



## REPORT TO THE POLICE SERVICES BOARD

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Author	Giles le Riche, Director Business Services	Date: December 10, 2018
Subject	Monitoring Report – Financial Activities and Conditions 3rd Quarter 2018	Report Type: Information

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### RECOMMENDATION:

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

Signed:



Chief of Police

Date: DECEMBER 2, 2018

### 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 9, 2018, I report the following:

The financial statements for the 9 months ended September 30, 2018 show net spending of \$148.49 million (2017-\$147.74 million) representing 74.6% (2017-76.5%) of the annual operating budget of \$198.92 million (2017-\$193.12 million).

At this point, it is expected that the year end result will be at the budgeted level. Wage savings from position vacancies are expected to be fully offset by higher benefit costs, and higher spending for legal and consulting services and capital asset needs. Included in the increased benefit costs are costs related to 55 member departures.

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 we have not approved any individual capital variances that exceed either 5% of the approved capital budget, or the amount of \$200,000, without first advising the Board, in the first 9 months of the year.

In October, the Chief informed the Board that he had approved a capital variance in the amount of \$257,000 to provide emergency back-up power for the Lawful Access Centre. This equipment is scheduled to be purchased in the third quarter and is included in the forecast for 2018 Year End, shown on page 10 of this report.



For the period ending September 30, 2018, capital variances totaling approximately \$1 million have been 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 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. The three bargaining groups' collective agreements expired on December 31, 2014. On April 25, 2016 an Arbitration Award was finalized with respect to the Uniform and Civilian collective agreements with the Durham Regional Police Association. On September 9, 2016, a Memorandum of Understanding was signed with respect to the Senior Officer's collective agreement. All new agreements were effective January 1, 2015 and expire December 31, 2018.

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.

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.

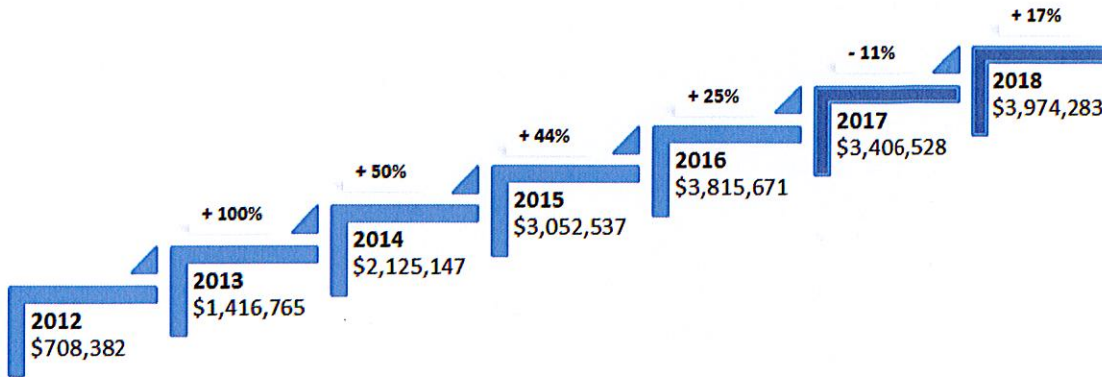
### Data Support:

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 funding provided under the Court Security Prisoner Transport program was approved for 2017 and 2018. The amounts approved were lower than originally anticipated. A summary of the approved amounts is provided below.



The 2017 approved funding was \$1.17 million less than originally expected and was \$0.41 million less than the 2016 approved funding. The 2018 approved budget included the funded amount of \$3.97 million. The 2018 budgeted costs for police Court Security were \$5.25 million.

While the Ministry has confirmed the continuance of this initiative, it is clear that the allocation method used leaves the funding amount subject to fluctuation due to factors beyond our control.

## Policing Effectiveness and Modernization (PEM) Grant

### Grant History:

In 2015, 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 will 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.

In May 2017, the Ministry approved the following amounts for the 2017/2018 funding period:

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

#### 2018/2019 Grant Funding:

The Ministry had provided Police Services with an option for the 2018 funding year – apply under the new PEM grant or continue with the existing programs. Based on direction from the Board, the Service elected to continue to follow the existing funding programs for the 2018 funding year. The Service informed the Ministry of their intent not to submit application(s) under the PEM grant program.

In October 2017, the Board notified the Ministry that the Service would continue with the existing grant programs for the 2018/2019 funding period. These agreements were fully executed in June and provide a consistent level of funding for the 2018/2019 period.

#### 2019/2020 Grant Funding:

Recently, a representative from the Ministry of Community Safety and Correctional Services provided information to the Service, confirming that the Ministry's grant programs, including the Court Security and Prisoner Transport Program, are on hold, while the government completes its expenditure review.

