



## REPORT TO THE POLICE SERVICES BOARD

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Author: Teresa Fetter, Director Business Services

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Type of Report: Public

Title: Monitoring Report –Financial Activities and Conditions 1st Quarter

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### RECOMMENDATION

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

### 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.

### DISCUSSION

“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 April 11, 2022, I report the following:

The financial statements for the 3 months ended March 31, 2022 show net spending of \$45.39 million (2021 - \$42.90 million) representing 21% (2021 - 20%) of the annual operating budget of \$233.32 million (2021 - \$223.19 million).

Based on the three months of actual spending and an estimate for the remaining nine months' activity, it is expected that the year end result will be within one percent of the budgeted level.

At this point, the Service is anticipating some wage savings due to position vacancies as the Service deals with labor market challenges impacting recruitment efforts. Position vacancy pressures will result in higher spending for overtime, part-time and WSIB costs.

Other spending pressures are expected for legal and other operational costs, some still impacted by the current global supply chain challenges.

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.

I therefore 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 March 31, 2022, capital variances totaling \$351,000 were approved, to support building maintenance projects, replacement of two fleet vehicle write-offs, and 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 March 22, 2022, the Senior Officers collective agreements were finalized with the Durham Regional Police Senior Officer's Association. This agreement is effective January 1, 2022 and expires on December 31, 2024.

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.

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 Service has recently received approved 2022 funding in the amount of \$4,484,050 which represents a 7% increase over 2021 approved funding.

### Court Security Program Review:

In the fall of 2020, The Ministry of the Solicitor General undertook a review of the program, through an independent consultant.

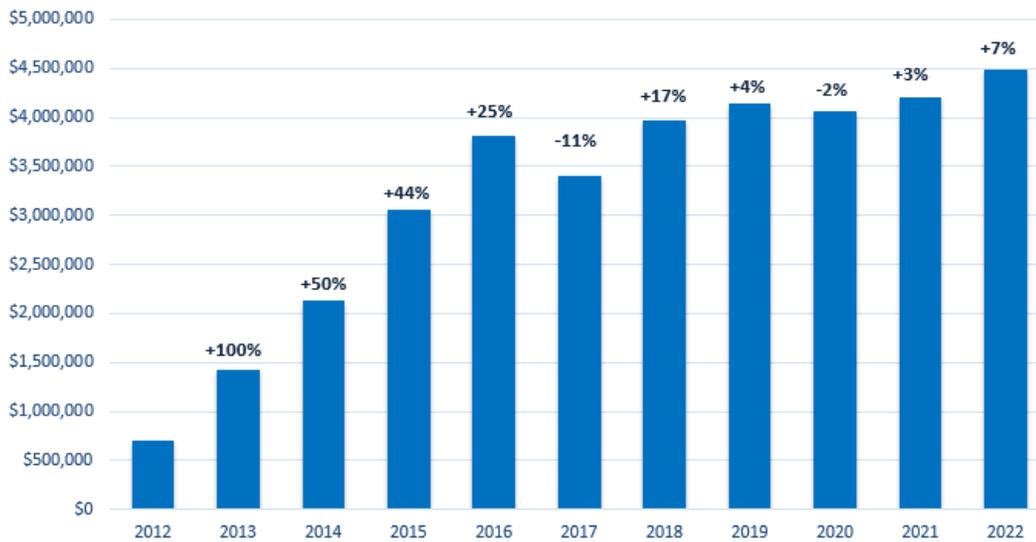
In January 2022, the consultant's report was released, containing several key recommendation themes. They are:

- Continuation of the 'new normal' process that leverages technology solutions for virtual pre-trial hearing appearances, thus minimizing prisoner transportation and to create better integration with court administration;
- Creation of process efficiencies and lower total program costs, through leveraging special constables over front-line officers, automation of manual processes and eliminating duplication in prisoner transport;
- Development of performance measures;
- Moving to a centralized program, either through the creation of regional or provincial entities, with a focus on achieving process efficiency and a lower cost program and
- The development of a Northern Justice Strategy to consider unique needs of the Indigenous police services.

While many of these themes will be realized over the longer term, the report clearly indicated that there would be no reduction to the overall program funding level of \$125 million in the short-term.

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

### Court Security & Prisoner Transport Funding



### Community Safety and Policing (formerly Front Line Policing) Grants

On April 18, 2019, the Ministry of the Solicitor General announced that effective 2019-2020, current front line policing 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.

#### Approved Grant Funding (2022/3 to 2024/25):

Local Priorities Stream: The Service’s allocation under the **local priorities** stream has been approved for a total amount of \$9.3 million over the 3-year cycle (\$3,084,651 per year).

