

Classification **PUBLIC**

Meeting **May 13, 2013**

Agenda Item **Monitoring Report:
Financial Condition and Activities 1st
Quarter 2013(three months ended March 31,
2013)**



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 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 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 April 3, 2013, I report the following:

The financial statements for the 3 months ended March 31, 2013 show net spending of \$36.95 million representing 21% of the annual operating budget of \$172.12 million. Those figures include an accrual of the Board’s estimate of the CBA increase which was included in the 2013 budget.

The first quarter net spending is historically less than 25% of budget due to the fact that certain payroll expenses such as overtime payments, statutory pay and retirement cost accruals occur primarily in the last quarter of the year.

At this point spending and revenue trends indicate that the service’s net spending for 2013 will be within the approved budget.

Appendix contains a table which compares actual spending to budgeted spending by major category and provides brief explanations of significant trends.

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.

The Region has leased the office space located at 34 Brock Street West, from the Corporation of the Township of Uxbridge, for a Durham Regional Police Service (DRPS), Community Policing Office, since July 1, 2002.

The lease for the existing office space expires on September 30, 2013 and DRPS have advised that they wish to renew the lease for this location for a further five year term.

Upon the request of the Chief, on April 10 2013 the Works Committee recommended to Regional Council that:

- a) The Regional Municipality of Durham (Region) enter into a Lease Agreement with the Corporation of the Township of Uxbridge for the premises being part of the main floor of the building located at 34 Brock Street West, in the Town of Uxbridge containing 74.88 m² (806 square feet) of office space on the following terms and conditions:

- i) The term to be for a period of five (5) years commencing October 1, 2013 and ending September 30, 2018;
- ii) The annual gross rental rate for the term of the lease to be \$10,155.60* or \$12.60* per square foot per annum;
- iii) The Region to be responsible for its proportionate share being 46.48% for the cost of janitorial for the leased premises and the cost of snow and ice removal of the rear parking lot and sidewalk. The Landlord shall be responsible for all other operating costs associated with the premises, which includes the cost of all utilities and any applicable taxes;

b) Regional Council approved the recommendation on April 24, 2013.

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. 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.

During the year to date the police service was successful in raising funds from the following grants. These are grants which have to be applied for in response to a specific call for applications and generally apply to a specific project and time period. They do not recur automatically in following years:

1) Proceeds of Crime CISO Grant Fund, Ministry of the Attorney General of Ontario:

Amount: \$427,948.48

Term: All funds to be spent by September 30, 2013(funds were spent by March 31, 2013)

Purpose: To fund 2 years of maintenance costs (2 years at \$98,081.74 each) and a capital replacement (\$231,785) of certain lawful access telephone monitoring equipment.

Unit: Lawful Access (part of the Intelligence Branch)

Update on the Police Officer Recruitment Fund (PORF)

This 5 year funding arrangement from the Federal Government paid through the Province expired in the first quarter of 2013 with total revenue of \$122,000 as budgeted for 2013.

The Court Security Prisoner Transportation Funding

The funding which has been committed by the province has been confirmed as follows:

2012: \$0.7 million

2013: \$1.416 million

2014: \$2.125 million

The agreement covers only 2012, 2013, and 2014. Prior to the expiry of the agreement, the province has undertaken to review the funding mechanism with affected stakeholders to review current funding needs.

The Province also reiterated its commitment to phasing in the program equally over seven years which for Durham would mean that annual increases in funding at the rate of \$0.7 million per annum would reach a maximum of approximately \$5 million by 2018. For comparison, the 2013 budgeted total costs for police Court Security are \$5.39 million.

Update on Funding from Great Blue Heron Charity Casino Ontario Lottery and Gaming Commission (OLG)

This funding arrangement has been in place since 2000. The funding formula is intended to fully fund one patrol officer per platoon (5 officers in total to cover shifts) and a vehicle in the North Division. The first 5 year term provided funding of \$436,000 per annum and the second 5 year term provided \$579,617 per annum.

The second 5 year term expired April 2010 and since then we have continued to invoice at that rate and OLG has continued to pay.

Youth in Policing After School Program

This funding arrangement was approved October 15, 2012 and will provide \$145,128(\$54,241 in 2012 and \$90,887 in 2013) in order to provide after school programming to youths 15 to 18 years old in Durham Region.

