

Classification **PUBLIC**

Meeting **Sept 14, 2015**

Agenda Item **Monitoring Report:
Financial Condition and Activities 2nd
Quarter 2015 (6 months ended June 30, 2015)**



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 July 7, 2015, I report the following:

The financial statements for the 6 months ended June 30, 2015 show net spending of \$89.87 million (2014-\$86.88) representing 50% (2014-49%) of the annual operating budget of \$180.51 million (2014-\$177.68).

At this point spending and revenue trends indicate that the service’s net spending for 2015 will be within the approved budget and that spending is likely to be from \$0.5 to \$0.7 million under budget due primarily to vacant positions held pending the resolution of the wage settlement for 2015, before advancing some of the proposed capital purchases currently in the 2016 budget.

The appendix contains a table which compares actual spending to budget spending by major category and provides brief explanations of significant trends. In addition, a supplemental table is provided summarizing the year end estimated impact from the PanAm games, which was not incorporated in the 2015 Budget.

Therefore I report **compliance** with this provision.

2016 Budget Pressures

In planning for 2016 there is a major uncertainty with respect to the potential wage settlement and that will affect the assumptions for both budgeted and actual staffing levels and hiring plans.

In addition in 2016 the Clarington Police Complex Phase 1 will open and add operating costs to the base budget.

The third major change will be an increase in debt service to accommodate future building plans for Clarington Police Complex Phase 2.

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 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.

A 5 year lease extension for the location at 412 Bay Street in Beaverton, was finalized in February of 2015. This location is sub-leased to the Ministry of Correctional Services for an annual amount of \$2,400. This sub-lease agreement has now been fully executed, for a period of 5 years to begin August 1, 2015.

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.

DRAVIS Funding

The Ministry has recently communicated that as part of the Strategy for a Safer Ontario, they will be moving towards an outcomes-based funding model to better support local initiatives that reduce crime and build safer and healthier communities. This new funding model will result in a consolidation of our existing provincial funding.

As a result, we have been told that the current funding under the DRAVIS program has been approved in the amount of \$252,697 for the period April 1 to December 31, 2015. This is \$92,000 lower than what was originally expected for fiscal 2015. Spending will be adjusted down to match the grant funding.

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 2015. As of the writing of this report we have received notification that the RIDE grant and Proceeds of Crime Grant (Hub Model) have been approved in the amounts \$87,780 and \$64,920 respectively. The Proceeds of Crime grant (Mental Health Response Coordinator) was not approved and the Civil Remedies for Illicit Activities grant is still pending.

Granting Ministry	Grant Program Name	Funding Purpose	Amount Requested	Grant Term Expiry Date	Followup Date for Approval	Approved /Not Approved	Approved Amount \$
Ministry of Community Safety & Correctional Services	Proceeds of Crime - Durham Region Collaborative Risk-Driven Community Safety And Wellness Model (Hub Model)	Office Rental, Training, Consulting / Marketing, Equipment and Travel	\$99,920	31-Mar-16	01-Aug-15	Approved	\$64,920
Ministry of Community Safety & Correctional Services	Proceeds of Crime - Front Line Mental Health Response Coordinator	Coordinator Salary, Travel, Equipment and Training	\$92,800	31-Mar-16	13-Aug-15	Not Approved	\$0
Ministry of the Attorney General	Civil Remedies for Illicit Activities	Specialized Investigative Equipment & SME Training for the Intelligence Unit	\$99,091	31-Mar-16	13-Aug-15	Pending Review	
Ministry of Community Safety & Correctional Services	2015/16 - 2016/17 RIDE (Reducing Impaired Driving Everywhere) Grant	Enhancement to the R.I.D.E program (Officer Overtime cost)	\$108,578	17-Mar-17	30-Jun-15	Approved 2015/16 - 2016/17	\$87,780

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 will be done as scheduled in the regular 4th quarter reporting.

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						
	June YTD 2015 Financial Reports			DRPS Year-End Forecast based on YTD spend		
	Annual Budget	June 30/15 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	\$157,619	\$75,542	47.9%	\$500	0.3%	Trending to underspend due mainly from position vacancies maintained during the first 6 months of 2015.
PERSONNEL RELATED	\$2,257	\$935	41.4%	\$	0.0%	Break Even
COMMUNICATION	\$2,230	\$931	41.7%	\$	0.0%	Break Even
SUPPLIES, FOOD, SERVICES	\$2,140	\$1,010	47.2%	\$32	1.5%	Underspend trend in Office Materials.
FACILITIES COSTS	\$6,383	\$2,541	39.8%	\$150	2.4%	Underspend expected due mainly to Fall rather than Summer occupancy of the Clarington Police Complex.
COMPUTER MAINT / OPERATION	\$1,736	\$1,252	72.1%	(\$22)	(1.3%)	Slight overspend due to an approved variance for annual maintenance costs for the Coplogic Deskofficer Online Reporting System
EQUIP MTCE & REPAIRS	\$1,390	\$378	27.2%	\$	0.0%	Break Even
VEHICLE OPERATIONS	\$3,971	\$1,613	40.6%	\$309	7.8%	Underspend due to lower fuel \$334k and vehicle license costs \$30k, slightly offset by increased spend for vehicle maintenance due to delayed vehicle replacement deliveries (\$55k)
DEBT CHARGES	\$11,105	\$7,674	69.1%	\$	0.0%	Break Even
PROFESSIONAL SERVICE	\$2,222	\$827	37.2%	(\$300)	(13.5%)	Overspend in Legal fees
FINANCIAL EXPENSES	\$1,748	\$875	50.0%	\$	0.0%	Break Even
CAPITAL	\$3,234	\$3,414	105.6%	\$	0.0%	Break Even
RESERVES	(\$657)	\$150	-22.8%	\$	0.0%	
GROSS EXPENDITURES	\$195,377	\$97,143	49.7%	\$669	0.34%	
Revenues	(\$ 000's)	(\$ 000's)		(\$ 000's)		
REVENUE & RECOVERY	(\$14,872)	(\$7,271)	48.9%	\$	0.0%	Break Even
NET EXPENDITURES	\$180,505	\$89,872	49.8%	\$669	0.37%	

Note: Based on 2nd Quarter results, maintained vacancies and wage uncertainty, savings in the range of \$0.5 to \$0.7 million is anticipated.

Durham Regional Police Service - PanAm 2015 Year End Forecast			
	Annual Budget	Year End Estimate	% of Budget Spent
Expenses	(\$ 000's)	(\$ 000's)	
PAYROLL EXPENSES & PERSONNEL RELATED	\$	\$2,910	N/A
COMMUNICATION, SUPPLIES, FOOD, SERVICES	\$	\$23	N/A
VEHICLE OPERATIONS	\$	\$73	N/A
CAPITAL	\$	\$105	N/A
GROSS EXPENDITURES	\$	\$3,110	N/A
REVENUE & RECOVERY	\$	(\$3,363)	N/A
NET EXPENDITURES	\$	(\$253)	N/A