#### **Other Grants**

The Service has submitted applications for several grant programs, which has resulted in approved funding in the amount of \$247,000.

Due to the recent changes in Provincial government, the status of several other grant submissions remains outstanding (~ \$2 million). The Service continues to follow-up on these applications.

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 (OPP)	Ontario's Strategy to End Human Trafficking	Officer Wage & Benefits	N/A	Approved	\$34,800	31-Mar-2018
Ministry of Community Safety & Correctional Services (OPP)	Ontario's Strategy to End Human Trafficking	Officer Wage & Benefits	N/A	Approved	\$52,200	31-Mar-2019
Ministry of Community Safety & Correctional Services	Proceeds of Crime - Front-Line Policing (FLP) 2018-2020 2 Year Grant	Response to Fentanyl Crisis - Harm Reduction & Prevention (Training, Equipment, Overtime, Part-time)	\$198,406	Not Approved	\$0	31-Mar-2020
Ministry of Community Safety & Correctional Services	Proceeds of Crime - Front-Line Policing (FLP) 2018-2020 2 Year Grant	Vulnerable Persons Early Intervention Program (Overtime, Equipment, Program supplies)	\$200,000	Approved	\$160,000	31-Mar-2020
Ministry of Community Safety & Correctional Services	Reduce Impaired Driving Everywhere (R.I.D.E.) Grant 2018/19 - 2019/20 2 Year Grant	Enhancement to the R.I.D.E. program (Officer Overtime cost)	\$139,680	Pending Approval	N/A	31-Mar-2020
Ministry of Community Safety & Correctional Services	Supporting Police Response to Sexual Violence and Harassment Grant (2018/19 -2019/20) 2 Year Grant	Training, Equipment, Program Delivery	\$117,000	Pending Approval	N/A	31-Mar-2020
Public Safety Canada	National Crime Prevention Strategy (2019-2022) 3 Year Grant	Youth Development through Harm Reduction, Education, Sports, Prevention & Enforcement (Salaries, Training, Tehnical Services/Software, Equipment)	\$1,590,700	Pending Approval	N/A	31-Mar-2022
Ministry of the Attorney General	Civil Remedies for Illicit Activities (Human Trafficking)	Specialized Equipment, Training	\$99,293	Pending Approval	\$99,293	31-Mar-2019
Ministry of the Attorney General	Civil Remedies for Illicit Activities (Organized Crime)	Specialized Equipment, Training	\$99,967	Pending Approval	\$99,967	31-Mar-2019

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 West District, 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 has been implemented during 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

2018 Financial Reports				2018 Year-End Forecast Under / (Over) Spend		
Expense Category	Annual Budget \$000's	Sep/18 Actual Expense \$000's	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	Comments on Major Trends
PAYROLL EXPENSES & RESERVES	\$173,710	\$127,125	73.2%	\$1,531	0.9%	Wage savings from position vacancies (\$4.18 m) are expected to be partly offset by higher benefit costs (\$2.65 m). These figures include the impact from 55 member departures in 2018.
PERSONNEL RELATED	\$2,333	\$1,869	80.1%	\$	0.0%	Break Even
COMMUNICATION	\$2,098	\$1,388	66.2%	\$	0.0%	Break Even
SUPPLIES, FOOD, SERVICES	\$2,451	\$1,715	70.0%	(\$158)	(6.5%)	Anticipate a net overspend ~ \$158k (Savings from budget variances ~\$50k, offset by increased spend from approved grant funding ~\$208k)
FACILITIES COSTS	\$7,603	\$4,958	65.2%	(\$39)	(0.5%)	Overspend driven by higher Building Maintenance and Janitorial costs (new supplier contract), partly offset by Utility and Property rental savings
COMPUTER MAINT / OPERATION	\$2,562	\$2,121	82.8%	(\$)	0.0%	Break Even
EQUIP MTCE & REPAIRS	\$959	\$530	55.3%	\$	0.0%	Break Even
VEHICLE OPERATIONS	\$3,932	\$2,821	71.8%	\$110	2.8%	Lower spend driven by lower vehicle maintenance costs plus proceeds from vehicle write-offs (offset in capital), offset slightly by higher cost for licenses
DEBT CHARGES	\$11,500	\$10,638	92.5%	\$	0.0%	Break Even
PROFESSIONAL & CONSULTING	\$1,542	\$1,148	74.4%	(\$335)	(21.7%)	Overspend driven by consulting fees related to recruitment (assessments), leadership development and executive sponsored projects.
LEGAL SERVICES	\$1,009	\$1,336	132.5%	(\$925)	(91.8%)	Overspend expected based on current legal services model and current cases
FINANCIAL EXPENSES	\$1,890	\$1,431	75.7%	\$	0.0%	Break Even
CAPITAL	\$3,987	\$4,485	112.5%	(\$1,020)	(25.6%)	Approved capital variances: \$451k Leasehold Improvements (Uxbridge location; Nextgen Tower; Lawful Access generator) \$264k IT related (E-crimes network storage device, grant funded, Body Worn Camera project), \$137k vehicle replacement (offset by insurance proceeds), \$158k Machinery & Equipment (grant funded, other operational)
RESERVES	(\$190)	\$150	-79.0%	\$	0.0%	Full contribution booked and full draw from reserve anticipated
GROSS EXPENDITURES	\$215,386	\$161,716	75.1%	(\$536)	-0.39%	
REVENUE & RECOVERY	(\$16,469)	(\$13,227)	80.3%	\$836	(5.1%)	Approved grant funding: \$112K CRIA grants + \$89k POC grant + 2018 DRAVIS funding \$252k + \$50k CISO funding & higher anticipated pay duty revenues +\$334k
NET EXPENDITURES	\$198,917	\$148,489	74.6%	\$	0.00%	