Civil Remedies for Illegal Activities (CRIA) Grant

- a) The Ministry of the Attorney General approved this grant in December 2012 to provide funding for training and equipment for our Asset Forfeiture unit in the amount of \$28,594. All funds save for \$3,800 were spent by March 31, 2013. The \$3,800 was refunded as per the terms of the grant.
- b) A grant application was made in September 2012 for \$54,000 for training and software to aid in electronic crime investigations. We await notification of approval.

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 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 are processed for amounts owing. There have been no such billings in 2013.

Policy Provision #9

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 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 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. It was most recently revised in March 2013. 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.

Durham Regional Police Service

Financial Statement for quarter ended March 31, 2013
 Provided by Region April 3, 2013 - All dollars in Thousands

	Annual Budget	Actual Expense (3_months)	% of Budget Spent	Forecast Under (Over) Spend	Under (Over) spend as % of Budget	Comments on Trends
Expenses						
PAYROLL EXPENSES & RESERVES	\$152,444	\$31,781	20.8%	(\$51)	0.0%	Underspend trend in Full time of \$914K due to gapping, partially offset by (\$314K) overspend estimate in Overtime including Singh trial. Forecast assumes an overspend estimate of (\$735) for the accrual in 2013 of lump sum sick pay and benefits for 2014 retirees who give written notice in 2013 that they will retire in 2014. The forecast assumes that the CBA settlement will be at the budgeted rate.
PERSONNEL RELATED	\$2,395	\$428	17.9%	\$67	2.8%	Underspend trend is primarily due to lesser expense on Uniforms&Equipment \$56K, and some trend to underspend in Memberships. Expected break-even on Conferences and the Education & Training account.
COMMUNICATION	\$2,500	\$459	18.4%	\$91	3.6%	Trending to underspend in the Telephone and Radio accounts expense. Also trending to underspend in Postage, Printing & Reproduction, and Papers/Magazines/subscriptions.
SUPPLIES, FOOD, SERVICES	\$2,133	\$359	16.8%	\$61	2.9%	Trending under budget primarily due to improved ammunition purchasing process \$28K and some underspend in Cleaning & Laundry \$20K
FACILITIES COSTS	\$5,109	\$1,198	23.4%	\$208	4.1%	Underspend trend due primarily to the mid year start-up of the OTC; (\$50K Janitorial; \$36K Hydro; \$8K Nat Gas) as well as lower than budget year to date usage.
COMPUTER MAINT / OPERATION	\$1,545	\$619	40.0%	\$	0.0%	
EQUIP_MTCE_&_REPAIRS	\$752	\$70	9.3%	\$	0.0%	Break even predicted including absorbing the JSI Variance on 2013 Maint \$98K which is funded by grant revenue recorded below.
VEHICLE_OPERATIONS	\$3,906	\$674	17.3%	\$226	5.8%	Trending underspend primarily based on gasoline cost below budget \$136K to Mar 21 and more competitive vehicle lease rates \$65K.
DEBT_CHARGES	\$8,291	\$1,312	15.8%	\$	0.0%	\$2.62M set aside for the Clarington complex budgeted debt service is not expected to be booked by Region until year-end.
PROFESSIONAL_SERVICE	\$1,333	\$266	19.9%	(\$743)	-55.7%	Forecasting overspend based on Legal expense estimated (\$740K).
FINANCIAL_EXPENSES	\$1,704	\$4	0.2%	\$	0.0%	
CAPITAL & RESERVES	\$2,583	\$2,665	103.1%	\$230	8.9%	Capital is trending to underspend by \$125K for fleet vehicle purchases and by \$104K for other completed purchasing. (Note on 'actuals' at 103% of budget - the Region's 2013 practice is to fully book Capital spending per the budget amount and adjust to actual spending before year-end. Helicopter Reserve entries will also be booked before year-end.)
GROSS EXPENDITURES	\$184,696	\$39,833	21.6%	\$89	0.1%	
Revenue Accounts						
REVENUE & RECOVERY	(\$12,576)	(\$2,879)	22.9%	(\$140)	1.1%	Trending to shortfall of (\$238K) for sale of Criminal Information Requests and reports, with additional revenues for the Provincial funded JSI equipment maintenance of \$98K.
NET EXPENDITURES	\$172,120	\$36,954	21.5%	(\$51)	0.0%	