

REPORT TO THE POLICE SERVICES BOARD



Author Giles le Riche, Director Business Services
Subject Monitoring Report – Financial Activities and Conditions 3rd Quarter 2020

Date: November 17, 2020
Report Type: Information

RECOMMENDATION:

“THAT the Board find that all provisions of the Financial Conditions and Activities policy have been complied with”.

Signed:


Chief of Police

Date:

Nov 4/20

BROADEST POLICY PROVISION:

“With respect to ongoing financial conditions and activities, the Chief of Police will not cause or allow development of fiscal jeopardy or material deviation of actual expenditures from the Board priorities established in the Ends policies.”

Interpretation of the Chief of Police:

It is my interpretation of this policy that compliance with the nine following policy statements and the data there tendered fulfills the total requirement of this provision.

I therefore report **compliance** with this Executive Limitations Policy.

“Further, without limiting the scope of the foregoing by the enumeration, the Chief of Police will not:”

Policy Provision #1

1. *“Expend more funds than have been allocated by the Regional Municipality of Durham for the Fiscal Year.”*

Interpretation of the Chief of Police:

It is my interpretation of this policy that it applies to the entire budget as a whole and that any material variance from budgeted spending is to be addressed in the succeeding period.

Further that any material variance that is likely to cause non-compliance with provision 1 should be reported to the Board at its next meeting.

Data Support:

Upon review of the spending summary produced by the Director of Business Services, which is based upon the financial statements provided by the Region on October 8, 2020, I report the following:

The financial statements for the 9 months ended September 30, 2020 show net spending of \$157.13 million (2019-\$148.49 million) representing 73% (2019-70%) of the annual operating budget of \$214.72 million (2019-\$206.61 million).

At this point, it is expected that the year end result will be close to the budgeted level. Wage savings from position vacancies are expected, but will be fully offset by: higher spending for legal and consulting, higher costs related to benefits for departing members, unplanned spending related to the COVID-19 pandemic, unplanned reductions in revenues due to the COVID-19 pandemic, and additional capital requirements.

The appendix contains a table which compares actual spending to budget spending by major category, including a brief explanation of the major trends.

Therefore, I report **compliance** with this provision.

Policy Provision #2

2. *"Authorize capital expenditures which would result in a capital variance of more than 5% of the approved capital budget, to a maximum of \$200,000, prior to advising the Board."*

Interpretation of the Chief of Police:

It is my interpretation of this policy that I will inform the Board prior to authorizing individual discretionary capital expenditures which had not been included in the approved capital budget, and which are larger than the lesser of a) 5% of the approved capital budget, and b) \$200,000.

Data Support:

The Director of Business Services reports that during the reporting period, there were no individual capital variances approved, that exceed either 5% of the approved capital budget, or the amount of \$200,000. For the period ending September 30, 2020, capital variances totaling approximately \$631k were approved.

I therefore report **compliance** with this provision.

Policy Provision #3

3. *"Fail to authorize the payment of payroll and other financial obligations in a timely manner."*

Interpretation of the Chief of Police:

It is my interpretation of this policy that the Durham Regional Police Service will process payments through the Region's systems and that payments will be made in such a manner as to ensure that members receive their payroll, and that suppliers receive payment in a timely manner.

Data Support:

The Director of Business Services reports that we have had no significant complaints with respect to payment of payroll or other payments during the reporting period.

I therefore report **compliance** with this provision.

Policy Provision #4

4. *"Negotiate, commit, approve or sign any collective agreements or addendums without explicit Board authorization. (This does not preclude the Chief or designate from participating in bargaining sessions in an advisory capacity as per section 120(4) of the Police Services Act.)"*

Interpretation of the Chief of Police:

It is my interpretation of this policy that the Chief of Police and designates have no authority whatsoever in this area without the explicit authorization of the Board and that the Chief or designate should request said authorization in writing.

Data Support:

There have been no negotiations, commitments, approvals or signatures of any collective agreements or addendums without explicit Board authorization.

On July 17, 2019, the Uniform and Civilian collective agreements were finalized with the Durham Regional Police Association. These agreements were effective January 1, 2019 and expired on December 31, 2019.

On November 19, 2019, the Senior Officer's collective agreement was finalized with the Durham Regional Police Senior Officers' Association. It is effective January 1, 2019 and expires on December 31, 2021.

