



Office of the Auditor General of Ontario

2015 Pan Am/ Parapan Am Games Security



Special Report
November 2014



Office of the Auditor General of Ontario

To the Honourable Speaker
of the Legislative Assembly

I am pleased to transmit my Special Report on the 2015 Pan Am/Parapan Am Games Security, as requested by the Standing Committee on Public Accounts under Section 17 of the *Auditor General Act*.

A handwritten signature in black ink, reading "Bonnie Lysyk".

Bonnie Lysyk
Auditor General

November 2014

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2015 Pan Am/Parapan Am Games Security

1.0 Reflections

For an international sporting event to be successful, it is essential that athletes and officials have secure access to the venues hosting competitions, and that the athletes' and teams' equipment are safeguarded. As well, visitors to such events should be able to enjoy themselves in a safe environment.

Security costs at recent international sports events such as the Vancouver and London Olympics, and the Glasgow 2014 Commonwealth Games, far exceeded their original budgets. In March 2014, Ontario awarded a contractor with the most expensive proposal the contract for the bulk of the private security needed for the 2015 Pan Am/Parapan Am Games (Games). Ontario government opposition critics questioned this decision. Given this and given the escalation of security costs at other international sporting events, legislators and Ontarians understandably want assurances that the Games' organizing partners are not only ensuring that the Games are safe and secure, but also that the associated security costs are being effectively controlled and that all security-related efforts are being effectively co-ordinated.

The all-party Standing Committee on Public Accounts asked us to review the processes used to award security contracts for the Games. We found that the selection processes were fair and transparent, in accordance with government procurement

policies, and took into consideration problems that had arisen in other jurisdictions. As well, in evaluating contractors' proposals, the Ministry of Community Safety and Correctional Services (Ministry) and its Integrated Security Unit (OPP/ISU) put appropriate emphasis on contractors' prior experience with providing security at large-scale events and contractors' project management qualifications.

However, we had concerns with the timing of security procurement and the communication of the related expected costs. Specifically, the Ministry's 2013 \$39-million budget for the private-security services contract referred to above was \$42 million lower than the \$81-million contract awarded, and the Ministry did not make use of all the information it had available to make a more accurate estimate at the time. We noted the same understatement of budgets for other, smaller security procurements. While we recognize that security budget estimates several years out from the Games will necessarily be revised as better planning information becomes available, 2013 budget estimates, just two years out, should have been far more accurate. As I've commented in other special reports, making and communicating realistic financial projections and estimates is a critical first step in effective cost control and accountability.

In addition, we believe the Games' security partners—the Ministry, the OPP/ISU and the Games' organizing committee (known as T02015)—missed an opportunity to reduce costs and mitigate other

risks by not procuring all private-security services at an earlier stage and as part of one overall security plan. As of October 2014, some private-security services had still not been procured by TO2015. As well, it was not until early 2014 that the OPP/ISU and TO2015 began working together to better co-ordinate who was responsible for some aspects of Games security. For instance, it was only then that the two parties consulted on issues such as who should be responsible for security fencing and the security requirements for procuring all necessary security equipment. This might have contributed to the current situation, in which all the necessary equipment still has not been contracted for or otherwise procured. As well, internal security requirements for the fields-of-play zones still need to be addressed.

In these final months of security preparation leading up to the Games, it will be all the more critical that TO2015, the OPP/ISU and private-security service providers communicate clearly with one another and co-ordinate their actions to ensure that the Games are safe and secure, and that costs are being effectively controlled.

There remains the risk that future threat assessments or changes in the scope of the Games and related events may further increase security requirements and costs, along with the potential financial impact from renegotiated collective agreements for the OPP and municipal police services.

2.0 Summary

In 2015, Ontario will host the Pan American Games and the Parapan American Games taking place in Toronto and 15 surrounding municipalities. Ensuring the security of the 2015 Pan/Parapan American Games (Games) requires the involvement of the Ontario Provincial Police (OPP), the Integrated Security Unit (ISU) (comprising representatives of the RCMP, eight local police services and the OPP), the Games' organizing committee (TO2015), the

Ministry of Community Safety and Correctional Services (Ministry), the Ministry of Tourism, Culture and Sport's Pan/Parapan American Games Secretariat (Secretariat), and private security service providers. The ISU, under the OPP's leadership, is responsible for co-ordinating security planning and operations for the 2015 Games.

Our audit found that the procurement of the bulk of private security services was completed in accordance with government procurement policies in a fair and transparent manner. However, we also noted that the budget for security services has increased significantly as planning for the Games has progressed. Despite efforts to employ lessons learned from other major sporting events held in recent years where security costs have also escalated significantly, there is still the risk that future threat assessments or changes in the scope of the Games and related events may increase security requirements and costs further. As well, the TO2015 procurements of some security services and equipment are behind schedule, which may increase costs and limit the choice of service providers capable of preparing for the Games in time. We noted that final security costs for the Vancouver 2010 Winter Olympics, the London 2012 Summer Olympics and the Glasgow 2014 Commonwealth Games far exceeded their original projections.

Our detailed findings on the procurement, planning and budgeting of security for the Games are as follows:

Procurement of Private Security for the OPP/ISU Done Fairly and With Due Care

The Ministry and the OPP/ISU complied with procurement policies and followed appropriate procurement practices in awarding a private security contract to Contemporary Security Canada (CSC). The request for proposals and evaluation process were comprehensive, transparent and clearly communicated. The competing vendors were scored separately on technical qualifications, experience and the quality of their proposal (60%) and price (40%), which is the most common weighting of factors in Ontario government procurements of

services as opposed to goods. CSC scored much higher than Reilly Security, the runner-up vendor, on technical qualifications, experience and the quality of the proposal, but much lower than Reilly Security on price. CSC's final score was slightly higher than Reilly's. A fairness commissioner hired to monitor the procurement along with procurement specialists in the Ministry of Government and Consumer Services reviewed the procurement; the latter did so in response to a complaint filed by Reilly Security. Both concluded that the procurement complied with government policies and was done with due care to ensure it was open, fair and transparent. We found no evidence to question the integrity of the process or the decision reached.

The questions raised after the contract award, of having not selected a local vendor and of the lower price of the runner-up vendor, must be considered in the context of what is permitted in Ontario government procurements. CSC is based in British Columbia and controlled by the U.S.-based Contemporary Services Corporation; Reilly, the runner-up vendor, is based in Toronto. We noted, and the Ministry of Government and Consumer Services (MGCS) confirmed, that Ontario's procurements must be geographically neutral since they are subject to trade agreements that typically grant equal access to vendors from other jurisdictions to compete for government business. Also, as with other major sporting events, significant local resources will be needed and acquired to provide security services regardless of the private contractor selected. MGCS further confirmed that a ministry awarding a contract under a formal, legally binding procurement process "is under a legal duty to award the contract as tendered" and the contract pricing is therefore not subject to further negotiation.

Procurement of Some Security Services and Equipment Behind Schedule

A key lesson learned from the Vancouver Winter Olympic Games is the need to carefully plan for and acquire security services as far in advance of the event as possible. As of October 2014, with only nine months remaining before the Games begin,

TO2015 had only just issued a request for proposals for contract asset protection security services. Nor had TO2015 completed all procurements for security equipment. The Memorandum of Understanding between TO2015 and the OPP/ISU notes that the security TO2015 is responsible for is ensuring that athletes and officials have secure access to the venues' field-of-play zones, and protecting assets such as athletes' and teams' equipment. Once the procurements are completed, those private-sector contractors working for TO2015 will have to meet tighter deadlines to deliver their equipment and services. In particular, the private security contractor will have less time for recruiting, licensing and training personnel and the other planning and project-management work required. In comparison, the procurement on the CSC private security contract took almost a year and a half to complete, and by the time the Games begin, CSC will have had almost 16 months to prepare for the event.

Security Budget Increases Are the Result of More In-depth Planning and Increased Security Requirements

The total security budget for the Games being funded by Ontario, including both OPP/ISU and TO2015 budget allocations, has increased from \$121.9 million¹ in the 2009 Bid budget to \$247.4 million² as of September 2014 (see **Figure 4**). As the OPP/ISU researched other games, defined security needs and validated security costs, it arrived at a more realistic number for its current OPP/ISU budget of \$239.5 million. Key cost components of this budget include: \$57 million for the OPP, \$101.5 million for municipal police services and \$81 million for contract private security services. As well, TO2015 updated its estimates of security costs, from \$5.8 million to \$7.9 million, in September 2014. Throughout this process, the footprint of the Games became bigger (that is, the number of sports, venues and operating days all increased), which increased security requirements.

