

Classification **PUBLIC**

Meeting **November 10, 2014**

Agenda Item **Monitoring Report:
Financial Conditions and Activities 3rd
Quarter 2014 (nine months ended September
30, 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 October 3, 2014, I report the following:

The financial statements for the 9 months ended September 30, 2014 show net spending of \$125.38 million representing 71% of the annual operating budget of \$177.68 million.

At this point spending and revenue trends indicate that the service’s net spending for 2014 will be within the approved budget and that spending is likely to be from \$0.9 to \$1.3 million under budget due primarily to vacant positions, before advancing some of the proposed capital purchases currently in the 2015 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 previously committed by the province was as follows:

2012: \$0.708 million

2013: \$1.416 million

2014: \$2.125 million

On October 21, 2014 the Ministry sent the grant renewal agreement to Commissioner Clapp with the following funding commitment:

2015: \$3.053 million

2016: \$3.816 million

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 was 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.

Other Grants

The following grant applications were made in the first quarter of 2014. As of the last quarterly report we had received notification that the grant for the Front-Line Response Coordinator grant was approved. One of the four remaining requests has been partially granted and the other 3 have been declined. The partially approved request of \$85,000 will fund Intelligence equipment.

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	Approved
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	Not approved
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	Partially approved at \$85,000
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	Not approved
Ministry of the Attorney General	Civil Remedies For Illicit Activities	Community Safety Through Advanced Knowledge & Initiatives (Tactical Truck)	\$251,824.46	31-Mar-15	Not approved

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 Oct 3/14			DRPS Year-End Forecast based on YTD spend			
	Annual Budget	Sept 30/14 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	\$107,830	69.4%	\$2,205	1.4%	Underspend trend primarily due to gapping in Full-Time positions of \$1,504K from 34 vacancies in full time members, and \$579K in related benefits.	
PERSONNEL RELATED	\$2,411	\$1,478	61.3%	\$323	13.4%	Underspend trend is primarily due to \$207K in Uniforms and Protective Clothing; \$31K in Conferences and \$81K in Education & Training.	
COMMUNICATION	\$2,267	\$1,836	81.0%	(\$292)	(12.9%)	Trending to overspend. Radio (\$198K) for TELUS IDEN costs due to delay in NextGen; and higher cell costs (\$93K).	
SUPPLIES, FOOD, SERVICES	\$2,106	\$1,270	60.3%	\$	0.0%	Break Even	
FACILITIES COSTS	\$5,811	\$4,050	69.7%	\$90	1.6%	Underspend Primarily in Janitorial \$62K, and Utilities \$28K.	
COMPUTER MAINT / OPERATION	\$1,697	\$1,181	69.6%	\$	0.0%	Break Even.	
EQUIP MTCE & REPAIRS	\$787	\$325	41.2%	\$144	18.3%	Trend to underspend in Equipment Maint & Repairs primarily from savings due to NextGen delay \$61K, \$40K in Air Support, and other savings of \$43K.	
VEHICLE OPERATIONS	\$3,796	\$2,539	66.9%	\$87	2.3%	Underspend due to lower current fuel costs.	
DEBT CHARGES	\$11,105	\$9,424	84.9%	\$	0.0%	Break Even.	
PROFESSIONAL SERVICE	\$1,387	\$1,546	111.5%	(\$911)	(65.7%)	Trend to overspend in outside Legal Services (\$674K), KPMG expense (\$87K), provision for CIP consultants (\$150K).	
FINANCIAL EXPENSES	\$1,711	\$1,288	75.3%	\$	0.0%	Break Even	
CAPITAL & RESERVES	\$2,938	\$3,358	114.3%	(\$612)	(20.8%)	Current capital trending to overspend of (\$612K) for Major Capital variances including TSU truck body (\$249K), FIU truck chassis/box alterations (\$122K), CEW testing equipment (\$45K), conference system (\$31K).	
GROSS	\$191,462	\$136,125	71.1%	\$1,034	0.54%		

Durham Regional Police Service							
		Financial Reports provided by Region Oct 3/14			DRPS Year-End Forecast based on YTD spend		
		Annual Budget	Sept 30/14 Actual Expense	% of Budget Spent	Forecast Under (Over) Spend	Under (Over) spend as % of Budget	Comments on Trends
Revenues		(\$ 000's)	(\$ 000's)		(\$ 000's)		
REVENUE & RECOVERY		(\$13,782)	(\$10,744)	78.0%	\$265	(1.9%)	Additional Revenues primarily due to higher volume of CIR's \$200K, \$47K from CRIA grant in 2013 carried forward (spent on purchased Capital, Conferences, and other equip. items in 2014); Other revenues \$18K.
NET		\$177,680	\$125,380	70.6%	\$1,299	0.73%	