I therefore report **compliance** with this policy.

Policy Provision #5

5. *"Approve or sign any agreements with other police services, service providers, or service recipients, which exceed annual transfers of \$1,000,000, without explicit Board authorization."*

Interpretation of the Chief of Police:

It is my interpretation of this policy that the Chief of Police has no authority regarding annual transfers in excess of \$1,000,000 in this area without explicit authorization and that the Chief should request said authorization in writing.

Data Support:

No such activity has taken place in the reporting period at all, and no authorizations have been received.

I therefore report **compliance** with this policy.

Policy Provision #6

6. *"Acquire, encumber or dispose of real property. (Property as defined in the Police Services Act section 132 exempted.)"*

Interpretation of the Chief of Police:

It is my interpretation of the policy that I am not authorized to deal with the purchase, sale or encumbrance of real property, meaning real estate, without express authorization from the Board. This, however, does not prevent my ability to lease premises as required pursuant to the budget and as coordinated with the Real Estate Division of the Regional Municipality of Durham. (The practice of the Regional Municipality of Durham is to submit all such real estate leases to Council for approval after approval by the Chief.)

Data Support:

There were no such acquisitions, encumbrances or dispositions undertaken during the reporting period.

The Service has worked with the Region's Real Estate team to find an appropriate leased facility for the Police Education and Innovation Centre, due to the request of Durham College for the Service to re-locate.

An Offer to Lease has since been executed and Lease Agreement dated August 14, 2020 is in place.

I therefore report **compliance** with this provision.

Policy Provision #7

7. *"Fail to maintain an inventory of federal and provincial grants and contribution programs relevant to public safety, and maximize opportunities to seek funding from such programs."*

Interpretation of the Chief of Police:

It is my interpretation of this policy that the service shall maintain a list of such programs and shall periodically evaluate funding opportunities and actively seek them out. Material funding sources shall be disclosed in the Annual Business Plan Budget which is approved by the Board. Funding awarded after budget approval will be disclosed in the next quarterly report.

Data Support:

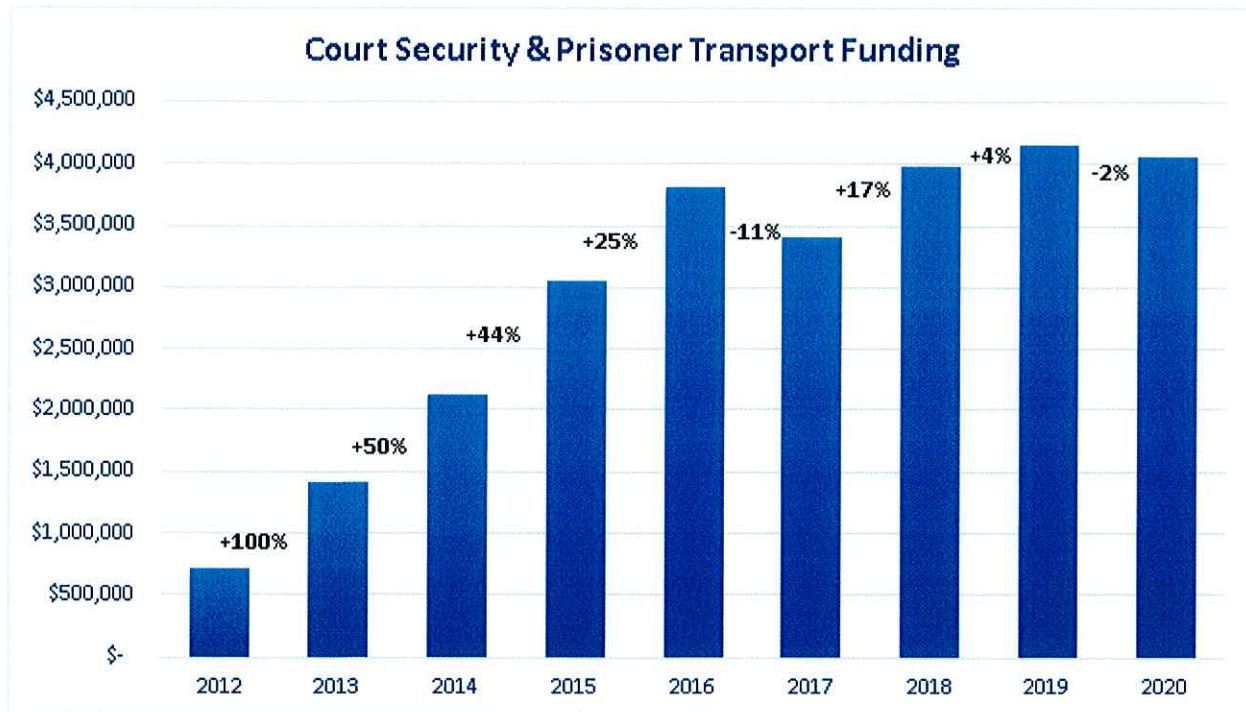
The Director of Business Services maintains a list of such programs; coordinates with the management of the service to make grant applications and discloses all known material funding sources in the Annual Business Plan Budget approved by the Board.