1 Includes \$113 million for the OPP/ISU and \$8.9 million for the organizing committee.

2 Includes \$239.5 million for the OPP/ISU and \$7.9 million for TO2015.

While these Games might be viewed as a lower security risk than Olympic Games, the Ontario Games cover a wide geographic area and numerous venues, which increases security costs. We have noted in the report that the budgeted security costs for TO2015 have declined from the \$8.9 million in the Bid budget to \$6.5 million in the September 2012 refresh of the TO2015 Business Plan and to \$5.8 million in the second version of the Business Plan; at September 2014, the budgeted security costs for TO2015 were estimated to be \$7.9 million. The third version of the Business Plan that was to be submitted to the Secretariat in October 2014 was intended to include TO2015's updated estimate of security costs from within TO2015's current overall budget estimate.

Contract Security Costs Underestimated and May Increase Further

In 2013, the Ministry submitted to Treasury Board a budget of \$39 million to contract for private security services. In 2014, CSC was awarded the private security contract for \$81 million, \$42 million more than the Ministry's cost estimate. A big reason for the difference was underestimating the resources needed for project management, which comprise about \$47 million of the total cost of the contract. In our view, the Ministry's decision to submit the lower rates and budget for the private security procurement in February 2013 was not realistic given financial experiences from past Games and lessons learned elsewhere on project management. TO2015 updated its budget for police and security equipment in September 2014 to reflect a total of \$7.9 million versus the previous estimate of \$5.8 million. For TO2015's procurement of private security services, the corresponding asset protection services budget of \$2.2 million prior to October 2014 was based on an hourly security rate of \$30, which is well below the rates of \$39–\$60 in the CSC private security contract. Therefore, the asset protection services budget is likely understated as well (the Request for Proposals for asset protection security services was posted on MERX on October 9, 2014).

The same is true for the \$1.5 million budgeted for procuring security equipment. This budget covers a number of security devices, from magnetometers and wands for detecting metal weapons to CCTVs and X-ray machines. Through a sponsorship agreement, TO2015 has saved money by not having to pay for magnetometers and wands. That procurement alone could have cost more than the entire \$1.5-million security equipment budget. TO2015 had yet to procure the other necessary security equipment at the time of our audit.

The exact security needs of the Games will not be known for certain until the Games are in progress, and there is a risk that actual security costs will exceed current projections. Changes to expired collective agreements covering the OPP and the various municipal police services may also impact costs to the province.

Communication Among Partners Not Always Clear and Potential Security Gap

Clear communication among the various players involved in delivering the Games is critical to avoid misunderstandings, gaps or duplication of effort. We noted instances where security-related communication could be improved:

- A July 2012 draft Memorandum of Understanding (MOU) specified the respective roles and responsibilities of the OPP/ISU and TO2015 to provide security for the Games. Although it was being used to assign security responsibilities, this MOU was still not finalized as of October 2014.
- TO2015 did not consult the OPP/ISU when it proposed in its V2 Business Plan (submitted in July 2013) the transfer of a number of security responsibilities (including covering the costs of security equipment) to the OPP/ISU. This Business Plan had not been approved in its entirety as of September 2014.
- In summer 2013, it would have been prudent to include TO2015's security procurement in the OPP/ISU's RFP for contract private security. However, TO2015 was not able to provide its security requirements at that time.

When TO2015 issued a request for information (RFI) in March 2014 for its security procurement, it did not advise the Ministry in advance. However, the OPP/ISU had provided input into the RFI.

A lack of clear communication has led to a potential security gap. The July 2012 Memorandum of Understanding (MOU) between the OPP/ISU and TO2015 outlined TO2015's responsibility for security and access control for the Games' fields-of-play zones, from the early stages of planning and collaboration with the OPP/ISU. The OPP/ISU confirmed in October 2014 that security for the fields of play is a responsibility of TO2015. TO2015 issued a request for proposals (RFP) for private-security services on October 9, 2014, that covers only asset protection and does not address security for the fields of play. The absence of security requirements for the fields of play in the RFP creates a gap in the security coverage that the MOU clearly states TO2015 is responsible for. This gap increases the risk of further cost escalation.

OVERALL MINISTRY AND SECRETARIAT RESPONSE

The Ministry of Community Safety and Correctional Services (Ministry) and the Ministry of Tourism, Culture and Sport's Pan/Parapan American Games Secretariat (Secretariat) appreciate the Auditor General's time and effort in reviewing the security contracts for the Games.

We are pleased that the Auditor General acknowledged that the processes to procure private security services and security advisory services were transparent and fair, and followed government procurement policy. Private security is a key component of protecting the safety of people and property in and around the area of the Games. The current state of security resources and costs will support a safe experience for the public, spectators and participants when the Games arrive. The Secretariat's advisory services contract supported its work in providing

oversight and helping to co-ordinate provincial essential services for the Games, including security services.

As noted by the Auditor General, clear communications among the partners involved in delivering the Games is critical. The Ministry and Secretariat have a continued commitment to strong communications between all security partners. This goal has been reinforced by adding TO2015 to the Security Budget Oversight Committee. The Ministry, TO2015 and the Secretariat are also members of a Deputy Head Steering Committee and an Executive Steering Committee that were formed in October 2014 to facilitate co-ordinated planning and implementation of provincial and TO2015 commitments, program delivery and operations for the Games.

Communication around security will become increasingly important in the lead-up to the Games, particularly in relation to factors that may impact the threat assessment. The \$239.5-million security budget for the Games is on budget and includes all known security related costs. The Ministry, the Ontario Provincial Police and the Secretariat will remain vigilant in their work to contain costs and manage security services. If the threat level changes and additional security services are needed, adjustments to the budget may be required. The Government is committed to hosting a safe Games for the people of Ontario and visitors to the province.

OVERALL T02015 RESPONSE

TO2015 appreciates the Auditor General's review of the security contracts for the 2015 Pan/Parapan American Games. Scrutiny of TO2015's procurement practices and security budget is welcome and the findings will no doubt serve to strengthen our delivery of security services for the 2015 Pan/Parapan American Games.

Protecting the safety of people and property in and around the Games footprint is of

paramount importance to all partners involved. TO2015 is focused on moving quickly and diligently to procure private security services for asset protection and on ensuring that we seek to get the best possible value for the money we spend. TO2015 is set to procure the remaining security screening equipment requirements, as confirmed by the OPP/ISU, in the coming weeks.

The Auditor General emphasized that clear communication among the involved partners is critical. We agree. TO2015 is fully committed to maintaining the strong collaboration and communication with all security partners in the remaining months, before and during the Games. This is further bolstered through the Secretariat’s recent inclusion of TO2015 in the Security Budget Oversight Committee.

TO2015 and our partners remain committed to hosting a safe Games for the people of Ontario and visitors to the province. We thank the Auditor General for this report.

years. The Parapan American Games follow the Pan American Games and feature athletes with physical disabilities competing in summer sports.

In total, about 10,000 athletes and officials from 41 nations and territories in North America, Central America, South America and the Caribbean will participate in the Pan/Parapan American Games (Games). The Pan American Sports Organization (PASO) governs the Pan American Games, representing 41 national Olympic Committees of the Americas. The International Paralympic Committee and the Americas Paralympic Committee govern the Parapan American Games, representing 28 national Paralympic committees of the Americas. **Figure 1** summarizes basic information about the Games.

As the host jurisdiction of the 2015 Games, the province of Ontario has overall responsibility for them. Acting on the province’s behalf to fulfill this responsibility is the Ministry of Tourism, Culture and Sport’s Pan/Parapan Am Games Secretariat. The Secretariat’s specific roles and responsibilities, as well as those of the Games’ other organizing partners, are outlined in **Figure 2**.

The 2015 Pan/Parapan American Games Multi-party Agreement (dated November 5, 2009, and in effect as soon as Toronto won the bid to host the Games on November 6, 2009) required that a not-for-profit corporation be established to serve as the Games’ Organizing Committee. As **Figure 2** outlines, this committee, TO2015, is responsible for organizing, planning, promoting, financing, staging and conducting the Games.

3.0 Background

3.1 Event Overview

In 2015, Ontario will host the Pan American Games and the Parapan American Games, which are to take place in Toronto and 15 surrounding municipalities. The Pan American Games are an international summer multi-sport event held every four

Figure 1: The Games at a Glance

Sources of data: Pan/Parapan American Games Secretariat, TO2015 Competition Venues Map

Event	Dates	# of Athletes	# of Nations	# of Sports	# of Competition Venues Used*
Pan American Games	July 10–26, 2015	about 6,100	41	36	29
Parapan American Games	August 7–15, 2015	about 1,600	28	15	12

* There are a total of 31 competition venues. Two of them are exclusive to the Parapan American Games. The Pan American Games will use the 29 other venues not exclusive to the Parapan American Games. The Parapan American Games will use the two that are exclusive to them and 10 of the venues that the Pan American Games will also use, for a total of 12.