- **Project SALUS:** As part of the Region’s Community Safety and Well-Being plan, this project will focus on providing support to vulnerable populations and toward targeting high-impact crimes (intimate partner violence, gang recruitment, and firearms offences).

Provincial Priorities Stream: The Service has received approval for the Project Upstream application, submitted under the **provincial priorities** stream, for a total amount of \$1.1 million over the 3-year cycle (~ \$0.4 million per year).

- **Project UPSTREAM:** Supporting the of the Region’s Community Safety and Well-Being plan, this project will focus on collaboration among community human services partners to support a reduction in the number of ‘acutely elevated risk’ situations that officers are required to manage. Total funding application is for \$1.3 million over the 3-year cycle.

Approved Grant Funding - Comparison	2022 - 2024	2020 - 2022	Funding Incr. / (Decr.)
Local Priorities	\$9,253,952	\$7,408,569	\$1,845,383
Provincial Priorities	\$1,139,040	\$2,088,142	-\$949,102
<b>Total Funding (3 Yr Cycle)</b>	<b>\$10,392,992</b>	<b>\$9,496,710</b>	<b>\$896,281</b>

### 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 2020, the Service received \$435,489 of funding for the 2020-21 fiscal year, based on the prior year’s funding allocation (\$435k – 2019/20). Due to COVID-19, in March 2021, the Ministry extended this funding package to the 2021-22 fiscal year. Confirmation is currently outstanding for 2021-22 but is estimated to be \$488,015.

### Other Grants

The Service has been successful to receive several grants offering multi-year funding. A summary of the current multi-year grants is provided below.

Granting Ministry	Grant Program Name	Funding Purpose	Total Amount Requested	Application Status	Application Year	Approved Amount	Grant Expiry
Ministry of the Solicitor General Public Safety Division	<b>Children at Risk of Exploitation (CARE) Units 2020-2025 (5 Year Grant)</b>	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 the Solicitor General Public Safety Division	<b>Proceeds of Crime - Front-Line Policing (FLP) 2020-2023 (3 Year Grant)</b>	Helping Alliances with Law Enforcement and Trafficking (HALT Project) (Victim Services Consultant, Supplies)	\$ 300,000	Approved	2020	\$ 300,000	31-Mar-2023
Ministry of the Solicitor General	<b>Victim Support Grant 2021-2023 (2 Years Grant)</b>	To enhance capacity to support victims and survivors of intimate partner violence and human trafficking	\$ 200,000	Approved	2021	\$ 200,000	31-Mar-2023
<b>Multi-Year Grant Funding Approvals</b>							

The Service will be pursuing the recently announced provincial funding under the “Automated License Plate Recognition (ALPR) Technology Grant. This grant provides one-time funding to support the purchase of ALPR technology with the goal of improving road safety and enforcement initiatives. The Service is eligible to apply for funding to a maximum of \$2.5 million under this grant.

The Service will continue to pursue additional funding opportunities as they become available.

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. A full review is scheduled to be completed in 2023.

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						
2022 Financial Results				2022 Financial Forecast		
Cost Category	Annual Budget \$000's	March YTD Actuals \$000's	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	Comments on Major Trends
Payroll Expenses & Reserves	\$201,720	\$41,130	20.4%	\$2,865	1.4%	Spending for payroll & related costs is expected to be close to budget. Net wage savings from vacancies will be reduced by cost pressures from benefit costs for workers injured on duty.
Personnel Related	\$3,030	\$570	18.8%	\$0	0.0%	Break Even
Communication	\$1,801	\$302	16.8%	\$0	0.0%	Break Even
Supplies, Food, Services	\$2,702	\$846	31.3%	\$0	0.0%	Break Even
Facilities	\$9,247	\$1,627	17.6%	\$284	3.1%	Planned savings to support the replacement of fire and access control systems (offset in Capital).
Computer Maintenance / Operations	\$4,233	\$1,630	38.5%	-\$32	(0.8%)	Higher spending to support additional software licenses for backup server. (Note: spending is always higher in the 1st half of the year due to timing of contract renewals)
Equipment Maintenance / Repair	\$1,501	\$49	3.3%	\$0	0.0%	Break Even
Vehicle Operations	\$4,502	\$1,019	22.6%	-\$237	(5.3%)	Due to current market conditions, fuel is currently forecasted to be overspent by \$325k, offset by insurance proceeds for 2 fleet vehicle write-offs (replacements shown in Capital)
Debt Service	\$10,300	\$2,283	22.2%	\$0	0.0%	Break Even
Professional & Consulting	\$2,584	\$364	14.1%	\$0	0.0%	Break Even
Legal Services	\$1,512	\$474	31.3%	-\$750	(49.6%)	Overspend, similar to past years, is expected based on current case volume.
Inter Dept'l Transfers	\$356	\$77	21.7%	\$0	0.0%	Break Even
Financial Expenses	\$2,208	\$555	25.1%	\$0	0.0%	Break Even
Capital	\$6,247	\$0	0.0%	-\$351	(5.6%)	Overspend is due to net approved variances for fire & access control systems, and 2 vehicles replacements (insurance recovery funded)
Reserves	-\$780	\$0	0.0%	-\$826	105.9%	Current assumption is that the year-end reserve draw will not be required.
<b>Gross Expenditures</b>	<b>\$251,163</b>	<b>\$50,928</b>	<b>20.3%</b>	<b>\$952</b>	<b>0.38%</b>	
Revenue & Recovery	-\$17,845	-\$5,541	31.0%	\$623	(3.5%)	Increased Court Security and Prisoner Transportation Program funding (+ \$283k), and unbudgeted grant funding approvals (CCTV, HALT, Victim Support).
<b>Net Expenditures</b>	<b>\$233,318</b>	<b>\$45,387</b>	<b>19.5%</b>	<b>\$1,575</b>	<b>0.68%</b>	

