



REPORT TO THE POLICE SERVICES BOARD

Author Giles le Riche, Director Business Services
Subject Monitoring Report – Financial Activities and Conditions 2nd Quarter Ended 2021

Date: September 21, 2021
Report Type: Information

RECOMMENDATION:

“THAT the Board find that all provisions of the Financial Conditions and Activities policy have been complied with.”

Signed:


Chief of Police

Date: Sept 9/21

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 nine 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 should 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 8, 2021, I report the following:

The financial statements for the 6 months ended June 30, 2021 show net spending of \$105.02 million (2020 - \$97.97 million) representing 47% (2020 - 46%) of the annual operating budget of \$223.19 million (2020 - \$214.72 million).

Based on the six months of actual spending and an estimate for the remaining six months' activity, it is expected that the year end result will be close to the budgeted level.

As in prior years, wage savings from position vacancies are expected as the Service deals with recruitment challenges to keep pace with the high numbers of member departures in the past 18 months. These savings are reduced by related anticipated overspend for part-time and overtime resources, in addition to increasing costs to support workers injured on duty. It is expected that these savings will be required to support underfunded spending in the areas of retirement, legal services and consulting costs.

In addition, the Service is experiencing significantly reduced police record check and false alarm call revenues due to the COVID-19 pandemic. It is not known at this point in time whether the impact will be similar to the 2020 experience.

The appendix, on pages 11 and 12, provide additional financial information in the form of two summary tables. Each table compares the actual spending to approved budget by major cost category, including a brief explanation of the major trends and forecast rationale. The first table represents the current year and the second table contains results from the same time period of the prior year.

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

Policy Provision #2

2. *"Authorize capital expenditures which would result in a capital variance of more than 5% of the approved capital budget, to a maximum of \$200,000, prior to advising the Board."*

Interpretation of the Chief of Police:

It is my interpretation of this policy that I will inform the Board prior to authorizing individual discretionary capital expenditures which had not been included in the approved capital budget, and which are larger than the lesser of a) 5% of the approved capital budget, and b) \$200,000.

Data Support:

The Director of Business Services reports that during the reporting period, there were no individual capital variances approved, that exceed either 5% of the approved capital budget, or the amount of \$200,000.

For the period ended June 30, 2021, net capital variances totaling approximately \$125,000 were approved, related to purchases due to written off vehicles supported by insurance recoveries and some IT equipment.

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

Policy Provision #3

3. *"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 #4

4. *"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 of the Board 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.

On March 23, 2021, the Uniform and Civilian collective agreements were finalized with the Durham Regional Police Association. These agreements are effective January 1, 2020 and expire on December 31, 2024.

On November 19, 2019, the Senior Officer's collective agreement was finalized with the Durham Regional Police Senior Officers' Association. It is effective January 1, 2019 and expires on December 31, 2021.

I therefore report **compliance** with this policy.

Policy Provision #5

5. *"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 #6

6. *"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.

The Service has worked with the Region's Real Estate team to renew the current lease for the Whitby location utilized by the Lawful Access unit. The lease extension is for a 5-year term, beginning June 1, 2021 and expiring on May 31, 2026. The lease agreement allows the Service to terminate early, by providing 6 months' notice, any date following May 31, 2023.

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

Policy Provision #7

7. *"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:

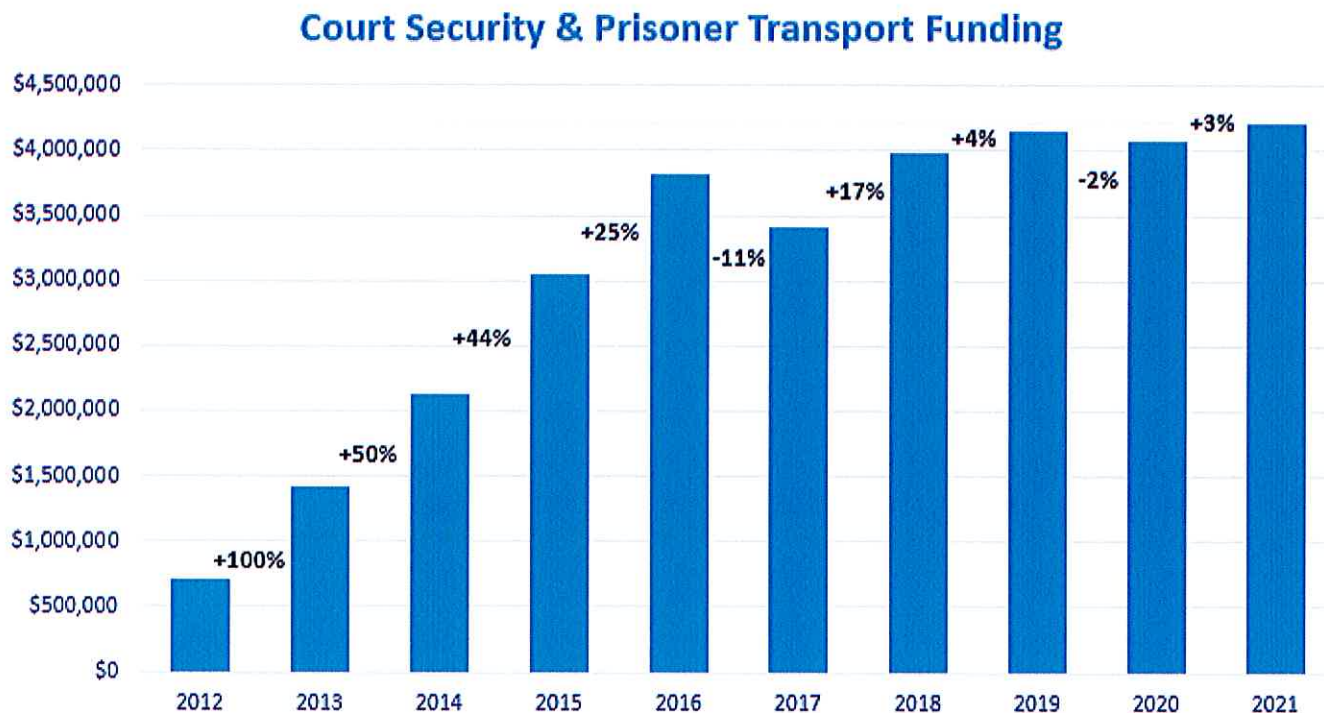
The Director of Business Services maintains a list of such programs; coordinates with the management of the service to make grant applications and discloses all known material funding sources in the Annual Business Plan Budget approved by the Board.

The Court Security Prisoner Transportation Funding

The program is based on a maximum funded amount of \$125 million for the Province in total, which the program reached in 2018. The Ministry is in the process of reviewing this program. While there has been uncertainty in funding levels from year to year, this provincial review adds a new degree of uncertainty.

The Service has recently received approved 2021 funding in the amount of \$4,200,882 which represents a 3% increase over 2020 approved funding.

A historical summary of the approved funded amounts is provided below.



Front Line Policing Grants

On April 18, 2019, the Ministry of the Solicitor General announced that effective 2019-2020, current grants would be replaced by a consolidated grant, the **Community Safety and Policing (CSP)** grant.

This grant is described as outcomes-based to better align with local and provincial priorities, with a focus on effective and integrated service delivery, improved flexibility for local needs and priorities related to safety and well-being and to encourage inter-jurisdictional and multi-sectoral approaches.

There are two funding streams with focus on local priorities and provincial priorities. There is a formal application process every three years for funding under both streams.

Current Grant Funding:

- The Service's allocation under the **local priorities** stream has been approved in the amount of \$2,469,523, per fiscal year of the current 3 year grant cycle.
- The Service has received approval for the Guns & Gang application, submitted under the **provincial priorities** stream, in the amount of \$696k per year for 3 years.

Total funding under the 2 priorities streams (local and provincial) is \$3.2 million per year. The grants expire on March 31, 2022 and the Service has not received any information regarding applications for the next 3-year cycle, including funding amounts available.

Reduced funding or elimination of this program would create significant challenges for the Service as these grants fund full-time wage and benefits for authorized staff.

Child and Youth Services Program Funding

The Service receives funding from the Minister of Child and Youth Services within the Ministry of Community and Social Services, to support the following initiatives:

- Extrajudicial Measures – Youth diversion program
- Youth in Policing – Summer employment program
- Youth in Policing – After school employment program

These program budgets are prepared annually and are normally approved in the late spring. In July, the Service received an update confirming that funding has been approved for the 2020-21 fiscal year, based on the prior year's funding allocation (\$435k – 2019/20). Final funded amounts have been confirmed and are consistent with the prior year's funding.