Figure 2: Key Roles and Responsibilities of the Games' Organizing Partners

Sources of data: Pan/Parapan American Games Secretariat, 2015 Pan Parapan American Games Multi-party Agreement, City of Toronto website

Organization Partner	Key Roles and Responsibilities
Province of Ontario, represented by the Ministry of Tourism, Culture and Sport's Pan/Parapan American Games Secretariat (Secretariat)	<ul style="list-style-type: none"> • Co-ordinate the province's involvement in planning for the Games (including working with Infrastructure Ontario and the Ministry of Economic Development, Employment and Infrastructure in developing the Athletes' Village, the Hamilton soccer stadium and the Goldring Centre in Toronto) • Co-ordinate the province's involvement in planning and delivering transportation, security, health and emergency management services • Provide funding for the Games' Organizing Committee's operating budget, a legacy fund, the Athletes' Village, security, transportation, select venues, celebration/promotion, a legacy strategy, some municipal services and satellite villages • Lead, in conjunction with the Ministry of Community Safety and Correctional Services, the Security Budget Oversight Committee, which monitors security budgets and costs • Co-chair a Deputy Head Steering Committee and chair an Executive Steering Committee that includes representation from the Ministry, TO2015 and partner ministries (both committees formed in October 2014 to facilitate co-ordinated planning and implementation of provincial and TO2015 commitments, program delivery and operations for the Games, including discussions of progress and risks relating to the Games) • Assume the cost of any deficits run by the Games' Organizing Committee
Government of Canada (represented by the 2015 Federal Secretariat and the Department of Canadian Heritage)	<ul style="list-style-type: none"> • Provide funding for the Games' Organizing Committee's capital budget, construction and refurbishment of venues, the legacy fund, federal essential services and post-Games venue support • Provide essential federal services such as border security, immigration services, security intelligence, RCMP support (the RCMP are members of the Integrated Security Unit and provide support to the accreditation process); and weather forecasting
Games' Organizing Committee (TO2015)	<ul style="list-style-type: none"> • Organize, plan, promote, finance, stage and conduct the Games • Manage the \$1.4 billion in funding provided by the province, the federal government, municipalities and universities for its operating and capital projects budgets • Manage the sports venue construction and refurbishment covered by the capital projects budget • Generate sponsorship, ticketing and licensing revenue
City of Toronto (represented by City Team 2015) and 15 other municipalities (Ajax, Burlington, Caledon, Hamilton, Innisfil, Markham, Milton, Minden, Mississauga, Mono, Oro-Medonte, Oshawa, St. Catharines, Welland and Whitby)	<ul style="list-style-type: none"> • Provide funding for venue capital costs • Plan, co-ordinate and lead delivery of essential municipal services and operations of local agencies supporting the Games • Fulfill infrastructure financial commitments • Responsible for cultural venues in their jurisdictions except the CIBC Pan Am Park (Exhibition Place) and Nathan Phillips Square, which is a jointly funded and operated site involving all three levels of government and TO2015
Canadian Olympic Committee	<ul style="list-style-type: none"> • Responsible for all aspects of Canada's involvement in the Olympic Movement, including Canada's participation in the Games
Canadian Paralympic Committee	<ul style="list-style-type: none"> • Responsible for all aspects of Canada's involvement in the Paralympic Movement, including Canada's participation in the Games • Create an optimal environment for Canadian paralympic athletes to compete and win in the Games • Inspire all Canadians with a disability to get involved in sport

3.2 Security Provision

In July 2012, TO2015 and the Ministry of Community Safety and Correctional Services prepared a draft Memorandum of Understanding (MOU) outlining the responsibilities of the Ontario Provincial Police (OPP) and TO2015 for providing security at the Games. The draft was based on the MOU used at the 2010 Vancouver Winter Olympic Games, which divided security responsibilities into two groups.

The larger group of responsibilities at Vancouver fell to the RCMP, leading an Integrated Security Unit (ISU). In the July 2012 draft MOU for the Games, the same responsibilities were proposed for the OPP, also leading and working with an ISU. The OPP/ISU is to be responsible for external and internal (in public areas) security in the areas of potentially higher risk, where policing skills and expertise are required (this is explained in more detail in **Section 3.2.1**).

In Vancouver, the organizing committee was responsible for security in lower-risk areas that did not require the same level of RCMP/ISU expertise. In the July 2012 draft MOU for the Games, the same responsibilities were proposed for TO2015 (see **Section 3.2.2** for more detail).

Security responsibilities were divided in the same way for the 2012 London Summer Olympics.

The MOU was further refined as planning for the Games progressed while continuing to follow the basic division of responsibilities just outlined, although it had not yet been signed as of October 2014.

3.2.1 OPP and the Integrated Security Unit

Under the MOU, the OPP is responsible for leading the ISU in conducting overall security planning, and co-ordinating this planning with TO2015 and municipal police services. The ISU is made up of representatives from the OPP, the RCMP and eight regional and city police services.

Under the MOU, the OPP-led ISU is specifically responsible for the following:

- perimeter security;
- pedestrian and vehicle security;
- internal patrols and sweeps; and
- police response to incidents that may arise.

The OPP/ISU is responsible for the above at the following locations:

- all Games sites;
- the Athletes' Village and satellite villages;
- the torch relay; and
- Panamania cultural events staged at Exhibition Place and Nathan Phillips Square.

The OPP/ISU has discretion to have these services provided by the following parties:

- the police services of the particular municipal jurisdiction where the services are required;
- the OPP; and/or
- private security services.

The OPP/ISU has been engaged in the planning phase of security provision since October 2010. Planning continues until June 23, 2015, to be followed by the operations phase (June 24 to August 21, 2015) and the demobilization phase (August 22 to September 30, 2015). As part of planning, the ISU has conducted the following work:

- three resource validation exercises between March 2011 and September 2012, in which the OPP and municipal police services reviewed anticipated security resources and costs for the Games;
- three risk assessments, in which risks associated with security planning, resourcing and funding were analyzed (beginning in May 2014, the frequency of risk assessments increased to every three months, with the next risk assessment to be completed in December 2014, and subsequent risk assessments to occur at least monthly until the Games begin); and
- threat assessments, in which the likelihood of threats such as terrorism and protests undermining the Games were analyzed (after the set-up of a Joint Intelligence Group in September 2014, threat assessments were to occur weekly until the Games begin).

3.2.2 TO2015

As part of its planning, TO2015 assesses strategic, operational and capital project risks. It tracks and reports on these risks, and develops action plans to address them. Security-related risks are one of several operational risk areas being tracked by TO2015.

TO2015 is responsible for some security planning and for co-ordinating this planning with the ISU to ensure that the Games are staged safely.

Under the MOU, TO2015 is specifically responsible for the following:

- security integration (that is, providing staffing to co-ordinate and liaise with the OPP/ISU);
- procurement of security equipment (for example, magnetometers to detect metal weapons, handheld security wands, CCTV cameras and X-ray machines) for Games venues and sites, including the Athletes' Village;
- security to cover lower-risk internal security at sporting venues (specifically, to ensure that athletes and officials have secure access to the venue's field-of-play zones), where the OPP/ISU is already providing external and public-area security; and
- protection of all assets and property (such as promotional items inventory, sporting equipment and the assets of the competing teams) before and during the Games.

3.2.3 Other Parties Involved

The OPP's and TO2015's security responsibilities are supported by the Ministry of Community Safety and Correctional Services (Ministry) and the Ministry of Tourism, Culture and Sport's Pan/Parapan American Games Secretariat (Secretariat).

The OPP reports to the Ministry, and the Ministry was involved in the procurement of contract security services for the Games by issuing the request for proposals and evaluating the pricing submissions.

As **Figure 2** notes, the Secretariat has overall responsibility for the oversight of provincial partners

and TO2015, covering oversight of fiscal responsibility, operational efficiency and effectiveness, and management of provincial financial commitments. The Secretariat is also responsible for planning and co-ordinating the delivery of key provincial services for the Games. It co-chairs the Security Budget Oversight Committee along with the Ministry. The Security Budget Oversight Committee reviews strategic matters and the financial and resource requirements for the execution of the security plan. The membership of the Committee includes the Ministry, the Secretariat and the Ministry of Finance. It did not include TO2015. The Committee's first meeting was held in December 2011. The Secretariat also chaired the Joint Risk Management Committee, which met only twice in 2013 and was later disbanded because of scheduling difficulties. This was a forum to co-ordinate risk management activities of Games partners. In addition, the Secretariat co-chairs a Deputy Head Steering Committee and chairs an Executive Steering Committee that includes representation from the Ministry, TO2015 and partner ministries. These committees were formed in October 2014 to facilitate co-ordinated planning and implementation of provincial and TO2015 commitments, program delivery and operations for the Games. This would include discussions of progress and risks relating to the Games.