## Durham Regional Police Service

2021 Financial Results				2021 Financial Forecast		
Cost Category	Annual Budget \$000's	March YTD Actuals \$000's	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	Comments on Major Trends
Payroll Expenses & Reserves	\$194,150	\$40,268	20.7%	\$2,076	1.1%	Similar to prior years, wage savings from position vacancies (\$5.0 m) are expected and will be partly offset by related overspending for part-time & overtime resources (\$1.2m). Net wage savings will be additionally offset by the impact of under-funded contractual retiree benefit obligations (\$1.2m) and WSIB costs (\$0.5m). Post employment estimates are based on the impact from an estimated 43 member departures.
Personnel Related	\$2,935	\$574	19.6%	\$79	2.7%	Education & Conference savings are anticipated as a result of the pandemic
Communication	\$1,820	\$245	13.4%	\$0	0.0%	Break Even
Supplies, Food, Services	\$2,692	\$340	12.6%	\$115	4.3%	Anticipated underspend in office supplies and dry cleaning, due to the pandemic
Facilities	\$8,986	\$1,548	17.2%	\$0	0.0%	Break Even
Computer Maintenance / Operations	\$3,685	\$1,648	44.7%	\$0	0.0%	Break Even (Note that spending trend is always higher in the 1st half of the year due to timing of contract renewals)
Equipment Maintenance / Repair	\$1,482	\$76	5.1%	\$0	0.0%	Break Even
Vehicle Operations	\$4,174	\$685	16.4%	-\$0	0.0%	Break Even
Debt Service	\$11,000	\$881	8.0%	\$0	0.0%	Break Even (Capital Contribution scheduled for latter part of the year)
Professional & Consulting	\$1,829	\$319	17.4%	-\$200	(10.9%)	Higher consulting costs, similar to prior years, related to officer recruitment and added costs for BWC contract development
Legal Services	\$1,012	\$468	46.2%	-\$1,088	(107.6%)	Overspend, similar to past years, is expected based on current case volume
Inter Dept'l Transfers	\$309	\$68	22.0%	\$0	0.0%	Break Even
Financial Expenses	\$2,060	\$14	0.7%	\$0	0.0%	Break Even
Capital	\$5,339	\$0	0.0%	\$0	0.0%	Break Even (No Q1 spend due to timing of 2021 budget approval)
Reserves	-\$462	\$0	0.0%	-\$812	175.8%	Current assumption is that the year-end reserve draw will not be required
<b>Gross Expenditures</b>	<b>\$241,011</b>	<b>\$47,132</b>	<b>19.6%</b>	<b>\$170</b>	<b>0.07%</b>	
Revenue & Recovery	-\$17,821	-\$4,231	23.7%	-\$170	1.0%	Lower expected revenues (police record checks), mostly offset by: Higher Court Security funding; unbudgeted grant funding (E-Crimes, Equity & Inclusion) and Lawful access cost recovery (offset by part-time wages)
<b>Net Expenditures</b>	<b>\$223,190</b>	<b>\$42,901</b>	<b>19.2%</b>	<b>\$0</b>	<b>0.00%</b>	

## Report Approval Details

Document Title:	Financial Condition and Activities 2022 F03.docx
Attachments:	
Final Approval Date:	May 5, 2022

This report and all of its attachments were approved and signed as outlined below:

Teresa Fetter

Stan MacLellan

A handwritten signature in black ink, appearing to be 'Todd Rollauer', with a stylized, somewhat abstract script.

Todd Rollauer