# Durham Regional Police Service

2017 Financial Reports				2017 Year-End Forecast Under / (Over) Spend		
Expense Category	Annual Budget \$000's	Sep/17 Actual Expense \$000's	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	Comments on Major Trends
PAYROLL EXPENSES & RESERVES	\$168,341	\$127,654	75.8%	\$407	0.2%	Wage savings from position vacancies (\$3.31m) are expected to be almost fully offset by higher benefit costs (\$2.9m). These figures include the impact from 71 member departures in 2017.
PERSONNEL RELATED	\$2,181	\$1,678	77.0%	(\$185)	(8.5%)	Higher spend for uniforms/protective clothing driven by larger # of new recruits and promotions to replace retired/resigned members.
COMMUNICATION	\$2,166	\$1,466	67.7%	\$140	6.5%	Savings expected due to renegotiated telephone contracts, in addition to smaller savings from postage and community relations spending
SUPPLIES, FOOD, SERVICES	\$2,320	\$1,714	73.9%	(\$199)	(8.6%)	Increased spending related to Ministry funded grant programs and major investigations, fully offset in revenues & recoveries
FACILITIES COSTS	\$7,425	\$4,958	66.8%	\$300	4.0%	Anticipated savings due to a combination of lower usage and favorable rates for hydro & gas, slightly offset by higher water rates.
COMPUTER MAINT / OPERATION	\$2,600	\$2,100	80.8%	(\$28)	(1.1%)	Anticipated overspend for software licenses and maintenance (\$82k), partially offset by savings from Nextgen \$54k.
EQUIP MTCE & REPAIRS	\$1,043	\$615	58.9%	\$211	20.2%	Savings from renewed telecom equipment maintenance contracts \$125k and Nextgen underspend \$86k.
VEHICLE OPERATIONS	\$3,774	\$2,226	59.0%	\$550	14.6%	Anticipated fuel savings, combined with insurance recovery for written off vehicles (offset by vehicle replacement cost recorded as capital budget variances), slightly offset by increased spend for vehicle maintenance.
DEBT CHARGES	\$11,500	\$10,623	92.4%	\$	0.0%	Break Even
PROFESSIONAL & CONSULTING	\$1,316	\$1,145	87.0%	(\$441)	(33.5%)	Overspend driven by consulting fees related to recruitment (assessments), leadership development, facilities support and executive sponsored projects.
LEGAL SERVICES	\$1,009	\$967	95.8%	(\$975)	(96.7%)	Overspend is expected due to current legal cases/proceedings.
FINANCIAL EXPENSES	\$1,845	\$1,382	74.9%	\$	0.0%	Break Even
CAPITAL	\$3,418	\$3,501	102.4%	(\$471)	(13.8%)	Approved variances for: Nextgen \$238k (Shelter & 6 UPS Site replacements), Fleet write off vehicle replacements \$115k, IT related capital \$50k (funded from renewed equipment maintenance contract savings), Pistol replacement \$26k, Police Services Boardroom Conference System \$16k, \$26k misc.
RESERVES	(\$241)	\$150	-62.1%	\$	0.0%	Full contribution booked and full draw from reserve anticipated
GROSS EXPENDITURES	\$208,696	\$160,180	76.8%	(\$691)	-0.33%	
REVENUE & RECOVERY	(\$15,573)	(\$12,443)	79.9%	\$691	(4.4%)	Grant/Project funding \$417k (fully offset by operational costs), higher Nextgen partner revenues \$88k from approved variance for Shelter and Uninterrupted Power Supply unit replacements, higher pay duty revenues \$156k and rental income \$30k
NET EXPENDITURES	\$193,124	\$147,737	76.5%	\$0	0.00%	