Other Grants

During 2020, the Service took the opportunity to apply for available funding programs and was highly successful. Four of the six grant applications were approved, two of which are multi-year grants.

A summary of the 2020 grant activity is provided below.

Granting Ministry	Grant Program Name	Funding Purpose	Total Amount Requested	Application Status	Application Year	Approved Amount	Grant Expiry
Ministry of the Attorney General	Civil Remedies for Illicit Activities (Human Trafficking) 2020-2022 (2 Year Grant)	Specialized equipment to support criminal investigations relying on digital evidence	\$100,000	Not Approved	2020	\$0	N/A
Ministry of the Solicitor General Public Safety Division	Children at Risk of Exploitation (CARE) Units 2020-2025 (5 Year Grant)	Anti-Human Trafficking funding to implement new Durham-based CARE Unit partnership model (Secondments, Equipment & Training)	\$3,557,045	Approved	2020	\$3,557,045	30-Jun-2025
Ministry of Community Safety & Correctional Services	Reduce Impaired Driving Everywhere (R.I.D.E.) Grant 2020/21 - 2021/22 (2 Year Grant)	Enhancement to the R.I.D.E program (Officer Overtime cost)	\$175,320	Approved	2020	\$85,871	31-Mar-2022
Ministry of the Solicitor General Public Safety Division	Ontario Closed Circuit Television (CCTV) Grant 2020-2021 1 Year Grant	Targeting Guns, Gangs and Violence through CCTV Program (Camera Systems, Hardware, Software, Licenses)	\$40,400	Approved	2020	\$40,400	31-Mar-2021
Ministry of the Solicitor General Public Safety Division	Proceeds of Crime - Front-Line Policing (FLP) 2020-2023 3 Year Grant	Durham Region Youth Street Violence Strategy (Overtime, Consulting, Training, Supplies)	\$297,420	Not Approved	2020	\$0	N/A
Ministry of the Solicitor General Public Safety Division	Proceeds of Crime - Front-Line Policing (FLP) 2020-2023 (3 Year Grant)	Helping Alliances with Law Enforcement and Trafficking (HALT Project) (Victim Services Consultant, Supplies)	\$300,000	Approved	2020	\$300,000	31-Mar-2023
2020 Totals			\$4,470,185			\$3,983,316	

Non-grant funding, in the amount of \$165,000 has been arranged, from within Regional funding, provided from the 2021 Ontario Cannabis Legalization Implementation Fund. This funding will be used to support enforcement and seizure efforts.

The Service continues to pursue additional grant funding opportunities as they become available. The 2021 grant activity to date is summarized in the table below.

Granting Ministry	Grant Program Name	Funding Purpose	Total Amount Requested	Application Status	Application Year	Approved Amount	Grant Expiry
Ministry of the Solicitor General	Youth Advisory Committee (YAC) Grant 2021 (1 Year Grant)	Establish a Youth Advisory Committee	\$ 60,000	Approved	2021	\$ 60,000	29-Oct-2021
Ministry of the Solicitor General	Policing Operations Support Grant 2020-2021 (1 Year Grant)	Purchase Advanced Cellular Analysis Support Program	\$ 112,000	Approved	2021	\$ 112,000	31-Mar-2021
Ministry of the Solicitor General	Proceeds of Crime Law Enforcement Grant 2020-2021 (1 Year Grant)	JSI Application Refresh	\$ 98,082	Approved	2021	\$ 98,082	31-Mar-2021
Ministry of Seniors and Accessibility	Seniors Community Grant 2021-2022 (1 Year Grant)	Resources for Elderly Prioritizing Education and Truth	\$ 23,470	Submitted for Approval	2021		
Ministry of the Solicitor General	Ontario Closed Circuit Television (CCTV) Grant 2021-2022 (1 Year Grant)	Targeting Guns, Gangs and Violence through CCTV Program (Camera Systems, Hardware, Software, Licenses)	\$ 200,000	Submitted for Approval	2021		
Ministry of the Solicitor General	Victim Support Grant 2021-2023 (2 Years Grant)	To enhance capacity to support victims and survivors of intimate partner violence and human trafficking	\$ 200,000	Submitted for Approval	2021		
2021 Totals			\$ 693,552			\$ 270,082	

I therefore report **compliance** with this policy.

