Sector Check (PVSC). The PVSC check is considered more rigorous in nature as more items are in scope for this check. However, PICs and PVSCs are being charged at the same price. A few Police Services have moved to a tiered pricing structure where PVSCs have a slightly higher fee than PICs.

Business Impact

The requestors which are creating the incremental work load for record check staff are not being charged for it. Increased staff time and resources may not be fully recovered. It is recognized however that vulnerable sector checks are an important service to both the employment and volunteer sector in light of the types of individuals the requestors are connecting with.

Action Plan

It is recommended that administration consider implementing this tiered pricing structure to help recover the costs involved with the incremental effort associated with PVSCs.

If this tiered pricing was implemented, and record check volumes did not change, there would be an increase of approx. \$95k in revenue, or \$15k if the recommendation action plan #4 is also implemented.

Action Plan Lead

Timing

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