



INTERNAL MONITORING REPORT

ENDS: FINANCIAL CONDITION AND ACTIVITIES

Period: Preliminary 2004 Year End

Date: February 14, 2005

I hereby submit my monitoring report on your Executive Limitations Policy “Financial Conditions and Activities” according to the schedule set out. I certify that the information contained in this report is true.

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 four following policy statements 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 significant deviation from norms is to be addressed in the succeeding period. Further that any significant deviation that is likely to cause non-compliance with provision 1 be reported to the Board at its next meeting.

Data Support:

Upon review of the budget summary produced by the Director of Business Services, I report the following:

We have expended 97.5% of total budget in a period that represents 100% of this calendar year. However, the detailed information from the Region is not complete and expenses for the last three weeks of the year are estimated only, not actually reflected yet in the reports. Our leadership efforts over the summer when we were trending to a deficit position, have clearly resulted in now showing a preliminary surplus of 2.75 million.

The surplus flows from savings as set out below:

Personnel	\$1,500,000
Uniform and Equipment	\$350,000
Telephone and Radio System	\$200,000
Goods and Services and Capital	\$750,000

Line by line will be available when the final report is received.

For now the following information is provided as it relates to 2005 budget impacts resulting from the preliminary year-end:

- 1) We budgeted for all authorized positions. When vacancies were left unfilled, we did save money. We also did not provide as high a level of service as planned, as we had less people working. In 2004 we carried the equivalent of 10 vacant positions for the whole year, which had been expected to be filled. This saved almost \$750,000. In

addition, when parents take maternity/paternity leave they stop working and we save about 40% of their budgeted remuneration. These events are not entirely predictable and saved us about \$750,000. This totals about \$1,500,000. In the 2005 budget, we will be making an allowance for likely vacancies and maternity/paternity leaves.

2) The remaining \$1,250,000 is distributed over the remaining material and service purchases made by the service.

a) The largest savings were in Uniforms and Equipment(\$350,000), where the impact of large numbers of recent hires with brand new kit have resulted in less demand for replacements than the historical norm. This has been addressed by substantially reducing the 2005 budget for this expense category.

b) Significant savings have also been achieved in Communications expenses, most particularly in Telephone charges(\$200,000), due to a review of services we buy and consequent price reductions. This saving has also been reflected in the 2005 budgeted expense.

c) The remaining savings of \$750,000 were spread over Utilities, Janitorial, Building Maintenance, Equipment Rentals and Capital accounts due to lower than normal energy usage due to mild weather and favorable contract award pricing experiences. These expense categories will be further reviewed in order to ensure that 2005 Budget is set as low as it possibly can be, without creating the risk of a deficit.

There is no current deviation likely to affect a surplus year-end position.

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

Policy Provision #2

2. *“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 Financial Services Manager reports that we have had no significant complaints with respect to payment of invoices. Pursuant to the collective agreement changes, all implementation issues were completed as scheduled.

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

Policy Provision #3

3. *“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:

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 #4

4. *“Negotiate, commit, approve or sign any Board-to-Board agreements or addendums without explicit Board authorization.”*

Interpretation of the Chief of Police:

It is my interpretation of this policy that the Chief of Police have no authority whatsoever in this area without the 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 #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 have no authority whatsoever in this area without the 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.

Data Support:

There were no such acquisitions, encumbrances or dispositions undertaken during the reporting period. The renewal of the lease for the Kid’s Safety Village is underway as previously reported.

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

Policy Provision #7

7. *“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 be 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 Capital Budget items are subject to final budget approval unless specifically dealt with by the Board for pre-approval.

Data Support:

Our financial manual will be in place to govern transactions commencing with the new budget year on January 1, 2005. Otherwise we are not experiencing any difficulties with respect to Regional Finance approving our expenditures.

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

Kevin McAlpine
Chief of Police