The Court Security Prisoner Transportation Funding

The program is based on a maximum funded amount of \$125 million for the Province in total, which the program reached in 2018. The 2019 and 2020 approved funding, represent levels more consistent the with 2018 funding (2019-\$4,157,152 / 2020-\$4,065,641).

While the Ministry has confirmed the continuance of this initiative, it is clear that the allocation method used, combined with the fact that the program has reached the maximum funded level, leaves the funding amount subject to fluctuation due to factors beyond our control.

A historical summary of the approved funded amounts is provided below.



Front Line Policing Grants

Grant History:

In 2016, the Ministry communicated that as part of the Strategy for a Safer Ontario, they would be moving towards an outcomes-based funding model to better support local initiatives that reduce crime and build safer and healthier communities. This new funding model would result in a consolidation of our existing provincial funding under the following programs: Community Policing Partnerships (CPP) Program, Safer Communities – 1,000 Officers Partnership Program and DRAVIS into a new single grant, the **Policing Effectiveness and Modernization (PEM) grant**.

The Ministry offered a transitional phase, whereby services could continue with existing grants or move immediately to the new PEM grant. This option was offered for the 2017/18 and 2018/19 funding years. Based on direction from the Board, the Service elected to apply under the current grant programs. Approved funding amounts were:

2017/2018 Funding Year:

- Community Policing Partnerships (CPP) program - \$1,290,000
- Safer Communities – 1,000 Officers Partnership Program - \$1,750,000
- DRAVIS - \$252,697

2018/2019 Funding Year:

- Community Policing Partnerships (CPP) program - \$1,290,000
- Safer Communities – 1,000 Officers Partnership Program - \$1,750,000
- DRAVIS - \$252,697

On April 18, 2019, the Ministry of the Solicitor General announced that effective 2019-2020, the following existing grants would be replaced by the new **Community Safety and Policing (CSP) grant**:

- Police Effectiveness and Modernization (PEM) grant;
- Community Policing Partnerships (CPP);
- Safer Communities – 1,000 Officer Partnership Program (1,000 Officers);
- Provincial Anti-Violence Intervention Strategy (PAVIS); and,
- Supporting Police Response to Sexual Violence and Harassment grant programs.

The CSP grant was described as outcomes-based to better align with local and provincial priorities, with a focus on effective and integrated service delivery, improved flexibility for local needs and priorities related to safety and well-being and to encourage inter-jurisdictional and multi-sectoral approaches.

There are two funding streams: one focused on local priorities and one on provincial priorities. There is a formal application process to receive funding under both of the 2 streams, which will be done every 3 years.

2019/2020 Grant Funding:

- The Service's allocation under the **local priorities** stream has been approved in the amount of \$2,469,523, per fiscal year of the current 3 year grant cycle. This represents an annual 25% decrease (approximately \$800k) when compared to prior grant funding.
- Annual province-wide funding of \$3.9 million available via a competitive application process between other Services, with the exception of Toronto and Ottawa, who received specific additional funding. Applications were submitted under the **provincial priorities** stream to support:
 1. The strategy to combat gun & gang activities
 2. The strategy to improve police support for victims of human trafficking

The Service has received approval for the Guns & Gang application in the amount of \$696k per year for 3 years. The second application submitted (Human Trafficking) was not approved.

Additional project based funding:

- There is up to \$5.1 million in funding available province-wide through the Guns and Gang Specialized Investigations Fund (GGSIF), under Criminal Intelligence Service Ontario.
- The Province has announced funding of \$54 million over 3 years, beginning in 2020-21, to support Ontario's Guns, Gang and Violence Reduction Strategy (GGVSR). This funding will support police service initiatives in the areas of human trafficking and gun and gang violence. The Service will review this funding opportunity as more information becomes available.