3.3 Security Costs

As of July 2014, the overall budget for the Games was \$2.5 billion. Of this amount, about 10%—\$245.3 million—has been budgeted to date for security costs. This is a 101% increase over the security budget of \$121.9 million that was included in the 2009 bid to host the Games, as illustrated in **Figure 4**. The province of Ontario is responsible for funding these security costs.

In April 2014, when the Legislature's Standing Committee on Public Accounts requested this special report, security costs were allocated to two different budget categories. Security costs of \$118.8 million (about 5% of the total budget,

consisting of \$113 million originally budgeted in 2009 for the OPP/ISU and a separate \$5.8-million budget for TO2015’s security responsibilities) were included in the TO2015 Operating Budget.³ Security costs of \$126.5 million (also about 5% of the total budget) were included in host jurisdiction costs, which became the responsibility of the OPP/ISU to manage.

The security budget of \$239.5 million that belongs to the OPP/ISU is to cover all OPP/ISU planning, operations and demobilization responsibilities, including the following:

- \$57 million for all OPP and OPP/ISU costs (salaries/wages, logistics, training and planning/operational expenses);
- \$101.5 million for municipal police services’ requirements; and
- \$81 million for the OPP/ISU’s procurement of private security services.

Bringing the total to \$245.3 million is the \$5.8 million assigned to cover TO2015’s security responsibilities prior to September 2014. In September 2014, the overall Games budget was increased by \$74 million, including a TO2015 security budget increase to \$7.9 million.

Figure 3 summarizes the updated breakdown of the overall Games budget of \$2.6 billion as of September 2014.

Figure 4 highlights the updates to the overall Games security budget from 2009 to September 2014.

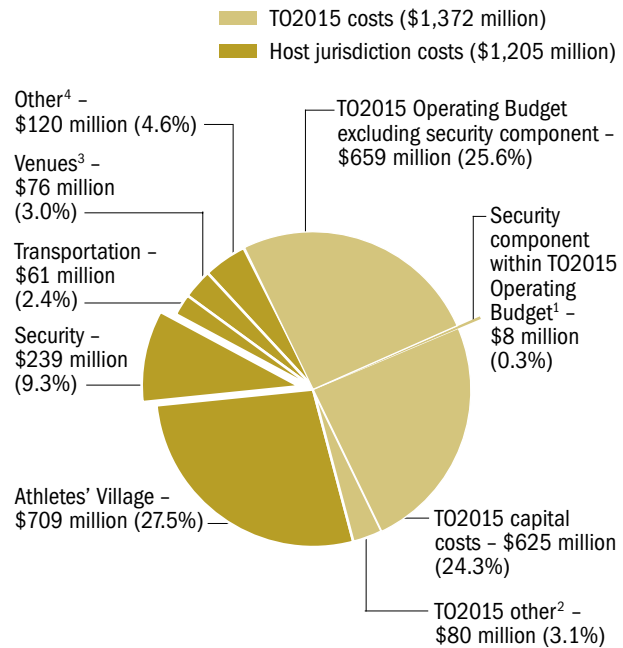
4.0 Audit Objective and Scope

The bid of \$81 million submitted by Contemporary Security Canada (CSC) to provide private internal and external security services for the Games was \$14 million higher than the \$67-million bid submitted by Reilly Security, the runner-up vendor. Mem-

³ This Operating Budget was submitted in July 2013 as part of the second version of the TO2015 Business Plan.

Figure 3: Breakdown of 2015 Games’ Total \$2.6-billion Budget as of September 2014

Sources of data: Ministry of Tourism, Culture and Sport; Pan/Parapan American Games Secretariat



1. Prior to October 2014, security costs within TO2015’s Operating Budget were \$5.8 million. This amount is expected to increase to \$7.9 million with the issue of TO2015’s V3 Business Plan.
2. These other T02015 costs are post-games venue support of \$70 million and a contingency reserve of \$10 million.
3. The venue costs relate to the Hamilton Stadium (\$22.5 million), the Goldring Centre (\$22.5 million) and the Markham Pan Am Centre (\$31 million).
4. These other host jurisdiction costs are for the Pan Am Games Secretariat (\$45 million), celebration/promotion (\$40 million), a Legacy Strategy (\$20 million) and municipal services (\$15 million).

bers of the Ontario Legislature expressed concerns about this, as well as about the fact that CSC had been fined for offering to provide private security services at the G8/G20 Summits in 2010 without an Ontario licence to do so, and about the fact that CSC is based in British Columbia and controlled by the U.S.-based Contemporary Services Corporation, while the runner-up vendor is based in Ontario. As a result, on April 2, 2014, the Legislature’s Standing Committee on Public Accounts (Committee) passed the following motion:

That the Auditor General conduct a value-for-money audit on all security contracts

Figure 4: Security Budget Updates (\$ 000)

Sources of data: OPP/ISU, TO2015

Date	TO2015		Total
	OPP/ ISU	Organizing Committee	
2009 Bid Budget	113.0	8.9	121.9
2011 July Update	113.0	6.7	119.7
2012 September Update	113.0	6.5	119.5
2013 July Update	113.0	5.8	118.8
2013 November Update	206.0	5.8	211.8
2014 March Update	239.5	5.8	245.3
2014 September Update	239.5	7.9	247.4*

* The budget could be further impacted by changes to collective agreements covering provincial and municipal police services and the risk that subsequent threat assessments or changes in the scope of the Games and related events may increase security requirements and costs.

(including the processes for awarding of those contracts) involving the Ministry of Tourism, Culture and Sport, the TO2015 Pan/Parapan American Games Organizing Committee, the OPP Integrated Security Unit, the Ministry of Community Safety and Correctional Services and any security contractors for the TO2015 Pan/Parapan American Games.

We accepted this assignment under Section 17 of the *Auditor General Act*, which states that the Committee can request that the Auditor General perform special assignments.

In assessing the procurement of security services contracts, we considered the following:

- whether the need for security services and procedures to acquire them were based on best practices and lessons learned from similar events held in other jurisdictions;
- whether the selection process and methodology to procure security contracts were open and transparent, and in compliance with corporate procurement policies; and
- whether reasonable security budgets and comprehensive risk assessments support the security planning and delivery requirements.

We conducted our fieldwork between May 12 and August 29, 2014. (Budget figures were increased to reflect TO2015's September 2014 update). We met with key personnel from the OPP, the Ministry, the Secretariat and TO2015. Our work included a review of the procurement directives overseen by the Ministry of Government and Consumer Services and TO2015's procurement policies and procedures. We reviewed documents of the request-for-proposal (RFP) process that led to the contract being awarded to CSC, including score sheets and reports by the fairness commissioner and external security advisors. We also reviewed documents setting out the responsibilities of all partners involved in the delivery of the Games, with a particular focus on security. We examined documents related to the security budget and business plans, as well as risk management information prepared by the OPP/ISU, TO2015 and the Secretariat. We also examined the minutes of the Security Budget Oversight Committee, which is responsible for reviewing security cost projections and budgets.

Our research into best practices and lessons learned included a review of two key post-mortem reports on security at the 2010 Vancouver Winter Olympics, which the OPP/ISU is using in planning security for the 2015 Games:

- a report by the Royal Canadian Mounted Police entitled *Games Security and Public Safety for the Vancouver 2010 Olympic and Paralympic Games*, issued in October 2012; and
- a report by the Institute of Public Administration of Canada Case Study Program entitled *The Planning and Execution of Security for the 2010 Winter Olympic Games: 38 Best Practices and Lessons Learned*, issued in 2010.

Our audit excluded any contract security procurements conducted or planned by municipal police services because these must be funded out of their own budgets. As well, the contracts between the OPP/ISU and each municipal police service had not yet been finalized for review at the time of our audit, and therefore were also excluded.

5.0 Detailed Observations

5.1 Security Costs

Projections of 2015 Pan/Parapan American Games security costs at the time of our audit significantly exceeded the amount originally budgeted for them in 2009. As **Figure 5** shows, final budgeted security costs have similarly significantly exceeded original budgeted costs at other recent international sport events.

The overall budget for each of the other events also significantly exceeded the amount originally budgeted. One factor in the magnitude of the cost escalation may be the perceived need to understate budgets when bidding to host large-scale events in order to “sell” the event to the host community. As noted in the March 2010 issue of the International Monetary Fund’s *Finance & Development* magazine,⁴ “early proponents of hosting an event in a particular city find it in their interest to underrepresent the true costs while they seek public endorsement.” Also, given that the intent of the bid proposal is to sell a host city and country, the competition and non-competition venues, as well as the operating days, are proposals only. In the years between when the host city puts in its bid and the event takes place, the event’s location and design will evolve, and the operating days will likely change.

