

Classification **PUBLIC**

Meeting **May 8, 2006**

Agenda Item **Monitoring Report:
Strategic and Financial Planning - 1st
Quarter 2006**



Recommended Motion:

THAT the Board find that all provisions of the Strategic and Financial Planning have been complied with.

Strategic and Financial Planning

I hereby submit my monitoring report on your Executive Limitations, "Strategic and Financial Planning" 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:

The Chief of Police shall not fail to produce an annual operational plan, derived from a multi-year plan that identifies strategies and actions for the accomplishment of the Board's stated Ends policies.

Financial planning for any fiscal year, or the remaining part of the year, will not deviate materially from Board's Ends policies and business plan, risk fiscal jeopardy, or fail to be derived from a multi-year financial plan.

Interpretation of the Chief of Police:

The 3 Year Business Plan is broken down into annual components and that is the annual operational plan. The plan was published on behalf of the Board with Board approval.

Annual financial planning is done with the input and participation of all operational levels, in order to meet Business Plan objectives and Board Ends, in accordance with specific Board direction (6 % growth over 2005 budget (subsequently changed to 4.5 %), and 7.5 % annual growth, plus or minus 0.5 % after that) and the Annual Business Plan Budget is always the first year of the 5 Year Forecast submitted to the Region of Durham and the Board.

At the November board meeting we presented a budget of \$118.87 million, which represented an increase of 5.85 % over 2005 budget.

On December 22, 2005, Mr. Doug Moffatt, Chair of the Police Services Board, was informed by P.M. Madill, Regional Clerk, that the Finance and Administration Committee of Regional Council had suggested a 2006 Budget Guideline of \$116.9 million for the Police. Regional Council deferred approval of the guideline pending discussion by Regional finance staff with police staff which has now taken place.

That represented a 4 % increase over the 2005 Budget of \$112.3 million, as compared to the Board direction of 6 % (\$119.038 million).

At the February 13, 2006 board meeting I received direction to reduce the budget by \$ 1 million to a level of \$117.87 million. At the subsequent March board meeting I presented a budget of \$117.74 million. I was then directed to reduce the budget by another \$250,000, to \$117.49 million. At the March Regional Finance and Administration Committee meeting the budget was presented and another \$100,000 reduction was directed, to a level of \$117.39 million. A special board meeting was held where another \$50,000 reduction was directed to a final level of \$117.34 million. At the April 11, 2006 Regional Finance and Administration Committee meeting a request was made of the board that the board fund COMRA to the level of \$23,000 which would be added to the police budget.

The police service expects to be able to comply with the budget spending approved.

Data in Support:

The supporting data is comprised of the 3 year Business Plan, the 5 Year Forecast, and the Annual Business Plan Budget, all of which have been were presented at prior meetings.

Statement of Compliance:

I therefore report compliance with the General Provision.

Further, without limiting the generality of the foregoing by the enumeration, the Chief of police will not allow budgeting that:

Policy Provision #1

Establishes conditions and activities that will be unnecessarily difficult to maintain.

Interpretation of the Chief of Police:

The policy prohibits me from undertaking or approving operating or financial activities, which would place the integrity of the service or Police Services Board in jeopardy. I will ensure any new operational or financial activities begun are within the financial limitations as set out within the approved budget for the upcoming year and are in furtherance of Board Ends and Limitations policies.

Data Support:

Current conditions and activities, which are required to maintain existing Board End compliance and service levels, result in an approximate ongoing annual increase in net expenditures of 4.5 %. This represents the contractual increases in the collective agreements and our best estimate of cost increases in non-salary expenditures.

I have not undertaken or approved any activities which would result in a higher level of ongoing cost increases than that described above.

Therefore, I report compliance with this provision.

Policy Provision #2

Omits credible projection of expenses, separation of capital and operational items, and disclosure of planning assumptions.

Interpretation of the Chief of Police:

I must ensure that the Service diligently plans and clearly reports on expected future revenues and expenses in a format which meets the requirements of the Board and the Region of Durham.

Data Support:

The Annual Business Plan Budget submitted to the Board and the Region meets these requirements. It was tendered as Data in Support at the March 2006 Board meeting.

Therefore, I report compliance with this provision.

Policy Provision # 3

Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.

Interpretation of the Chief of Police:

The Annual Business Plan Budget submitted to the Board and the Region includes this level of spending and therefore meets these requirements. It was tendered as Data in Support at the March 2006 meeting.

Data Support:

Therefore, I report compliance with this provision.

Policy Provision # 4

Provides for projection of revenues that exceed the Board's revenue projection.

Interpretation of the Chief of Police:

It is my interpretation of this policy that the Board's revenue projection followed board direction and did not exceed revenue projection.

Data Support:

The following information is provided as reference material for budget discussions:

- a. Regional Council approved a 2005 net DRPS & Board budget of \$112,300,000;
- b. Motion M189-04 of 13 Sep 04 stated: "THAT the 2005 budget estimates and future budgetary forecasts reflect an annual increase of 7.5%, plus or minus 0.5%";
- c. Motion M228-04 of 8 Nov 04 stated: "... THAT all future business plans and budgets clearly identify the associated impact on Board's Ends policies with specific reference to crime rate, clearance rate, response rate and times, and cost per household and citizen, in each case relative to comparator communities"; and
- d. Motion M136-05 of 13 June 05 states "THAT the Chief be directed to prepare a 2006 budget based on a 6% increase over the 2005 approved police budget."
- e. Motion M228-05 of 14 November 05 states "THAT the board approve for 2006 a police Services budget base of \$118,870,947 which is a 5.85 % increase inclusive of all operating and current capital requirements as identified to meet all established Board Ends policies of the Service, except Emergency Response, which shall progressively improve towards compliance in 2007"
- f. Motion M017-06 of 13 February 06 states "THAT the 2006 budget be referred to the Chief to reduce the budget by \$1 million."
- g. Motion M042-06 of 13 March 06 states "THAT the Board approve for 2006 a Police Services budget base of \$117,743,153 for presentation to the Regional F & A."
- h. Motion M042-06 of 13 March 06 states "THAT Motion M042-06 be amended to have the capital portion of the 2006 budget reduced by \$250,000 for Board approval of the Durham Regional Police Service Budget of \$117,493,153.
- i. Motion M056-06 of 27 March 06 states "THAT the 2006 Police Budget be set at \$117,343,000 including the deletion of two civilian positions."
- j. At the April 11, 2006 Regional F & A Committee meeting the committee agreed to add \$23,000 to the police budget to fund COMRA.

The tendered Annual Business Plan Budget for 2006 has met the direction of the Board.

The 2006-2010 5 Year Forecast also met the relevant guidance set out above.

Based on the above proof provided, I report overall compliance with the policy.

Attachments: None