Child and Youth Services Program Funding

The Service receives funding from the Minister of Child and Youth Services within the Ministry of Community and Social Services, to support the following initiatives:

- Extrajudicial Measures – Youth diversion program
- Youth in Policing – Summer employment program
- Youth in Policing – After school employment program

These program budgets are prepared annually and are normally approved in the late spring. In July, the Service received an update confirming that funding has been approved for the 2020-21 fiscal year, based on the prior year's funding allocation (\$435k – 2019/20). Final funded amounts have been confirmed and are consistent with the prior year's funding.

Other Grants

In the first quarter of 2020, all of the 2019/20 grant funding has been fulfilled as these grants expired on March 31st.

The 2020-2023 Proceeds of Crime Front-Line Policing grant application (Human Trafficking) was recently approved in the amount of \$300k (\$100k per fiscal year). The second application submitted (Guns & Gangs) was not approved.

The Reduce Impaired Driving Everywhere (R.I.D.E) grant application for 2020-2022 is currently pending approval. The Service continues to follow-up on this outstanding application.

The Ontario Closed Circuit Television (CCTV) Grant for 2020-2021 was submitted to the Ministry on September 8, 2020 and is currently pending approval.

The Children at Risk of Exploitation (CARE) Units funding proposal for 2020-2025 was submitted to the Ministry on October 15, 2020 and is currently pending approval.

The Service will continue to pursue additional funding opportunities as they become available. All grant activity is summarized in the table below.

Granting Ministry	Grant Program Name	Funding Purpose	Total Amount Requested	Application Status	Approved Amount	Grant Expiry
Ministry of Community Safety & Correctional Services	Reduce Impaired Driving Everywhere (R.I.D.E.) Grant 2020/21 - 2021/22 2 Year Grant	Enhancement to the R.I.D.E program (Officer Overtime cost)	\$175,320	Pending Approval		
Ministry of the Solicitor General Public Safety Division	Proceeds of Crime - Front-Line Policing (FLP) 2020-2023 3 Year Grant	Durham Region Youth Street Violence Strategy (Overtime, Consulting, Training, Supplies)	\$297,420	Not Approved	\$0	
Ministry of the Solicitor General Public Safety Division	Proceeds of Crime - Front-Line Policing (FLP) 2020-2023 3 Year Grant	Helping Alliances with Law Enforcement and Trafficking (HALT Project) (Victim Services Consultant, Supplies)	\$300,000	Approved	\$300,000	31-Mar-2023
Ministry of the Solicitor General Public Safety Division	Ontario Closed Circuit Television (CCTV) Grant 2020-2021 1 Year Grant	Targeting Guns, Gangs and Violence through CCTV Program (Camera Systems, Hardware, Software, Licenses)	\$40,400	Pending Approval		
Ministry of the Solicitor General Public Safety Division	Children at Risk of Exploitation (CARE) Units 2020-2025 5 Year Grant	Anti-Human Trafficking funding to implement new Durham-based CARE Unit partnership model prototype (Salaries & Benefits, Overtime, Equipment, Supplies, Training)	\$3,557,045	Pending Approval		

I therefore report **compliance** with this policy.

Policy Provision #8

8. *"Fail to ensure that resources shared with another police service are reciprocated or otherwise compensated."*

Interpretation of the Chief of Police:

It is my interpretation of this policy that the service shall formally document major shared service arrangements, track time and resources rendered to and received from other police services and seek reimbursement in those cases where the services were not reciprocated if material in amount.

Data in Support:

The service, through the Superintendent of Patrol Support, Policing Operations, tracks services rendered to and received from other services pursuant to long term formal Shared Services Agreements. At the end of each year a reconciliation of services exchanged is

performed and billings may be processed for amounts owing. This will be done as scheduled in the regular 4th quarter reporting.

I therefore report **compliance** with this policy.