In the sections that follow, we identify the factors behind the 112% increase in the OPP/ISU security budget from \$113 million to \$239.5 million between 2009 and 2014, and discuss the risk of further increases to security costs. As of September 2014, the total budgeted cost for security was \$247.4 million (consisting of \$239.5 million for the OPP/ISU security budget and \$7.9 million for TO2015’s security budget), with some procurements still to be completed.

5.1.1 Revisions to the Security Budget Since 2009

The \$245.3-million amount as of March 2014 is a 101% increase over the security budget of \$121.9 million that Toronto included in its 2009 bid to host the Games. There have been three cost revisions since the 2009 amount was budgeted:

- Version 1 of TO2015’s Business Plan (dated July 2011) assigned \$6.7 million of TO2015’s Operating Budget to TO2015’s limited security integration responsibilities. In September 2012, this was reduced to \$6.5 million as a result of a “refresh” exercise on the Version 1 budget done at the province’s request. The refresh reallocated funds across a number of budget categories to reflect more current information and increased the budget’s contingency reserve from \$12 million to \$82 million. Version 2 of TO2015’s Business Plan, which TO2015 submitted to the Secretariat in July 2013 for approval by the Minister Responsible for the Games, assigned \$5.8 million to TO2015’s security responsibilities.
- In November 2013, with more detailed and up-to-date information on security requirements and costs, the OPP/ISU projected that its security costs would be 82% higher than the \$113 million assigned for its security responsibilities in 2009 (that is, \$93 million more, for a total projected cost of \$206 million). The more detailed and up-to-date information came from the OPP/ISU’s security resource evaluations and an enlargement of the Games’ “footprint”—the physical areas where Game events will be held and the times that events will take place (see Section 5.1.2 for details).
- In March 2014, the November 2013 security cost projection of \$206 million was increased by 16% (\$33.5 million), bringing it to \$239.5 million. The projection was revised to reflect the contract that had been awarded to CSC for private security services, which, at \$81 million, was costlier than expected (see

4 “Is it Worth it?” by Andrew Zimbalist

Figure 5: Comparison of Security Costs and Event Size at Recent International Sport Events¹

Sources of data: Pan/Parapan American Games Secretariat, RCMP, 2014 Commonwealth Games officials

Event	Original Security Budget ²	Projected Final Security Budget ^{2,3}	% Increase	# of Athletes	# of Competition Venues	# of Sports
Toronto 2015 Pan Am Games	121.9	247.4	101	7,666	31	51
Vancouver 2010 Winter Olympics	175.0	869.0	349	3,072	9	20
London 2012 Summer Olympics	362.9 ²	1,507.8	316	15,100	30	46
Glasgow 2014 Commonwealth Games	47.0 ²	156.6	233	6,500 ⁴	13	17

1. There is no reliable comparable information from past Pan Am games.

2. All amounts shown are in \$ million CAD. Published amounts were \$361 million USD and \$1,500 million USD for London, £27 million GBP and £90 million GBP for Glasgow.

3. For Toronto, the amount is the projected combined value of the OPP/ISU security budget of \$239.5 million and the TO2015 security budget of \$7.9 million as of September 2014; for Vancouver, the amount is the final budget allocation; for London, the amount is the final cost projection reported in 2012, the year of the event; for Glasgow, the amount is the projected budget as of December 2013.

4. Includes officials as well as athletes.

Section 5.1.2 and Section 5.2.1 for details).

The procurement budget was \$39 million, and the difference arising on the contract award (\$42 million) was offset by other security cost adjustments netting to \$8.5 million. Treasury Board approved the ISU security budget of \$239.5 million in May 2014. This amount was included as part of the Ontario Budget passed in the Legislature in July 2014.

5.1.2 Cost Increases Driven by the Results of More In-depth Planning, Increased Security Requirements and Completed Procurements

The TO2015 Business Plan (Version 2, submitted to the Secretariat for approval in July 2013) states that its operating budget, of which security costs are a part, “provides financial certainty” of only “around 60%” (in contrast, the Business Plan says the capital budget has high financial certainty as of July 2013). This highlights a potential risk that budget costs, including TO2015 security budget costs, may still increase. This amount of operating budget uncertainty is not unusual two years before an event, when:

- planning is transitioning from strategic planning to detailed operations planning;

- the number of venues and operating days is still not final; and
- procurements relating to the operating budget are far from complete (in contrast to capital program procurement, which was said to be 91% complete by July 2013).

Version 3 of the TO2015 Business Plan, scheduled to be submitted to the Secretariat for review in October 2014, is expected to have a much more reliable forecast of expenses (including the September 2014 updated estimate of \$7.9 million in security expenses), with procurements substantially complete, and the Games’ footprint and specific security requirements more certain. Ongoing risk and threat assessments could nevertheless still result in late changes.

More In-depth Security Planning Resulted in Revised Security Cost Estimates

After the Games were awarded to Ontario in 2009, the OPP/ISU conducted three resource validation exercises in 2011 and 2012. These exercises, based on sports and venue information provided by TO2015, analyzed security resource requirements to capture security cost estimates across the many policing jurisdictions involved and to more accurately project security costs. The second resource validation exercise used information the OPP/ISU

obtained from participating in the Guadalajara 2011 Pan Am Games Observer Program.

The results of the resource validation exercises were reviewed by the Security Budget Oversight Committee. After each exercise, the OPP/ISU updated security cost estimates. The committee, through the Secretariat, submitted Results-based Plans to Treasury Board from 2012 to 2014 that noted that the approved funding of \$113 million was not enough to meet the projected costs for security.

In October 2013, the OPP/ISU issued the Security Operational Plans (Version 1) and a briefing note that reported the OPP/ISU's revised security cost estimate of \$206 million. The \$206-million amount was also noted in a technical briefing prepared for the media by the Secretariat in November 2013. The costs included securing an enlarged footprint for the Games, detailed in the next section.

Enlarging the Footprint of the Games Increased Security Requirements

The Games' footprint changed in a number of ways between 2009 and October 2013, which increased security requirements significantly:

- The number of Pan Am and Parapan Am sports grew from 48 (36 Pan Am and 12 Parapan Am) to 51 (36 Pan Am and 15 Parapan Am), an increase of 6%.
- The number of venues to be used during the Games grew from 42 to 59, an increase of 40%. Ten competition venues will be used by both the Pan Am and Parapan Am Games, and two venues are dedicated for use by the Parapan Am Games.
- The total number of venue operating days grew from 267 to 1,115, an increase of more than 317%. The venue operating days represent the total number of days each venue will be used for the 2015 Games.

One significant factor in the growth of the footprint was that no training-only venues were included in the 2009 estimate. As of September 30, 2014, there were 14 training-only venues that would need to be secured over 409 operating days.

Procurement of Private Security Increased the Security Budget

The contract with Contemporary Security Canada (CSC) to provide private security services, effective March 17, 2014, was for \$81 million. This is significantly higher than the cost estimate of \$39 million that Treasury Board approved for the procurement a year earlier, on February 11, 2013. The difference of \$42 million arising on the contract award was offset by other security cost adjustments netting to \$8.5 million. Primarily because of this higher contract award, the OPP/ISU increased the security estimate from the November 2013 amount of \$206 million to \$239.5 million as of March 14, 2014.

The Secretariat and the Ministry requested that the OPP/ISU's security budget be increased to \$239.5 million through their 2014/15 Results-based Planning process. The request was approved in May 2014, and the new amount was included as part of the Ontario Budget passed by the Legislature in July 2014.

Further details on the procurement of CSC are covered in **Section 5.2.1**.

5.1.3 Risks of Further Cost Escalation Remain

TO2015's Contract Security Services and Security Screening Equipment Not Yet Procured

TO2015's Operating Budget includes a security component that will require procuring contract security services for internal security for the fields of play and asset protection, and for procuring security equipment. The budget for procuring the contract security was \$2.2 million prior to October 2014 (included in the \$7.9-million budget). This amount is based on paying security personnel an average hourly rate of \$30, which is significantly lower than what CSC and Reilly Security were proposing to charge for the same type of personnel. The prices they submitted for venue security personnel ranged from \$39 to \$60 per hour, depending on the type of security responsibility. Accordingly, there is a risk that TO2015 will exceed its budget on this contract.

