

Classification **PUBLIC**

Meeting **March 23, 2015**

Agenda Item **Monitoring Report:
Financial Condition and Activities 4th
Quarter 2014 (year ended December 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 February 18, 2015, I report the following:

The financial statements for the 12 months ended December 31, 2014 show net spending of \$177.624 million representing 100% of the annual operating budget of \$177.68 million.

In the third quarter report we anticipated an end of year underspend between \$0.9 and \$1.2 million, due primarily to vacant positions, before advancing some of the proposed capital purchases in the 2015 draft budget. In the fourth quarter, replacement capital expenditures which could not be accommodated in the Final 2015 budget guideline were approved, resulting in a break-even year end position.

The appendix contains a table which compares actual spending to budget spending by major category and provides brief explanations of significant differences.

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. The three primary bargaining groups’ collective agreements have all ended on December 31, 2014.

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:

In late 2014 the Ministry confirmed the continuance of this initiative for 2015 and 2016.

2015: \$3.053 million

2016: \$3.816 million

The Province also reiterated its commitment to full phasing in of the program over 2017 and 2018 which for Durham would mean that annual increases in funding at the rate of \$0.76 million per annum would reach a maximum of approximately \$5.3 million by 2018. For comparison, the 2015 budgeted total costs for police Court Security are \$5.20 million.

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.

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 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 may be processed for amounts owing. This was completed and the review determined there are no services for which billings should be issued for 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 May 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 Feb 18/15			Year-End under/(over) spend		
		Annual Budget	Dec 31, 2014 Actual Expense	% of Budget Spent	Under (Over) Spend	Under (Over) spend as % of Budget	Comments on Trends
Expenses		(\$ 000's)	(\$ 000's)		(\$ 000's)		
PAYROLL EXPENSES & RESERVES		\$155,446	\$153,590	98.8%	\$1,856	1.2%	Underspend primarily due to gapping in Full-Time positions of \$1,417K from 35 vacancies in full time members, and \$671K in related benefits, offset by (\$232K) in other pay (Part-time; Pay Duty; Overtime).
PERSONNEL RELATED		\$2,411	\$2,099	87.1%	\$312	12.9%	Underspend is primarily due to \$205K in Uniforms and Protective Clothing; \$60K in Education & Training and Conferences, and \$45K in various other categories.
COMMUNICATION		\$2,267	\$2,512	110.8%	(\$246)	-10.8%	Overspend from Radio (\$198K) for TELUS IDEN costs due to delay in NextGen; and higher cell and telephone costs (\$110K) offset by underspends of \$62K from printing, advertising and other accounts.
SUPPLIES, FOOD, SERVICES		\$2,106	\$2,195	104.2%	(\$88)	-4.2%	Ammunition overspend to stockpile due to extensive delivery times.
FACILITIES COSTS		\$5,811	\$5,681	97.8%	\$130	2.2%	Underspend primarily in Janitorial \$72K, and Utilities \$56K.
COMPUTER MAINT / OPERATION		\$1,697	\$1,564	92.2%	\$133	7.8%	Underspend in Software licences \$80K and Hardware Maintenance \$53K
EQUIP MTCE & REPAIRS		\$787	\$564	71.6%	\$223	28.4%	Underspend in Equipment Maint & Repairs primarily from savings due to \$95K in Air Support, \$59K from NextGen delay, and other savings of \$20K; as well as underspends in Equipment rental of \$49K.
VEHICLE OPERATIONS		\$3,796	\$3,622	95.4%	\$173	4.6%	Underspend due to lower vehicle fuel costs and recovery of insurance on write-offs.
DEBT CHARGES		\$11,105	\$11,116	100.1%	(\$11)	-0.1%	Break even.

Durham Regional Police Service							
		Financial Reports provided by Region Feb 18/15			Year-End under/(over) spend		
		Annual Budget	Dec 31, 2014 Actual Expense	% of Budget Spent	Under (Over) Spend	Under (Over) spend as % of Budget	Comments on Trends
Expenses		(\$ 000's)	(\$ 000's)		(\$ 000's)		
PROFESSIONAL SERVICE		\$1,387	\$2,537	183.0%	(\$1,150)	-83.0%	Overspend in outside Legal Services (\$800K), KPMG expense (\$87K), H.R. costs (\$82K); vulnerable persons services (\$79K) ; CIP consultants (\$100K).
FINANCIAL EXPENSES		\$1,711	\$1,723	100.7%	(\$12)	-0.7%	Break even
CAPITAL & RESERVES		\$2,938	\$4,908	167.0%	(\$1,969)	-67.0%	Capital overspend for Major Capital variances including Vehicles (\$1,262K), Computer and systems related (\$390K); Support equipment (\$188K), furnishings and fixtures (\$45K).
GROSS		\$191,462	\$192,111	100.3%	(\$649)	-0.3%	
Revenues		(\$ 000's)	(\$ 000's)				
REVENUE & RECOVERY		(\$13,782)	(\$14,487)	105.1%	\$705	-5.1%	Additional Revenues primarily from \$253K Pay Duty related, higher volume of CIR's \$199K, Fees Charged to other services \$109K , Prov one-time subsidy \$148K
NET		\$177,680	\$177,624	100.0%	\$56	0.0%	