



## REPORT TO THE POLICE SERVICES BOARD

Author	Giles le Riche, Director Business Services	Date: September 17, 2019
Subject	Monitoring Report – Financial Activities and Conditions 2nd Quarter 2019	Report Type: Information

### RECOMMENDATION:

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

Signed:

  
Chief of Police

Date: 06 SEP 19

### 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 July 8, 2019, I report the following:

The financial statements for the 6 months ended June 30, 2019 show net spending of \$95.24 million (2018-\$94.09 million) representing 46% (2018-47%) of the annual operating budget of \$206.61 million (2018-\$198.92 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 almost fully offset by higher spending for legal and consulting needs, additional capital requirements and the impact from reduced provincial funding.

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, during the reporting period. For the period ending June 30, 2019, capital variances totaling approximately \$70,000 were approved.

In July, the Chief informed the Board that he had approved a capital variance in the amount of \$317,000 to support the purchase of a data storage device for the E-Crimes Unit. Additionally, the Chief intends to approve a variance in the third quarter to support the replacement of Lawful Access equipment, which is anticipated to cost approximately \$325,000.



The equipment will be purchased in the last half of 2019 and both purchase amounts have been included in the forecast for 2019 Year End, shown on page 11 of this report.

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. On July 17, 2019, a Memorandum of Agreement was finalized with respect to the Uniform and Civilian collective

agreements with the Durham Regional Police Association. The new agreements are effective January 1, 2019 and expire on December 31, 2019. The Senior Officer's collective agreement remains expired.

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 is currently working 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.

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**

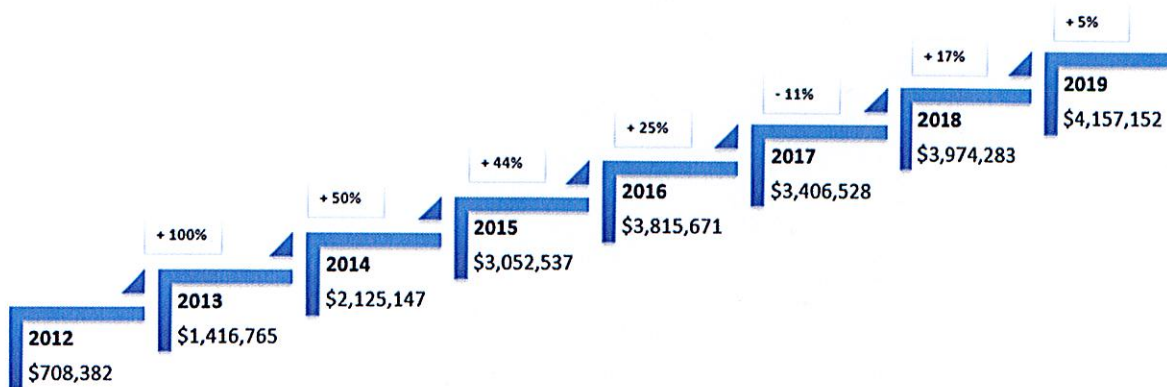
The funding provided under the Court Security Prisoner Transport program was approved for 2017 and 2018, although the amounts approved were lower than originally anticipated. The program is based on a maximum funded amount of \$125 million, which the program reached in 2018.

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.

### 2019 Grant Funding:

On March 1<sup>st</sup> 2019, the Ministry informed the Service that the 2019 funding was approved in the amount of \$4.16 million. This is an increase of \$182k over the 2018 approved funding. The 2019 budgeted costs for police Court Security are \$5.47 million.

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



### **Front Line Policing Grants**

#### 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 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.

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:

On April 18, 2019, the Ministry of the Solicitor General announced that effective 2019-2020, the following existing grants will 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 will be 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.

#### Local Priorities funding stream:

- The Service's allocation under the local stream has been confirmed to be \$2,469,523 (per fiscal year of the 3 year grant cycle).
- Represents an annual 25% decrease (approximately \$800k) when compared to prior grant funding.