In addition, the \$1.5 million that TO2015 budgeted for security screening equipment contracts (included in the \$7.9-million budget) may not be enough for the equipment needed for the Games' current footprint, much less the equipment needed if the footprint grows, which is discussed in the following section. We noted that TO2015 has saved money by obtaining metal-detecting magnetometers and wands on loan in exchange for allowing the supplier to promote itself as a sponsor of the Games. However, if TO2015 did have to pay for them, these magnetometers and wands alone would have cost more than the entire \$1.5-million security equipment budget. At the time of our audit, TO2015 had yet to procure the other necessary security equipment such as CCTVs and X-ray machines, which it also hoped to obtain through a sponsorship agreement.

Further Changes to the Games' Footprint and the Results of Risk and Threat Assessments May Drive Up Security Costs

As noted, security costs are driven by the security requirements of the Games' footprint. Any further changes or additions to this footprint may require further revisions to the security requirements and budgets, and bring the risk of cost overruns.

In its risk assessments, the OPP/ISU reviews all the factors that could have an impact on the Games, including funding, resources, weather and transportation. The OPP/ISU was planning to increase the frequency of these risk assessments from every three months as of May 2014 to every month from January to June 2015. The results of risk assessments may drive up security costs.

In addition to conducting risk assessments, the OPP/ISU conducts threat assessments that determine the likelihood of threats such as terrorism and protests undermining the Games and preventing them from proceeding safely and securely. The last threat assessment was nearing completion in July 2014, and, after a Joint Intelligence Group was put in place in September 2014, threat assessments were to be done on a weekly basis. In March 2014,

the Minister of Community Safety and Correctional Services publicly acknowledged that if the level of threat increases, the security budget would have to be adjusted accordingly. In July and September 2014, the Minister of Tourism, Culture and Sport made similar public statements.

The Ministry's security services contract with CSC sets \$81 million as the maximum fee CSC can charge for its services. But provisions in the contract allow for increases in the scope of the contract and the contracted deliverables to address changes in circumstances, provided that the Ministry requests them in writing. Such changes could include the security plan and staffing model, increases or decreases in number of hours or the number and nature of venue operating days, or adding or altering topics covered by training the contractor is expected to deliver. These changes could increase the total amount spent under the contract.

Also, the budget for municipal police service costs of \$101.5 million (included in the \$239.5-million budget) is based on collective agreements that will expire and must be renegotiated before the Games take place. Costs may be further impacted by changes to those agreements. In addition, the contracts for the OPP expire in December 2014, and increases in those contracts will further impact security costs.

Organizational Issues May Result in Inefficiencies and Cost Escalation

Private Security Contractors Competing for Resources

The Ministry and the OPP/ISU together procured contract security services separately from TO2015. Based on the latest Games footprint and allowing for some normal attrition, about 6,500 contract security personnel are expected to be recruited. There is a risk that, in its pending procurement of contract security services, TO2015 will have to compete with the OPP/ISU's contractor for the same private security resources to be recruited. This may encourage contractors to bid higher than they otherwise would and put pressure on TO2015's contract security budget.

TO2015's Proposals for Relieving Budget Pressures Not Approved Until September 2014

In Version 2 of TO2015's Business Plan, submitted to the Secretariat for approval in July 2013, TO2015 requested the following to relieve its budget pressures:

- an allocation of \$50 million from the TO2015 budget's \$82-million contingency reserve;
- an additional \$12 million from "alternative sources of funding" from the province; and
- a transfer of a number of its security responsibilities (including covering the costs of security equipment) to the OPP/ISU.

As for the first request, the Minister of Tourism, Culture and Sport approved only \$28.5 million in March 2014, and the Ministry of Tourism, Culture and Sport approved a further \$9.9 million in May 2014. These approvals required that TO2015 complete a business continuity plan and stipulated that the balance of the request would be provided only if necessary. TO2015 was thus left \$11.6 million short of its request. The second request was not supported by the Minister of Tourism, Culture and Sport in a letter dated March 3, 2014, which noted that the province will work with TO2015 to reduce costs but cannot recognize any TO2015 expenditures against this \$12 million from alternative sources of funding. As for the third request, the security responsibilities that TO2015's Business Plan assumes the OPP/ISU will cover are not part of the OPP/ISU budget, and TO2015 did not negotiate to have the OPP/ISU take them on in advance of submitting the Business Plan. This third request to transfer security responsibilities was also not supported by the Minister.

In September 2014, the province approved up to \$74 million in additional funding to help TO2015 address pressures associated with delivering a successful Games and enhancing the Games experience in key areas. At that time, the province also approved a further drawdown of \$36.6 million from the contingency reserve. With the additional funding and contingency drawdown, TO2015 is able to manage previously identified pressures within its budget. TO2015 did not identify any other security pressures in the second quarter of 2014.

5.2 Security Procurement

As of October 2014, two security contracts have been awarded: one to a consulting firm for \$373,000 for security advisory services awarded by the Secretariat, and one to CSC for contract security services awarded by the OPP and the Ministry. TO2015 has two procurement initiatives in progress: private security services for asset protection and field-of-play zones, and for security equipment. These procurements are noted in **Figure 6**.

We found that the Ministry's and the OPP's procurement of private security to cover the higher-risk external and internal security needs was open and transparent, and was fairly conducted. However, we had concerns about the status of TO2015's procurement of private security services:

- TO2015's procurement of private security to cover internal security within the fields of play, and asset protection is behind schedule.
- TO2015's procurement of security equipment is also behind schedule.
- TO2015's procurement planning could have been more timely and effective with better communication and co-ordination among TO2015, the Ministry and the OPP/ISU on the procurement of private security.

The RFP that TO2015 issued for private-security services on October 9, 2014, covers only asset protection and does not address security for the fields of play.

5.2.1 Completed Security Procurements Were Open, Transparent and Fairly Conducted

Advisory Services

The rationale given for procuring security advisory services was that Ontario has not hosted an international multi-sport event since 1930. The RFP for the procurement stated that the Secretariat needs expertise "to help maximize efficiencies to the Games security budget" to support accountability, co-ordination and "controllership of the security budget." The security advisor's

Figure 6: Procurements for 2015 Games-related Security Services as of October 2014

Source of data: Pan/Parapan American Games Secretariat, Ministry of Community Safety and Correctional Services, T02015

Procuring Party	Procured	Status	Amount (\$ 000)
Pan/Parapan American Games Secretariat	Security advisory services (including advice on best security practices, security models and efficiencies, and security plans and resources)	Contract awarded on May 15, 2013	373.3 ¹
Ministry of Community Safety and Correctional Services and OPP/ISU ²	Private security services for external peripheral security and internal security at Games venues, the Athletes' Village and satellite villages, and non-competition sites, consisting of: <ul style="list-style-type: none"> • planning and project management; • recruitment and personnel management; and • deployment of resources 	Contract awarded to Contemporary Security Canada, effective March 17, 2014	80,971.2
T02015	Private security services for asset protection, consisting of: <ul style="list-style-type: none"> • planning and project management; • recruitment and personnel management; and • deployment of resources 	<ul style="list-style-type: none"> • RFI³ issued March 11, 2014 and closed March 26, 2014 • 9 responses received • RFP⁴ issued October 9, 2014 	3,691.0 ⁵

1. Contract for \$373,300 is being paid out of the Secretariat's budget of \$45 million (see Figure 3, footnote 4), not out of the Games' security budget, because it supported the Secretariat's role of co-ordinating the province's involvement in planning and delivering security.
2. The private security services for this contract were for the OPP/ISU, but the Ministry of Community Safety and Correctional Services issued the request for proposals for the contract and evaluated the proposing contractors' pricing submissions.
3. Request for information.
4. Request for proposals.
5. Budget assigned in T02015 Security Integration component of T02015 Operating Budget prior to October 2014 was \$2.2 million.

role is to share expertise relating to security at international multi-sport events. This includes providing information on security best practices and models for major sporting events. The security advisor that won the contract conducted two risk workshops, one for the Secretariat and one for T02015. The advisor's team includes senior members who provided security advice for the 2012 London Summer Olympics.

Our review of the evaluation of the proposals for the advisory services contract found that the process was open, transparent and fair, and followed government procurement policy. The Secretariat signed the contract on May 15, 2013. The contract expires on September 30, 2015.

Preparation for Major Security Procurement Was Comprehensive But Costs Were Underestimated

The process to plan and prepare the procurement included the following:

- publicly issuing an RFI and reviewing the nine responses received;
- teleconferencing with the RCMP and the Vancouver Olympic Organizing Committee for lessons learned;
- visiting London to discuss private security at the 2012 Olympics and security problems at the 2006 Melbourne Commonwealth Games;
- visiting Guadalajara during the 2011 Pan Am Games;
- holding discussions with the OPP/ISU for the 2014 Glasgow Commonwealth Games; and
- using the information gathered from these sources and the resource validation exercises to prepare a detailed RFP.