Policy Provision #9

9. *“Fail to comply with the spirit of the financial by-laws and policies of the Regional Municipality of Durham.”*

Interpretation of the Chief of Police:

It is my interpretation of this policy that all purchases of goods and services shall be in compliance with the Durham Regional Police Service Financial Policy and Procedures Manual, which is in substantial compliance with Regional Processes, subject to limits being established by the Chief of Police in consultation with the Director of Business Services. It is my further interpretation that the practice of expending funds from operating accounts prior to final budget approval is acceptable in order to meet payroll and account payment obligations as per #2 above. Further that spending on Capital Budget items are subject to final Regional budget approval unless specifically dealt with by the Board for pre-approval.

Data Support:

The Financial Policy and Procedures Manual was first published and took effect in 2005. It is in substantial compliance with Regional Processes and therefore complies with the spirit of Regional Processes. An updated version was implemented in 2018.

Financial transactions have been in compliance with the Financial Policy and Procedures Manual during the current reporting period.

I therefore report **compliance** with this provision.

Based on the above proof provided, I report overall compliance with the policy.

Durham Regional Police Service									
2020 Financial Results				2020 Financial Forecast					
Cost Category	Annual Budget \$000's	Sept YTD Actuals \$000's	% Budget	Annual Budget \$000's	3rd Quarter Annual Forecast	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	Comments on Major Trends
Payroll Expenses & Reserves	\$188,230	\$133,154	70.7%	\$188,230	\$184,298	97.9%	\$3,932	2.1%	Wage savings from position vacancies \$6.1m and lower pay duty wages \$0.4m are expected, which will be reduced by overspend for benefit costs \$2.6m. These figures include the impact from 68 member departures in 2020.
Personnel Related	\$2,724	\$1,777	65.2%	\$2,724	\$2,777	101.9%	-\$53	(2.0%)	COVID related PPE \$463k, mostly offset by savings in Conferences & Training \$210k and reduced spending for new recruit kits \$200k
Communication	\$1,826	\$1,151	63.0%	\$1,826	\$1,786	97.8%	\$40	2.2%	Saving from lower spending for printing and advertising
Supplies, Food, Services	\$2,602	\$1,566	60.2%	\$2,602	\$2,698	103.7%	-\$96	(3.7%)	Net overspend due to grant funded programs \$90k (fully offset in revenues), plus \$56k COVID related supplies, partly offset by \$50k savings for office supplies
Facilities	\$8,520	\$5,649	66.3%	\$8,520	\$8,887	104.3%	-\$367	(4.3%)	COVID related disinfecting services, supplies & signage
Computer Maintenance / Operations	\$2,918	\$2,212	75.8%	\$2,918	\$2,918	100.0%	\$0	0.0%	Break Even
Equipment Maintenance / Repair	\$895	\$636	71.0%	\$895	\$895	100.0%	\$0	0.0%	Break Even
Vehicle Operations	\$4,112	\$2,720	66.2%	\$4,112	\$3,544	86.2%	\$567	13.8%	COVID related vehicle disinfecting \$178k, offset by estimated fuel savings \$313k, proceeds from insurance vehicle write-offs \$284k (fully offset in capital spending) and lower spending on vehicle leases \$148k
Debt Service	\$11,000	\$10,637	96.7%	\$11,000	\$11,000	100.0%	\$0	0.0%	Break Even
Professional & Consulting	\$1,768	\$1,091	61.7%	\$1,768	\$2,115	119.6%	-\$347	(19.6%)	Overspend related to officer recruitment activities, frontline staffing review project, Executive Consulting, and temporary online medical services for employees (COVID related)
Legal Services	\$1,012	\$1,619	160.1%	\$1,012	\$2,234	220.8%	-\$1,222	(120.8%)	Overspend expected based on current legal services model and current cases
Inter Dept'l Transfers	\$272	\$204	75.0%	\$272	\$272	100.0%	\$0	0.0%	Break Even
Financial Expenses	\$1,962	\$1,465	74.7%	\$1,962	\$1,962	100.0%	\$0	0.0%	Break Even
Capital	\$5,120	\$5,154	100.7%	\$5,120	\$5,751	112.3%	-\$631	(12.3%)	Capital Budget Variances for: COVID related capital \$83k (laptops, mask fit test machine, Plexiglas workstations COMMS), IT related capital \$48k, Next Gen radio related \$41k, \$175k boat engine replacement, and vehicle replacements \$284k (due to write-offs, fully offset in Vehicle Operations)
Reserves	\$11	\$250	2286.2%	\$11	\$11	100.0%	-\$0	0.0%	Break Even
Gross Expenditures	\$232,971	\$169,287	72.7%	\$232,971	\$231,148	99.2%	\$1,823	0.78%	
Revenue & Recovery	-\$18,255	-\$12,162	66.6%	-\$18,255	-\$16,431	90.0%	-\$1,823	10.0%	Anticipated reduction in revenues due to COVID-19 \$1.8m (Records, Alarms, Pay Duty, of which \$0.4m offset in reduced pay duty wages), lower Court Security funding \$0.1m, and higher Program related revenue \$0.1m (fully offset in expenses)
Net Expenditures	\$214,716	\$157,125	73.2%	\$214,716	\$214,716	100.0%	\$0	0.00%	