#### Provincial Priorities funding stream:

- Initiatives focused on three provincial priorities: gun and gang related violence, sexual violence and harassment and/or human trafficking.
- 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.

The Service has submitted applications for funding under the local and provincial priorities streams and is anticipating an update from the Ministry regarding amounts approved.

Additional 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. Further information on this funding will be provided at a later date.
- The Province has recently announced additional 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 2019-20 fiscal year, based on the prior year's funding allocation (\$435k – 2018/19). Final funded amounts will be confirmed once the agreements have been received.

### **Other Grants**

In the first quarter of 2019, the majority of the approved 2018/2019 approved grant funding has been fulfilled as these grants expired on March 31<sup>st</sup>. There is one active 2019/2020 Proceeds of Crime grant, with funding of approximately \$80K.

The Reduce Impaired Driving Everywhere (R.I.D.E) grant application for Year 2 (2019-2020) was recently approved in the amount of \$43k.

It is anticipated that additional funding opportunities may soon become available under the Civil Remedies for Illicit Activities program. 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	Amount Pending Approval	Amount Not Approved	Grant Expiry
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	\$0	\$40,000	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	Approved	\$87,260	\$0	\$52,420	31-Mar-2020

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, 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 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

Durham Regional Police Service									
2019 Financial Results				2019 Financial Forecast					Comments on Major Trends
Cost Category	Annual Budget \$000's	June YTD Actuals \$000's	% Budget	Annual Budget \$000's	2nd Quarter Annual Forecast	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	
Payroll Expenses & Reserves	\$180,470	\$83,792	46.4%	\$180,470	\$177,754	98.5%	\$2,716	1.5%	Wage savings from position vacancies (\$3.7m) are expected, reduced by overspend for benefit costs (\$1m). These figures include the impact from 51 anticipated member departures in 2019.
Personnel Related	\$2,576	\$1,286	49.9%	\$2,576	\$2,576	100.0%	\$0	0.0%	Break Even
Communication	\$1,899	\$863	45.5%	\$1,899	\$1,899	100.0%	\$0	0.0%	Break Even
Supplies, Food, Services	\$2,480	\$1,328	53.6%	\$2,480	\$2,548	102.7%	-\$68	(2.7%)	Anticipate a net overspend ~ \$68k (savings from budget variances ~\$58k, offset by increased spend from program related funding ~\$126k)
Facilities	\$8,501	\$3,568	42.0%	\$8,501	\$8,501	100.0%	\$0	0.0%	Break Even
Computer Maintenance / Operations	\$2,759	\$1,803	65.4%	\$2,759	\$2,759	100.0%	\$0	0.0%	Break Even (Note that spending trend is always higher in the first half of the year due to timing of contract renewals)
Equipment Maintenance / Repair	\$1,095	\$242	22.1%	\$1,095	\$1,095	100.0%	\$0	0.0%	Break Even (Note: Q3 spending includes \$250k for IT equipment maintenance renewals, booked in Q2 in prior year)
Vehicle Operations	\$4,040	\$1,760	43.6%	\$4,040	\$3,955	97.9%	\$85	2.1%	Anticipated fuel savings, combined with insurance recovery for written off vehicles (offset by vehicle replacement cost recorded as capital budget variances).
Debt Service	\$11,500	\$1,783	15.5%	\$11,500	\$11,500	100.0%	\$0	0.0%	Break Even (capital contribution scheduled for latter part of 2019)
Professional & Consulting	\$1,677	\$840	50.1%	\$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	\$1,652	163.8%	\$1,009	\$2,034	201.6%	-\$1,025	(101.6%)	Overspend expected based on current legal services model and current cases
Financial Expenses	\$1,956	\$976	49.9%	\$1,956	\$1,956	100.0%	\$0	0.0%	Break Even
Capital	\$4,035	\$3,975	98.5%	\$4,035	\$4,781	118.5%	-\$746	(18.5%)	Anticipated budget variances for: Intelligence equipment replacement \$325k Approved variances for IT E-Crimes server plus other IT capital \$387k and vehicle write-off & replacement \$34k (offset by recovery proceeds).
Reserves	-\$345	\$150	-43.4%	-\$345	-\$345	100.0%	\$0	0.0%	Break Even
Gross Expenditures	\$223,651	\$104,018	46.5%	\$223,651	\$223,219	99.8%	\$432	0.19%	
Revenue & Recovery	-\$17,039	-\$8,773	51.5%	-\$17,039	-\$16,607	97.5%	-\$432	2.5%	Changes to policing grant programs - anticipated impact is an overall shortfall of approximately \$432k
Net Expenditures	\$206,613	\$95,245	46.1%	\$206,613	\$206,613	100.0%	\$0	0.00%	



