

Classification **PUBLIC**

Meeting **February 18, 2011**

Agenda Item **Monitoring Report:
Financial Condition and Activities 4th
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:

3rd Quarter (repeated from prior report)

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 were 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 were 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.

4th Quarter

In December the civilian joint job evaluation settlement was finalized and paid out at an amount lower than had previously been expected (\$1.3 million paid compared to \$1.9 million expected). In addition, under spending trends in Vehicle Maintenance, Uniforms and Overtime added further to the overall under budget spending trend. A special vehicle purchase to add 18 marked patrol vehicles to the fleet was approved at a cost of \$764,000 which reduced the 2011 budget request by deleting the program change request for 18 vehicles.

Preliminary year end results, still subject to final adjustments, show a surplus of 0.65 % of budget or approximately \$0.95 million.

Consequently, at this point, I report that year-end spending is within the \$145.892 million budget.

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. *“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 #5

5. *“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 #6

6. 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. Major funding sources shall be disclosed in the Annual Business Plan Budget which is approved by the Board.

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 all major funding sources are disclosed in the Annual Business Plan Budget approved by the Board.

In addition to annually recurring funding programs in 2010 the following one-time funding sources were successfully accessed:

Grantor	Purpose	\$ Amount
Ministry of the Attorney General	Fund E-Crimes Equipment	\$207,823
Ministry of the Attorney General	Intelligence Equipment	\$97,785
Enbridge	POU Truck Equipment	\$10,000

Policy Provision #7

7. 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 Regional Operations, tracks services rendered to and received from other services pursuant to long term formal Shared Services Agreements. There are also Memorandums of Understanding entered into from time to time on for special occasions such as

the Olympics, the G20 Meeting and other events. In those cases where services rendered were not reciprocated and were of a material amount they were billed for reimbursement in accordance with those agreements.

The following reimbursements were billed in 2010:

Agreement	Service	\$Amount
G20	Toronto Police	\$1,531,269.48
Olympics	RCMP	\$267,875
Queen's Homecoming	Kingston Police	\$35,148.77
Project Pilot	RCMP	\$150,000

Policy Provision #8

8. *"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 \$	Preliminary Year End	(OVER) UNDER	% of budget	Comments
PAYROLL EXPENSES	\$129,837,081	\$129,569,877	\$267,204	0%	Overtime savings offset part time overspending.
PERSONNEL RELATED	\$2,328,870	\$1,926,504	\$402,366	17%	Uniform savings (\$250k) have been reflected in the 2011 budget. Tighter spending controls on Training and Conferences reduced spending in 2010.
COMMUNICATION	\$2,624,191	\$2,420,729	\$203,462	8%	Radio costs were reduced due to more efficient usage plan and controls. Printing costs were lower than budgeted due to deferred jobs and greater use of electronic forms.
MATERIALS & SERVICES	\$4,249,222	\$4,174,045	\$75,177	2%	Milder weather in 2010 reduced utility costs. 2011 budget is based on Region supplied data on volumes and costs.
PROFESSIONAL SERV	\$909,116	\$881,168	\$27,948	3%	
COMPUTER MTCE	\$1,133,174	\$1,106,406	\$26,768	2%	

MISC SERVICES	\$4,358,933	\$4,328,807	\$30,126	1%	
MTCE & REPAIRS	\$3,003,702	\$2,395,716	\$607,986	20%	Vehicle Maintenance savings of \$400k have been reflected in the 2011 budget.
RENTALS	\$1,808,952	\$1,799,653	\$9,299	1%	
CAPITAL	\$2,624,674	\$3,642,947	(\$1,018,273)	-10%	Overspend due primarily to approved vehicle purchases which reduced the 2011 budget request (14 replacements and 18 additions).
GROSS EXPENDITURES	\$152,877,915	\$152,245,851	\$632,064	1%	
REVENUE & RECOVERY	(\$6,986,108)	(\$7,304,281)	\$318,173	-5%	Primarily due to higher background check volume and rates. 2011 budget adjusted.
NET EXPENDITURES	\$145,891,807	\$144,941,571	\$950,236	1%	