Policy Provision #8

8. *"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 Patrol Support, 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.

I therefore report **compliance** with this policy.

Policy Provision #9

9. *"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 Policy and 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 Policy and Procedures Manual was first published and took effect in 2005. It is in substantial compliance with Regional Processes and therefore complies with the spirit of Regional Processes. An updated version was implemented in 2018.

Financial transactions have been in compliance with the Financial Policy and 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.

Appendix: Financial Summaries – Current and Prior Year

Durham Regional Police Service									
2021 Financial Results				2021 Financial Forecast					
Cost Category	Annual Budget \$000's	June YTD Actuals \$000's	% Budget	Annual Budget \$000's	2nd Quarter Annual Forecast	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	Comments on Major Trends
Payroll Expenses & Reserves	\$194,150	\$93,901	48.4%	\$194,150	\$191,888	98.8%	\$2,263	1.2%	Wage savings from position vacancies (\$6.6 m) are expected and will be partly offset by related overspending for part-time & overtime resources (\$1.4m). Net wage savings will be additionally offset by the impact of under-funded contractual retiree benefit obligations (\$1.1m) and WSIB costs (\$1.8m). Post employment estimates are based on the impact from an estimated 47 member departures.
Personnel Related	\$2,935	\$1,337	45.6%	\$2,935	\$2,935	100.0%	\$0	0.0%	Partial savings from conferences & training, offset by higher anticipated costs for uniforms & protective equipment
Communication	\$1,820	\$662	36.4%	\$1,820	\$1,745	95.9%	\$75	4.1%	Anticipated savings for printing & community relations (pandemic related)
Supplies, Food, Services	\$2,692	\$984	36.5%	\$2,692	\$2,692	100.0%	\$0	0.0%	Breakeven
Facilities	\$8,986	\$3,782	42.1%	\$8,986	\$9,131	101.6%	-\$145	(1.6%)	Increased janitorial / cleaning costs (pandemic related)
Computer Maintenance / Operations	\$3,685	\$2,275	61.8%	\$3,685	\$4,047	109.8%	-\$362	(9.8%)	Spending for investigative cellular software analysis (fully offset by gov't funding) & BWC Yr. 1 reclassification from Capital
Equipment Maintenance / Repair	\$1,482	\$252	17.0%	\$1,482	\$1,482	100.0%	\$0	0.0%	Breakeven - Air One scheduled maintenance costs expected in 2nd half of 2021
Vehicle Operations	\$4,174	\$1,759	42.1%	\$4,174	\$3,956	94.8%	\$218	5.2%	Proceeds for 2 vehicle write-offs (fully offset in capital spend) & fewer vehicle leases
Debt Service	\$11,000	\$2,131	19.4%	\$11,000	\$10,750	97.7%	\$250	2.3%	Breakeven (higher % to be recorded in Q3 & Q4)
Professional & Consulting	\$1,829	\$819	44.8%	\$1,829	\$2,039	111.5%	-\$210	(11.5%)	Higher consulting costs for virtual employee healthcare services (pandemic related), officer recruitment costs and BWC contract development
Legal Services	\$1,012	\$1,071	105.8%	\$1,012	\$2,100	207.6%	-\$1,088	(107.6%)	Overspend is expected based on current case volume
Inter Dept'l Transfers	\$309	\$155	50.0%	\$309	\$309	100.0%	\$0	0.0%	Breakeven
Financial Expenses	\$2,060	\$869	42.2%	\$2,060	\$2,060	100.0%	\$0	0.0%	Breakeven
Capital	\$5,339	\$5,339	100.0%	\$5,339	\$5,238	98.1%	\$101	1.9%	Lower spending due to the account reclassification for BWC Yr. 1 (to Computer Services), offset by approved variances for: a) vehicle replacement costs for write-offs, b) computer equipment, and c) portable radios
Reserves	-\$462	\$0	0.0%	-\$462	\$600	-130.0%	-\$1,062	230.0%	Current estimates indicate no draw from the Air One reserve will be required
Gross Expenditures	\$241,011	\$115,337	47.9%	\$241,011	\$240,971	100.0%	\$39	0.02%	
Revenue & Recovery	-\$17,821	-\$10,321	57.9%	-\$17,821	-\$18,364	103.0%	\$543	(3.1%)	Lower police record check & false alarm revenues offset by higher pay duty revenues for pandemic assignments (mostly offset by higher wages) and lawful access cost recovery (offset in part-time wages)
Net Expenditures	\$223,190	\$105,016	47.1%	\$223,190	\$222,607	99.7%	\$583	0.26%	

