

Classification **PUBLIC**

Meeting **November 8, 2010**

Agenda Item **Monitoring Report:
Financial Condition and Activities 3rd
Quarter 2010**



Recommended Motion:

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

Financial Conditions and Activities

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.

Signed: _____
Chief of Police

Date: _____

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 seven 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 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 spending summary produced by the Director of Business Services, I report the following:

In the first nine months of 2010 we have experienced several significant unbudgeted expenditures including the provision for the civilian joint job evaluation settlement approved by the Board in February, increased benefits rates, higher part time hours to provide service at the Durham Consolidated Courthouse, a retroactive WSIB payment and additional lump sum sick pay due to unexpected retirements totaling approximately \$1.5 million. False alarm fees are also trending about \$50,000 below budget due to the continued success of the Board’s False Alarm by-Law.

A number of actions have been taken by the Board and service management to mitigate the impact of the additional expenditures including the successful negotiation of the collective bargaining agreement by the Board, the management decision to participate in both the Olympics and the G20 for which unbudgeted recoveries of salary costs have been earned, recoveries from a law enforcement agency on a joint investigation and the legal challenge of the retroactive WSIB payment. There are also expected savings due to lower than budgeted fuel prices, vehicle maintenance, favorable prices on capital expenditures and Board approved higher fees for criminal information requests.

Consequently, at this point, based on current trends and staffing levels, our forecast for the year-end is that spending will be within the \$145.892 million budget except for any unbudgeted items which would require Board approval.

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 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 #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:

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

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

Data Support:

The Financial Procedures Manual was published in the 1st quarter of 2005 and the procedures and controls took effect in the new budget year on January 1, 2005. The Regional Finance department has been provided with a copy of this document. It is in substantial compliance with Regional Processes and therefore complies with the spirit of Regional Processes.

Financial transactions have been in compliance with the Financial 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.

Attachments: Appendix 1

Appendix 1

	Budget \$	Actual YTD \$	%	Current Year End Forecast	%	
PAYROLL EXPENSES	\$129,837,081	\$91,751,650	71	(\$35,759)	-0.03%	Higher benefit rates, Courts part time offset by payroll recoveries fro G20 and Olympics.
COMMUNICATION	\$2,624,191	\$1,758,749	67	\$45,000	1.71%	Radio cost controls successful.
MATERIALS	\$4,249,222	\$2,730,924	64	\$120,000	2.82%	Fuel price less than budgeted offsets higher volume due to more officers fielded.
PROFESSIONAL SERV	\$909,116	\$532,266	59	\$0	0.00%	
COMPUTER MTCE	\$1,133,174	\$952,203	84	(\$31,000)	-2.74%	Required variance to buy scheduling software to manage new shifts.
MISC SERVICES	\$4,358,933	\$2,701,877	62	\$35,000	0.80%	Air One premium reduction.
MTCE & REPAIRS	\$3,003,702	\$1,693,237	56	\$100,000	3.33%	Favorable repair experience in brake pads and transmissions.
RENTALS	\$1,808,952	\$1,482,576	82	(\$54,000)	-2.99%	Variance to pay for employee parking at the DCC.
CAPITAL	\$2,624,674	\$1,476,843	56		0.00%	
GROSS EXPENDITURES	\$152,877,915	\$106,485,071	70	\$229,241	0.15%	
REVENUE	(\$6,986,108)	(\$4,412,947)	63	\$80,000	1.15%	Updated CIR fees.
NET EXPENDITURES	\$145,891,807	\$102,072,123	70	\$309,241	0.21%	