The Ministry's and the OPP's planning for their contract security procurement was comprehensive. However, the Ministry and the OPP assumed the private security contractor would charge lower

hourly rates for security personnel and require fewer resources for project management. These costs were therefore understated in the budget.

The Ministry gathered the following information from the responses to its July 2012 RFI:

- No single contractor had the capacity to fulfill the security requirements. The magnitude of the requirements would require either subcontracting, the participation of a consortium, or the contractor recruiting and training a significant number of security staff.
- An experienced contractor would be needed for project management.
- Attracting and retaining security personnel would necessitate offering an appealing wage.

The Ministry's initial estimate of the average hourly rate for private security was about \$50. The RFI responses accorded with this estimate, citing rates ranging from \$25/hour to \$75/hour. CSC did not respond to the RFI; however, the OPP/ISU was able to gather the necessary information about CSC services from its work during the Vancouver Olympics and the G8/G20 Summits in Ontario.

Budget for Private Security Procurement Underestimated

The budget for private security that the Ministry submitted to Treasury Board used an average hourly rate of about \$53 for security guard and project management personnel, and the total budget submitted was for \$39 million. Treasury Board approved this amount in February 2013 for the procurement of contract security services.

Although the Ministry had considered information from the RCMP about Vancouver private security costs when preparing its budget submission, it assumed the Games' private security costs would be lower given the higher risk associated with Olympic Games. Responses to its RFI also supported this assumption.

However, the Ministry significantly underestimated the rates, days required and the number of personnel assigned, particularly for those needed

for project management. For example, the budget assumed only five project managers would be needed but the actual contract will include 81 such staff, who are billed at higher rates than security guards. Project management costs of \$47 million represent 58% of the value of the contract and far exceed the initial cost estimate for project management of \$792,000.

In our view, the Ministry's decision to submit the lower rates and budget for the contract security procurement submitted in February 2013 was not realistic given the financial experiences from past Games and lessons learned elsewhere on project management.

Ministry and OPP Prepared a Comprehensive RFP

In developing the RFP for contract security, the Ministry used key information it had from the RFI and the past sporting events. It also consulted with the Ministry of Government and Consumer Services, the Secretariat's security advisor, and a fairness commissioner competitively selected to oversee the procurement process.

We noted that the RFP was comprehensive in scope and content. It had clear and detailed information on the RFP process, scoring methodology, security staffing and pricing requirements, the key forms and documents to submit, and the key deliverables. Its information on the security requirements included details on estimated staffing requirements by venue, venue operating days, and estimated private security hours by supervisory and staff categories.

The RFP emphasized having an experienced project management team. It also required the winning contractor to have 75% of security personnel licensed no later than four months before the Games start, and 100% no later than two months before. If the contractor does not meet these benchmarks, the Ministry may draw on a \$5-million letter of credit that the contractor must supply. Including these requirements in the RFP was to help prevent a repeat of what happened at the 2012 London

Summer Olympics, where the private security contractor could not provide the personnel needed to meet security requirements.

The RFP, issued on September 30, 2013, and posted on the government electronic tendering service MERX for 44 days, was an open procurement to all private security vendors.

Evaluation of Contract Security Proposals Followed Procurement Policies and Practices

Figure 7 summarizes the scoring methodology the Ministry and the OPP used to evaluate the proposals received. We noted that the evaluation process followed government procurement policies and practices.

There were five stages in the process for evaluating the three proposals submitted to the contract security RFP (details on this five-stage process were included in the RFP):

- Stage 1: Each proposal was given a pass or fail on mandatory requirements. To pass Stage 1, all mandatory requirements had to be met. These mandatory requirements included the vendor declaring any actual or potential conflict of interest, and providing proof of having a valid business entity licence for Ontario issued by the Ministry's Private Security and Investigative Services Branch. Making the licensing mandatory ensured there would be

no repeat of what happened to the contractor providing private security at the 2010 G8/G20 Summits: the contractor, CSC, was not licensed to operate in Ontario and was later fined \$45,000.

- Stage 2: An OPP committee of four scored each proposal on specific rated criteria, such as the experience and qualifications of the project management team, preliminary security plans, proposed staffing model, and plans for recruiting, retaining and training licensed personnel. To pass Stage 2, the proposal had to score at least 65% of the points available. The points achieved at this stage made up 35% of the total score.
- Stage 3: Each vendor that scored the minimum points to pass Stage 2 then gave a technical presentation to answer the questions from the OPP evaluation committee. The questions elicited details on project management, deployment of resources, and the vendor's approach to training, managing and scheduling personnel. The points achieved at this stage made up 25% of the total score.
- Stage 4: After the first three stages were completed by the OPP, a separate team from the Ministry of Community Safety and Correctional Services opened the price bids and scored them. Its scoring formula awarded maximum points to the lowest-price proposal, and the other proposals received a percentage of points depending on how much higher than the lowest price their prices were. The points achieved at this stage made up 40% of the total score.
- Stage 5: The proposing vendor with the highest cumulative score was given a pass or fail on a security investigation of the firm and the principal staff proposed to oversee service delivery. The vendor had to pass the investigation to be designated the winner.

We reviewed the score sheets of the OPP's evaluation committee and the Ministry and noted that they followed the scoring criteria for the three proposals in accordance with the RFP.

Figure 7: RFP Evaluation Table of Scoring Methodology—Private Security Services
RFP# OPP-0723

Source of data: Ministry of Community Safety and Correctional Services

RFP Evaluation Component	Evaluation Stage	% of Total Score
Mandatory Requirements	Stage 1	Must pass mandatory
Rated Criteria—Technical*	Stage 2	35
Presentation—Technical	Stage 3	25
Pricing	Stage 4	40
Total		100

* Technical scoring for rated criteria required a minimum section score of 65% in order to proceed to Stage 3.

The top two proposing vendors throughout the selection process were CSC and Reilly Security, while a third proposing vendor failed to score the minimum 65% of the points available at Stage 2 needed to advance to subsequent stages. CSC had a much higher cumulative score at the end of Stage 3 than Reilly did, given its prior experience with providing security at the 2010 Vancouver Olympics and the G8/G20 Summits, and because of the quality of its project management proposals. Reilly scored 100% in Stage 4, pricing, with a total bid of \$67 million, \$14 million lower than CSC's total bid of \$81 million. CSC's hourly rates for personnel were higher than Reilly's by 11% to 33% (CSC's hourly rates ranged from \$44 to \$75). Given the allocation of points of 60% to technical elements (Stages 2 and 3) and 40% to price (Stage 4), CSC still achieved the highest score, but the scores were much closer after the pricing points were added up.

We noted that this allocation of 60% of points to technical elements and 40% of points to price is common practice in procuring professional services, and falls within the procurement guidelines issued by the Ministry of Government and Consumer Services, which develops and advises on government procurement policies. The same allocation was used for the Secretariat's procurement of security advisory services and for the RCMP's procurement of private security services at the Vancouver 2010 Winter Olympics. The Ministry of Government and Consumer Services informed us that price is weighted more heavily when goods, as opposed to services, are procured (often making up 50% of the score). The other technical factors included in the evaluation criteria, such as experience and demonstrations of ability in project management, are given more importance. In matters involving health and safety, effective service delivery should be given priority over price.

We conducted further research and found that in 86% of a sample of RFPs issued for professional services by the Ministry of Government and Consumer Services between April 2013 and July 2014, the allocation of points to price was 40% or less.

Our sample included procurements for environmental, IT and justice services.

We further noted that, according to the Ministry of Government and Consumer Services, procurement competitions conducted by Ontario government ministries are to be geographically neutral in order to comply with trade agreements. That is, evaluation criteria should not give vendors credit for using resources from within Ontario unless there is a business rationale for doing so.

Fairness Commissioner and Ministry of Government and Consumer Services Concurred that Selection Process was Open and Transparent

The fairness commissioner observed and monitored evaluation team meetings, attended and monitored the information session that the Ministry held for vendors in October 2013 (see **Figure 8**), and attended and reviewed vendor debriefing sessions (teleconferences held with the unsuccessful vendors to tell them about the evaluation process, and the strengths and weaknesses of their proposals). The fairness commissioner also suggested wording changes to the RFP document to provide clarity and context, which the OPP made as appropriate. In March 2014, the fairness commissioner submitted a final report concluding that the planning, development, issuance, evaluation, award and debriefing process for the RFP for private security services was carried out in a fair, open and transparent manner. The report also noted that the selection process was in compliance with the Ministry of Government and Consumer Services's procurement directive.

