



REPORT TO THE POLICE SERVICES BOARD

Author	Giles le Riche, Director Business Services	Date: March 23, 2021
Subject	Monitoring Report – Financial Activities and Conditions Year Ended 2020	Report Type: Information

RECOMMENDATION:

"THAT the Board find that all provisions of the Financial Conditions and Activities policy have been complied with, except for policy provision #3"

Signed:



Chief of Police

Date:

March 12/21

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 March 1, 2021, I report the following:

The financial statements for the 12 months ended December 31, 2020 show net spending of \$214.69 million (2019-\$206.52 million) representing 100% (2019-100%) of the annual operating budget of \$214.72 million (2019-\$206.61 million).

In the third quarter report, we anticipated that the Service's net spending for 2020 would fall within the approved budget. As anticipated, wage savings from position vacancies were realized, with an average annual vacancy rate of 48. These savings were leveraged to offset the following cost pressures:

- Higher costs related to benefits for departing members (73 member departures vs. 53 in 2019);
- Unplanned impacts from the COVID-19 pandemic, including additional spending for supplies, disinfection services and capital to support member safety and well-being. Revenues from Criminal Information Requests, False Alarm calls and Pay Duty services were significantly lower than expected; and,
- Higher spending for legal services.

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 year ended December 31, 2020, capital variances totaling approximately \$1.1 million were approved; half of which related to purchases due to written off vehicles supported by insurance recoveries.

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 there was one significant issue, occurring in December, with respect to delayed USD supplier payments. Upon review, it was discovered that the Region had temporarily halted US payment processing. The issue was resolved shortly thereafter, to the Service and supplier's satisfaction.

I therefore **cannot report compliance** with this provision for the 4th quarter of 2020.

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 renew the current lease agreement for the location at 19 Courtice Court, which includes the Fleet, Quartermaster and Property units. The lease extension is for a 5-year term, beginning January 1, 2021 and expiring on December 31, 2025. The lease agreement allows the Service to terminate early, by providing 6 months' notice, any date following December 31, 2022.

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:

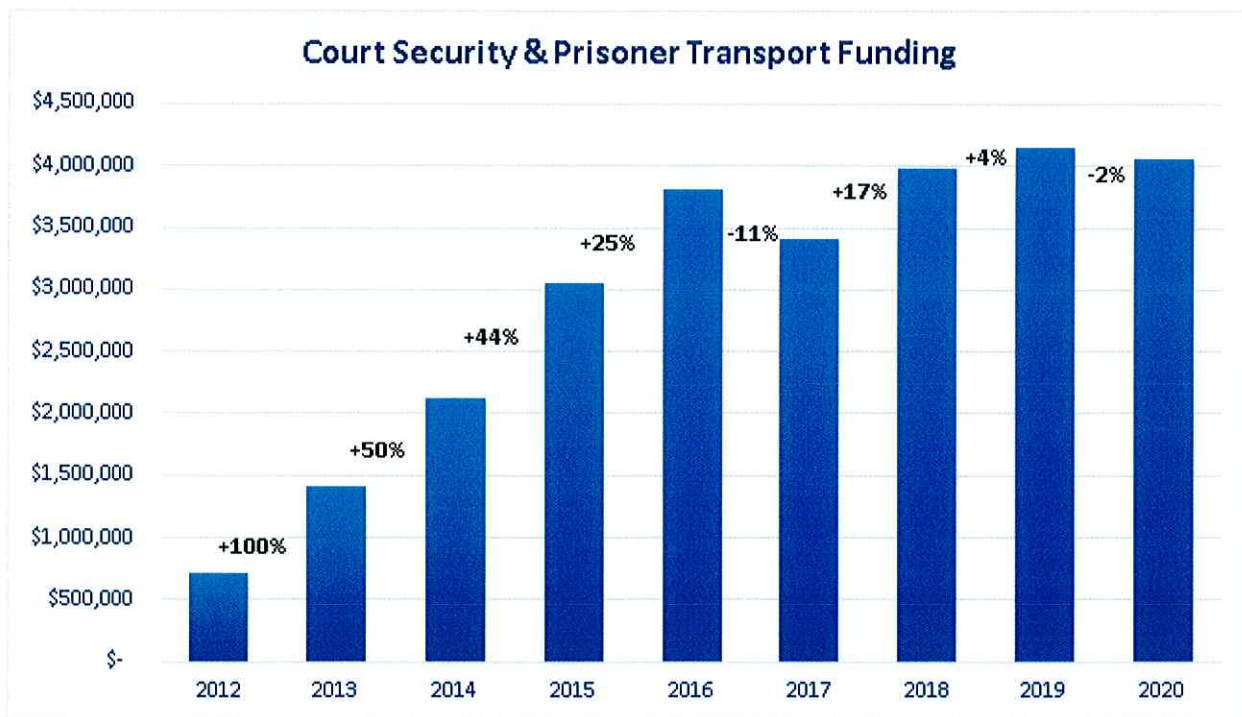
The Director of Business Services maintains a list of such programs; coordinates with the management of the service to make grant applications and discloses all known material funding sources in the Annual Business Plan Budget approved by the Board.