## Durham Regional Police Service

2018 Financial Reports				2018 Year-End Forecast Under / (Over) Spend		
Expense Category	Annual Budget \$000's	Jun/18 Actual Expense \$000's	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	Comments on Major Trends
PAYROLL EXPENSES & RESERVES	\$173,710	\$83,058	47.8%	\$1,391	0.8%	Wage savings from position vacancies (\$3.18 m) are expected to be partly offset by higher benefit costs (\$1.79 m). These figures include the impact from 53 member departures in 2018 (50 declared + 3 anticipated) and Regional support for post retirement benefit costs.
PERSONNEL RELATED	\$2,333	\$1,152	49.4%	\$	0.0%	Break Even
COMMUNICATION	\$2,098	\$944	45.0%	\$	0.0%	Break Even
SUPPLIES, FOOD, SERVICES	\$2,451	\$1,232	50.3%	(\$118)	(4.8%)	Anticipate a net overspend ~ \$118k (Savings from budget variances ~\$50k, offset by increased spend from approved grant funding ~\$168k)
FACILITIES COSTS	\$7,603	\$3,268	43.0%	(\$159)	(2.1%)	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	\$1,921	75.0%	\$	0.0%	Break Even (Note that spending trend is always higher in the first half of the year due to timing of contract renewals)
EQUIP MTCE & REPAIRS	\$959	\$398	41.5%	\$	0.0%	Break Even
VEHICLE OPERATIONS	\$3,932	\$1,767	44.9%	\$40	1.0%	Vehicle recovery write-off proceeds \$40k (offset in capital)
DEBT CHARGES	\$11,500	\$1,783	15.5%	\$	0.0%	Break Even (higher repayment scheduled for latter part of 2018)
PROFESSIONAL & CONSULTING	\$1,542	\$858	55.6%	(\$238)	(15.4%)	Overspend driven by consulting fees related to recruitment (assessments), leadership development and executive sponsored projects.
LEGAL SERVICES	\$1,009	\$1,199	118.9%	(\$925)	(91.7%)	Overspend expected based on current legal services model and current cases
FINANCIAL EXPENSES	\$1,890	\$951	50.3%	\$	0.0%	Break Even
CAPITAL	\$3,987	\$3,889	97.6%	(\$796)	(20.0%)	Approved variances for IT related capital \$656k (i.e. Lawful Access generator/air cond. Unit; Ecrimes network storage device, Body Worn Camera project, Grant funded capital) and vehicle write-offs & replacements \$140k (offset by recovery proceeds)
RESERVES	(\$190)	\$150	-79.0%	\$	0.0%	Full contribution booked and full draw from reserve anticipated
<b>GROSS EXPENDITURES</b>	<b>\$215,386</b>	<b>\$102,570</b>	<b>47.6%</b>	<b>(\$804)</b>	<b>-0.37%</b>	
REVENUE & RECOVERY	(\$16,469)	(\$8,480)	51.5%	\$804	(4.9%)	Approved grant funding: \$112K CRIA grants + \$56k POC grant + 2018 DRAVIS funding \$252k + \$50k CISO funding & higher anticipated pay duty revenues
<b>NET EXPENDITURES</b>	<b>\$198,917</b>	<b>\$94,090</b>	<b>47.3%</b>	<b>(\$)</b>	<b>0.00%</b>	