Durham Regional Police Service									
2019 Financial Results				2019 Financial Forecast					
Cost Category	Annual Budget \$000's	Sept YTD Actuals \$000's	% Budget	Annual Budget \$000's	3rd Quarter Annual Forecast	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	Comments on Major Trends
Payroll Expenses & Reserves	\$180,470	\$131,278	72.7%	\$180,470	\$179,341	99.4%	\$1,129	0.6%	Wage savings from position vacancies (\$2.3m) are expected, reduced by higher spending for benefit costs (\$1.2m). These figures include the impact of 53 anticipated member departures in 2019.
Personnel Related	\$2,576	\$1,918	74.5%	\$2,576	\$2,576	100.0%	\$0	0.0%	Break Even
Communication	\$1,899	\$1,245	65.5%	\$1,899	\$1,799	94.7%	\$100	5.3%	Savings expected in Telephone & Radio costs
Supplies, Food, Services	\$2,480	\$1,712	69.1%	\$2,480	\$2,517	101.5%	-\$37	(1.5%)	Anticipate a net overspend ~ \$37k (savings from office & auto supplies, offset by increased spend from program related funding)
Facilities	\$8,501	\$5,380	63.3%	\$8,501	\$8,401	98.8%	\$100	1.2%	Anticipated savings for utility costs & building maintenance
Computer Maintenance / Operations	\$2,759	\$2,103	76.2%	\$2,759	\$2,734	99.1%	\$25	0.9%	Underspend expected in software license costs
Equipment Maintenance / Repair	\$1,095	\$438	40.0%	\$1,095	\$945	86.3%	\$150	13.7%	Underspend due to lower flight hours than budgeted for Air One (fully offset by reserve draw)
Vehicle Operations	\$4,040	\$2,782	68.9%	\$4,040	\$3,773	93.4%	\$267	6.6%	Proceeds from insurance vehicle write offs (offset in capital) in addition to anticipated fuel savings
Debt Service	\$11,500	\$2,664	23.2%	\$11,500	\$11,500	100.0%	\$0	0.0%	Break Even (capital contribution scheduled for latter part of 2019)
Professional & Consulting	\$1,677	\$1,264	75.4%	\$1,677	\$2,207	131.6%	-\$530	(31.6%)	Overspend driven by consulting fees related to new hire, promotions, other HR initiatives and continuous improvement program support.
Legal Services	\$1,009	\$1,989	197.3%	\$1,009	\$2,534	251.2%	-\$1,525	(151.2%)	Overspend expected based on current current cases
Financial Expenses	\$1,956	\$1,472	75.3%	\$1,956	\$1,956	100.0%	\$0	0.0%	Break Even
Capital	\$4,035	\$3,975	98.5%	\$4,035	\$4,871	120.7%	-\$836	(20.7%)	Approved budget variances for: Intelligence equipment replacement, new E-Crimes server, a Roof Replacement (Victim Services) and vehicle write-off replacements (offset by recovery proceeds).
Reserves	-\$345	\$150	-43.4%	-\$345	-\$195	56.6%	-\$150	43.5%	Lower than budgeted due to underspend in Air One maintenance due to low flight hours
Gross Expenditures	\$223,651	\$158,369	70.8%	\$223,651	\$224,958	100.6%	-\$1,307	-0.58%	
Revenue & Recovery	-\$17,039	-\$13,570	79.6%	-\$17,039	-\$18,346	107.7%	\$1,307	(7.7%)	2019 impact from provincial funding changes is an increase of ~ \$0.5 million, in addition to increased fee revenues and ad-hoc program funding ~ \$0.8 million)
Net Expenditures	\$206,613	\$144,799	70.1%	\$206,613	\$206,613	100.0%	\$0	0.00%	