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).

The Ministry is in the process of reviewing this program. While there has been uncertainty in funding levels from year to year, this provincial review adds a new degree of uncertainty. The Service has not received any updates on the review or the 2021. The 2020 funding expired on December 31, 2020.

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



Front Line Policing Grants

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.

Current 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.

Total funding under the 2 priorities streams (local and provincial) is \$3.2 million per year. The grant expires on March 31, 2022, before which new applications for funding will be required.

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

During 2020, the Service took the opportunity to apply for available funding programs and was highly successful, with the approval several multi-year grants. There was one grant application not approved and one application is still under review by the Province.

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	Approved	\$85,871	31-Mar-2022
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	Approved	\$40,400	31-Mar-2021
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 (Secondments, Equipment & Training)	\$3,557,045	Approved	\$3,557,045	ok
Ministry of the Attorney General	Civil Remedies for Illicit Activities (Human Trafficking) 2020-2022 2 Year Grant	Specialized equipment to support criminal investigations relying on digital evidence	\$100,000	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 was completed and the review determined that there are no services for which billings should be issued for 2020.

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						
Cost Category	Annual Budget \$000's	Dec YTD Actuals \$000's	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	Comments on Major Trends
Payroll Expenses & Reserves	\$188,230	\$185,811	98.7%	\$2,419	1.3%	Net wage savings from position vacancies \$4.3m (annual average vacancy = 24 Uniform + 24 Civilian), partly offset by higher net benefit costs \$1.8m (i.e., WSIB, retiree sick pay & post employment), including the financial impact from 73 member departures
Personnel Related	\$2,724	\$2,417	88.7%	\$307	11.3%	Unbudgeted COVID costs(PPE, Employee medical services), more than fully offset by targeted savings from Training, Conferences and underspend for replacement uniform items (supplier issues and lower recruitment)
Communication	\$1,826	\$1,633	89.4%	\$193	10.6%	Lower spending due to COVID (community relations, printing) and move to virtual events
Supplies, Food, Services	\$2,602	\$2,230	85.7%	\$372	14.3%	Targeted savings/delayed spending for Supplies, plus COVID related savings (Cleaning, Food)
Facilities	\$8,520	\$8,379	98.3%	\$141	1.7%	COVID costs for disinfecting services, fully offset by lower utility and headquarter costs
Computer Maintenance / Operations	\$2,918	\$2,805	96.1%	\$113	3.9%	Savings in hardware maintenance, fully offset by lower OPG recoveries for radio system in Revenue section, plus minor savings in software license costs
Equipment Maintenance / Repair	\$895	\$931	104.0%	-\$36	(4.0%)	Higher spend for Air One maintenance
Vehicle Operations	\$4,112	\$3,771	91.7%	\$341	8.3%	Savings from lower avg. fuel costs (~\$0.20/L) and fewer vehicle rentals, partly offset by unplanned cost for vehicle disinfecting due to COVID
Debt Service	\$11,000	\$11,495	104.5%	-\$0	0.0%	Break Even
Professional & Consulting	\$1,768	\$1,780	100.7%	-\$13	(0.7%)	Break Even
Legal Services	\$1,012	\$2,438	240.9%	-\$1,426	(140.9%)	Overspend expected based on current case volume
Inter Dept'l Transfers	\$272	\$272	100.0%	\$0	0.0%	Break Even
Financial Expenses	\$1,962	\$1,967	100.3%	-\$6	(0.3%)	Break Even
Capital	\$5,120	\$5,596	109.3%	-\$476	(9.3%)	Approved Capital Variances to purchase: COVID related items (computers, mask fit machine, Plexiglas workstations), 12 vehicle write-off replacements (partly offset in recoveries), Hike boat engine replacement and Nextgen radios, all partly offset by favorable pricing on scheduled replacement capital items
Reserves	\$11	\$250	2286.2%	-\$734	(6713.0%)	Air One and Clarington Phase 2 reserve contributions
Gross Expenditures	\$232,971	\$231,776	99.5%	\$1,195	0.51%	
Revenue & Recovery	-\$18,255	-\$17,089	93.6%	-\$1,166	6.4%	Lower revenues due to COVID \$1.6m (False Alarms, Police Record Checks and Pay Duty vehicle/admin), offset by net grant funding increase \$0.3m (i.e., Joint Forces, Human Trafficking 'CARE') and other revenues \$0.2m
Net Expenditures	\$214,716	\$214,687	100.0%	\$30	0.01%	

