

Classification **PUBLIC**

Meeting **May 12, 2014**

Agenda Item **Monitoring Report:
Financial Condition and Activities 1st
Quarter 2014(three months ended March 31,
2014)**



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 7, 2014, I report the following:

The financial statements for the 3 months ended March 31, 2014 show net spending of \$33.76 million representing 19% of the annual operating budget of \$176.68 million.

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 2014 will be within the approved budget.

The Appendix contains a table which compares actual spending to budget 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.

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.

The Court Security Prisoner Transportation Funding

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

2012: \$0.708 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 \$0.708 million per annum would reach a maximum of approximately \$4.956 million by 2018. For comparison, the 2014 budgeted total costs for police Court Security are \$5.39 million.

On April 22nd, 2014, a letter was sent to the Ministry requesting confirmation of the timing of the renewal of the funding commitment.

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.

The following grant applications were made in the first quarter of 2014. These grants have not yet been approved. Approval decisions are expected in the second quarter of 2014.

| Granting Ministry | Grant Program Name | Funding Purpose | Amount Requested | Grant Term Expiry Date | Follow-up Date for Approval |
|--|---|---|---|------------------------|-----------------------------|
| Ministry of Community Safety & Correctional Services | Proceeds of Crime - Front Line Policing | Front-Line Response Coordinator (1 year Salary, Benefits & Equipment) | \$100,000.00 | 1-Jun-15 | 30-Jun-14 |
| Ministry of the Attorney General | Civil Remedies For Illicit Activities | Community Safety Through Advanced Knowledge & Initiatives (Aerial System) | \$160,017.60 (US Dollars, includes 1.76% HST) | 31-Mar-15 | 30-Jun-14 |

| | | | | | |
|----------------------------------|---------------------------------------|---|--------------|-----------|-----------|
| Ministry of the Attorney General | Civil Remedies For Illicit Activities | Community Safety Through Advanced Knowledge & Initiatives (Intelligence - Trailer, Cameras, Courses) | \$128,815.00 | 31-Mar-15 | 30-Jun-14 |
| Ministry of the Attorney General | Civil Remedies For Illicit Activities | Community Safety Through Advanced Knowledge & Initiatives (E-Crimes Unmarked Van, Computer Equipment) | \$84,404.00 | 31-Mar-15 | 30-Jun-14 |
| Ministry of the Attorney General | Civil Remedies For Illicit Activities | Community Safety Through Advanced Knowledge & Initiatives (Tactical Truck) | \$251,824.46 | 31-Mar-15 | 30-Jun-14 |

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 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 2014.

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 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 Reports provided by Region Apr. 7/14 | | | DRPS Year-End Forecast based on YTD spend | | |
|-----------------------------|---|-------------------------------|-------------------------|---|---|--|
| | Annual Budget | March 31/14 Actual Expense | % of Budget Spent | Forecast Under (Over) Spend | Under (Over) spend as % of Budget | Comments on Trends |
| Expenses | (\$ 000's) | (\$ 000's) | | (\$ 000's) | | |
| PAYROLL EXPENSES & RESERVES | \$155,446 | \$31,622 | 20.3% | \$681 | 0.4% | Underspend trend in Full-Time of \$830K due to gapping in civilian positions, offset by estimated overspend (\$135K) in Part-Time. |
| PERSONNEL RELATED | \$2,411 | \$426 | 17.7% | \$57 | 2.4% | Underspend trend is primarily due to lesser expense in Uniforms & Equipment \$22K, and some trend to underspend of \$29K in Conferences and Education & Training, and approx. \$5K in other accounts. |
| COMMUNICATION | \$2,267 | \$501 | 22.1% | (\$48) | -2.1% | Trending to overspend in Radio of (\$113K) due to delay in NextGen live date and to equipment reconfigured and issued late in 2013 for functional reasons; partially offset by \$42K underspend in Printing and other accounts underspend of \$22K. |
| SUPPLIES, FOOD, SERVICES | \$2,106 | \$368 | 17.5% | \$63 | 3.0% | Overall trend to underspend; \$53K in Office Materials & Supplies, \$15K in cleaning, \$14K in Auto supplies, offset by trend to overspend of (\$22K) in Program Materials and (\$12K) in ammunition. |
| FACILITIES COSTS | \$5,811 | \$1,170 | 20.1% | \$122 | 2.1% | Trend to general underspend of \$122K due to trend in utility accounts of \$60K; \$62K in Janitorial primarily due to deferred Communications staff move in to the OTC. |
| COMPUTER MAINT / OPERATION | \$1,697 | \$324 | 19.1% | \$0 | 0% | Trend to break even. |
| EQUIP MTCE & REPAIRS | \$787 | \$51 | 6.5% | \$25 | 3.2% | Trend to underspend in Equipment Rentals \$25K |
| VEHICLE OPERATIONS | \$3,796 | \$677 | 17.8% | \$22 | 0.6% | Overall trend to underspend; \$56K in Vehicle Maintenance (may decrease based on late delivery of new vehicles); \$14K in insurance account; offset by trend to overspend (\$51K) in fuel account. |
| DEBT CHARGES | \$11,105 | \$883 | 7.9% | \$0 | 0.0% | Break even. March 31 spend does not include first Quarter entries by Region Finance for inter-departmental debt charges. These will be made in the 2nd quarter. |

Durham Regional Police Service

| | Financial Reports provided by Region Apr. 7/14 | | | DRPS Year-End Forecast based on YTD spend | | |
|-------------------------------|---|-------------------------------|-------------------------|---|---|--|
| | Annual Budget | March 31/14 Actual Expense | % of Budget Spent | Forecast Under (Over) Spend | Under (Over) spend as % of Budget | Comments on Trends |
| PROFESSIONAL SERVICE | \$1,387 | \$388 | 28.0% | (\$903) | -65.1% | Trend to overspend in outside Legal Services (\$500K) is based on analysis of invoices received and expected for Q1 and KPMG expense (\$87K) in Executive. Provision in the forecast for Consultants for the CIP of (\$300K). |
| FINANCIAL EXPENSES | \$1,711 | \$5 | 0.3% | \$0 | 0.0% | Break even. March 31 spend does not include first Quarter entries by Region Finance for Insurance inter-departmental charges for 2014. These will be made in the 2nd quarter. |
| CAPITAL & RESERVES | \$2,938 | \$210 | 7.1% | (\$155) | -5.3% | Region practice is to book Capital as spent and adjust by year-end. March 31 spend does not reflect this but it will be done for April statements. Current capital tracking based on Purchase Orders issued predicts an underspend of \$125K. Provision in the forecast for the construction of the Tactical truck body (\$280K) |
| GROSS EXPENDITURES | \$191,462 | \$36,624 | 19.1% | (\$135) | -0.1% | |
| REVENUE & RECOVERY | (\$13,782) | (\$2,860) | 20.8% | \$151 | -1.1% | Funding from CRIA grant in 2013 had \$47K carried forward (spent on purchased Capital, Conferences, and other equip. items in 2014); anticipated Pay Duty fees over budget \$56K primarily due to larger Boots & Hearts concert, and other Donations \$34K primarily from various PADAN funding for expenses. |
| NET EXPENDITURES | \$177,680 | \$33,763 | 19.0% | \$16 | 0.01% | |