In April 2014, Reilly Security filed a complaint with the Ministry of Community Safety and Correctional Services and the Ministry of Government and Consumer Services, disputing the awarding of the private security services contract to CSC. Reilly's complaint focused on the scoring matrix (which it believed was flawed), the selection of an out-of-province contractor and the requirement that the winning contractor provide a \$5-million letter of credit for the Ministry to draw on if the contractor

Figure 8: Timeline of Key Events Relating to Security-related Procurements

Sources of data: Pan/Parapan American Games Secretariat, Integrated Security Unit, T02015

Date	Advisory	Ministry/ISU Security	T02015 Security
Jul. 31, 2012		Ministry issues RFI	
Aug. 27, 2012		RFI closes; 9 responses received	
Feb. 12, 2013	Secretariat DM approves procurement		
Feb. 19, 2013	Secretariat issues RFP		
Feb. 21, 2013		Treasury Board approves procurement at cost of \$39 million	
Mar. 5, 2013	RFP closes; 12 proposals received		
May 15, 2013	Contract awarded for \$373,296		
Sep. 30, 2013		Ministry issues RFP	
Oct. 16, 2013		Ministry holds RFP information session; 6 vendors attend	
Oct. 24, 2013		Ministry issues RFP addendum, answering 16 questions from information session	
Oct 31, 2013		Ministry issues 2nd RFP addendum, answering 11 more questions	
Nov. 12, 2013		RFP closes; 3 proposals received	
Jan. 14, 2014		Treasury Board approves contract award to Contemporary Security Canada (CSC) for \$80,971,206 + HST	
Mar. 11, 2014			T02015 issues RFI
Mar. 17, 2014		Contract with CSC begins	
Mar. 26, 2014			RFI closes; 9 responses received
Oct. 9, 2014			T02015 issues RFP

does not have its security personnel licensed in Ontario well enough in advance of the Games (mentioned in the previous section, **Ministry and OPP Prepared a Comprehensive RFP**). The Ministry of Government and Consumer Services reviewed the procurement process as well as the correspondence and documentation that were filed for the bid dispute. On August 6, 2014, the Ministry of Government and Consumer Services informed Reilly Security that the review concluded that the procurement process had been conducted in accordance with government procurement policies, and with due care to ensure it was open, transparent and fair.

We concur with the fairness commissioner and the Ministry of Government and Consumer Services that the contract security procurement was open, transparent and fair.

5.2.2 T02015's Security Procurements Are Behind Schedule, With Potential Security Gap

T02015 is behind on its own schedule for the security procurements for which it is responsible: field-of-play security, asset protection, and security equipment. It risks not having properly trained security personnel ready and the necessary equipment in place and tested well enough in advance given that, as of the beginning of October 2014, there were a little more than nine months remaining before the Games begin.

In summer 2013, when the Ministry and the OPP were preparing their RFP for the higher-risk contract security services, they considered including T02015's security procurement as well. As the

OPP explained to us, the OPP offered to share the detailed requirements it had prepared for its RFP with TO2015 “as a means of finding some efficiencies.” However, TO2015 was not able at that time to articulate its security requirements and therefore could not participate in that procurement.

During our audit fieldwork in spring 2014, TO2015 told us it would be ready to issue RFPs for its security procurements in early August 2014. Then, in August 2014, TO2015 told us that it would issue the RFP for both internal venue security for fields of play and asset protection in September. However, an RFP was not issued until October 9, 2014, and it was only for asset protection. TO2015 also told us in August 2014 that security wands and magnetometers would be supplied through a sponsorship arrangement with a company, the contract for which was being negotiated. TO2015 was also seeking sponsors to supply CCTV cameras and X-ray machines. If unsuccessful, it was planning to issue one or more RFPs for this equipment in November 2014.

Figure 8, which gives a timeline for all the Games’ security-related procurements, shows how much earlier the other procurements were made compared to TO2015’s procurements.

We noted that the Ministry and the OPP took almost a year and a half to procure private security services, beginning from issuing an RFI to awarding the contract to CSC. By the time the Games begin, CSC will have had almost 16 months to prepare. In contrast, TO2015 has taken about eight months preparing to procure a private-security provider so far (in January 2014, it issued a draft statement of requirements for contracted security services with help from the Ministry’s RFP, and then in March issued the RFI). In the next nine months, not only must TO2015 procure a private-security contractor and providers of security equipment, but this private-security contractor will have to prepare for the Games. This includes recruiting, licensing and training personnel.

In addition, the RFP for private-security services issued by TO2015 on October 9, 2014, does not cover certain security requirements, and this has

created a potential security gap. The MOU between the OPP/ISU and TO2015 outlined TO2015’s responsibility for security and access control for the fields-of-play zones, as well as for asset protection, from the early stages of planning and collaboration with the OPP/ISU. The OPP/ISU confirmed in October 2014 that TO2015 is responsible for security for the fields of play. However, the October RFP covers only asset protection—it does not address security for the fields of play. The absence of security requirements for the fields of play in the RFP creates a gap in the security coverage that the MOU clearly states TO2015 is responsible for. This gap increases the risk of further cost escalation.

In *The Planning and Execution for Security for the 2010 Winter Olympic Games: 38 Best Practices and Lessons Learned*, the Institute of Public Administration of Canada (IPAC) noted about private security procurement at the Vancouver Olympics: “[T]his process presented many challenges, not only in terms of the actual procurement of the private security function, but also in integrating the private security workforce into the existing security plan.... [T]he hiring process was a more significant undertaking than had been expected.... It should be emphasized that if a future event requires an additional security force, the involvement and time required to acquire this capability must not be underestimated.”

Security Equipment

The same IPAC report also comments on security equipment issues at the Vancouver Olympics: “[M]ajor event planners may be approached by security equipment companies trying to sell their equipment with the belief that the security organization has access to near unlimited funding. It is therefore important that operators identify their requirements as early as possible, conduct options analysis of what will satisfy the requirements, then allow the procurement process to move forward...” TO2015 has itself recognized the risk it faces on procurement capacity in a July 2014 strategic risk management report submitted to the Secretariat.

TO2015 had allocated a \$1.5 million budget for the procurement of security equipment. This budget covered a number of security devices, from magnetometers and wands to CCTVs and X-rays. At the time of our audit, TO2015 was seeking sponsors to provide security equipment for the Games. At the completion of our audit, it had awarded a “value-in-kind” sponsorship of equipment on loan for magnetometer and wand security devices.

In a value-in-kind sponsorship, a price tag is agreed on for the goods a company can provide, and an arrangement is made for this company to trade the goods for sponsorship rights in lieu of paying for some or all of those rights in cash. Value-in-kind sponsorships are common for sports events.

The cash value of this sponsorship of magnetometer and wand security devices is about \$1.75 million (valued at \$1.6 million USD). While this cost saving is commendable, if TO2015 had to pay for the magnetometers and wands, that procurement alone would have exceeded the entire \$1.5-million budget for security equipment. TO2015 had not yet procured the other necessary security equipment at the time of our audit, and there is a risk that the budget assigned for security equipment has been understated and will be insufficient to cover the necessary purchases.

5.2.3 Earlier Information-sharing Could Have Reduced Delays and Risks

We found that the OPP/ISU shared helpful information with TO2015 during its procurement planning, but that TO2015 had not always been as diligent in keeping other parties current on what it had been doing. For example, TO2015 did not consult the OPP/ISU when it proposed in Version 2 of its Business Plan that its security responsibility for the procurement of security equipment and related costs be transferred to the OPP/ISU. TO2015 also did not advise the Ministry when it released its RFI for private security, although it did consult on the RFI with the OPP/ISU beforehand. The OPP/ISU was not informed of the date the RFI would be issued.

In these final months of security preparation, it is imperative that TO2015, the OPP/ISU and private-security service providers communicate clearly with one another and co-ordinate their actions. At the 2012 London Summer Olympics, the private security contractor G4S admitted to government ministers two weeks before the Olympics began that it “would not be able to deliver the numbers of security personnel that they had promised,” and more than 12,000 military troops were called in to perform security functions. In the report *Olympics Security*, the House of Commons Home Affairs Committee of the British Parliament noted about the failure of G4S: “The precise reasons for G4S’s failure remain unclear, though all the evidence points to poor management information and poor communications as the two main contributory factors.”

6.0 Recommendation

To ensure that security costs are effectively controlled, and that all security-related efforts are being effectively co-ordinated, the Secretariat and all the parties should:

- ensure that TO2015, the OPP/ISU and the Ministry of Community Safety and Correctional Services are actively communicating and co-ordinating security requirements for the Games and that all security arrangements are in place as soon as possible;
- ensure that efforts to procure field-of-play security services proceed as soon as possible; and
- ensure TO2015 involvement in the Security Budget Oversight Committee.

Responses

See the sections **Overall Ministry and Secretariat Response** and **Overall TO2015 Response** after section **2.0 Summary**.