Durham Regional Police Service						
2019 Financial Results						
Cost Category	Annual Budget \$000's	Dec YTD Actuals \$000's	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	Comments on Major Trends
Payroll Expenses & Reserves	\$180,470	\$180,830	100.2%	-\$360	-0.2%	Higher spending for benefit costs (\$2.4m) is almost offset by wage savings from position vacancies (\$2m). Increased benefit costs include the financial impact of 53 member departures in 2019.
Personnel Related	\$2,576	\$2,608	101.3%	-\$32	(1.3%)	Higher training & conference costs, partly offset by savings from Uniforms & Protective Clothing
Communication	\$1,899	\$1,793	94.4%	\$106	5.6%	Savings from Radio & Telephone costs
Supplies, Food, Services	\$2,480	\$2,458	99.1%	\$21	0.9%	Net savings from supplies (office, auto, program materials).
Facilities	\$8,501	\$8,106	95.3%	\$396	4.7%	Savings driven by lower utility and building maintenance costs
Computer Maintenance / Operations	\$2,759	\$2,743	99.4%	\$16	0.6%	Small underspend for hardware/software maintenance costs
Equipment Maintenance / Repair	\$1,095	\$652	59.5%	\$444	40.5%	Underspend for Air One maintenance (low flight hours) and Nextgen equipment/battery replacements
Vehicle Operations	\$4,040	\$3,650	90.3%	\$390	9.7%	Proceeds from insurance vehicle write offs (offset in capital), in addition to fuel savings and lower vehicle rental costs
Debt Service	\$11,500	\$11,499	100.0%	\$1	0.0%	Break Even
Professional & Consulting	\$1,677	\$1,977	117.9%	-\$300	(17.9%)	Overspend driven by consulting fees related to new hire, promotions, other HR initiatives and continuous improvement program support.
Legal Services	\$1,009	\$2,546	252.5%	-\$1,538	(152.5%)	Overspend driven by current case load, partly offset by new legal support model
Financial Expenses	\$1,956	\$1,973	100.9%	-\$17	(0.9%)	Higher spend for bank charges, driven by increased point of sale transactions
Capital	\$4,035	\$4,948	122.6%	-\$913	(22.6%)	Approved budget variances for: Intelligence equipment replacement, new E-Crimes server, 12 Harris Radios, a Roof Replacement (Victim Services), vehicle write-off replacements (offset by recovery proceeds) and other computer related capital.
Reserves	-\$345	-\$37	10.7%	-\$308	89.4%	Lower than budgeted due to underspend in Air One maintenance due to low flight hours
Gross Expenditures	\$223,651	\$225,747	100.9%	-\$2,096	-0.94%	
Revenue & Recovery	-\$17,039	-\$19,230	112.9%	\$2,191	(12.9%)	Higher funding than budgeted ~ \$1.3 million (Court Security, one-time grants), in addition to increased fee revenues and ad-hoc program funding ~ \$0.9 million
Net Expenditures	\$206,613	\$206,518	100.0%	\$95	0.05%	