Durham Regional Police Service									
2020 Financial Results				2020 Financial Forecast					
Cost Category	Annual Budget \$000's	June YTD Actuals \$000's	% Budget	Annual Budget \$000's	2nd Quarter Annual Forecast	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	Comments on Major Trends
Payroll Expenses & Reserves	\$188,230	\$85,014	45.2%	\$188,230	\$184,238	97.9%	\$3,993	2.1%	Wage savings from position vacancies (\$6.1m) and lower pay duty wages (\$0.5m) are expected, which will be reduced by overspend for benefit costs (\$2.6m). These figures include the impact from 55 anticipated member departures in 2020.
Personnel Related	\$2,724	\$1,245	45.7%	\$2,724	\$3,159	116.0%	-\$435	(16.0%)	COVID related PPE \$645k, partly offset by expected savings in Conferences & Training \$210k
Communication	\$1,826	\$773	42.3%	\$1,826	\$1,826	100.0%	\$0	0.0%	Break Even
Supplies, Food, Services	\$2,602	\$1,188	45.6%	\$2,602	\$2,732	105.0%	-\$130	(5.0%)	Not overspend due to grant funded programs (\$90k, fully offset in revenues), plus \$40k COVID related supplies
Facilities	\$8,520	\$3,745	44.0%	\$8,520	\$8,715	102.3%	-\$195	(2.3%)	COVID related disinfecting services, supplies & signage
Computer Maintenance / Operations	\$2,918	\$1,924	65.9%	\$2,918	\$2,918	100.0%	\$0	0.0%	Break Even -- Note that spending trend is always higher in the first half of the year due to timing of contract renewals
Equipment Maintenance / Repair	\$895	\$475	53.0%	\$895	\$895	100.0%	\$0	0.0%	Break Even
Vehicle Operations	\$4,112	\$1,677	40.8%	\$4,112	\$3,677	89.4%	\$435	10.6%	COVID related vehicle disinfecting \$249k, fully offset by estimated fuel savings -\$400k and proceeds from insurance vehicle write-offs - \$284k (fully offset in capital spending)
Debt Service	\$11,000	\$1,782	16.2%	\$11,000	\$11,000	100.0%	\$0	0.0%	Break Even (capital contribution scheduled for latter part of 2020)
Professional & Consulting	\$1,708	\$659	37.3%	\$1,708	\$2,050	118.0%	-\$282	(16.0%)	Overspend related to new officer recruitment, frontline staffing review project and temporary online medical services for employees (COVID related)
Legal Services	\$1,012	\$949	93.8%	\$1,012	\$2,234	220.8%	-\$1,222	(120.8%)	Overspend expected based on current legal services model and current cases
Inter Dept'l Transfers	\$272	\$138	50.0%	\$272	\$272	100.0%	\$0	0.0%	Break Even
Financial Expenses	\$1,962	\$974	49.6%	\$1,962	\$1,962	100.0%	\$0	0.0%	Break Even
Capital	\$5,120	\$5,120	100.0%	\$5,120	\$5,662	110.6%	-\$542	(10.6%)	Capital Budget Variances for: COVID related capital \$50k (laptops, mask fit test machine), other IT related capital \$33k, \$175k boat engine replacement, and vehicle replacements \$284k (due to write-offs, fully offset in Vehicle Operations)
Reserves	\$11	\$250	2286.2%	\$11	\$11	100.0%	\$0	0.0%	Break Even
Gross Expenditures	\$232,971	\$106,910	45.6%	\$232,971	\$231,360	99.3%	\$1,621	0.70%	
Revenue & Recovery	-\$18,255	-\$7,937	43.5%	-\$18,255	-\$16,633	91.1%	-\$1,621	8.9%	Anticipated reduction in revenues due to COVID-19 \$1.6m (Records, Alarms, Pay Duty, of which \$0.4m offset in reduced pay duty wages), lower Court Security funding \$0.1m, and higher Program related revenue \$0.1m (fully offset in expenses)
Net Expenditures	\$214,716	\$97,973	45.6%	\$214,716	\$214,716	100.0%	\$0	0.00%	