Policy Type: **EXECUTIVE LIMITATIONS**

Policy Title: **Financial Management**

Policy Statement

The Board is committed to the highest standards of responsible financial management in the provision of policing services to Durham Region. This policy provides direction to protect and promote the following principles in the stewardship of funds allocated to the DRPS, while enabling the achievement of strategic priorities and the delivery of adequate and effective policing:

1. **Accountability** — Individuals exercising financial authority are accountable for their decisions and the use of public resources.
2. **Transparency** — Financial and procurement decisions shall be appropriately documented and subject to public reporting and scrutiny, subject to legal requirements respecting confidentiality and privileged or protected information.
3. **Value for Money** — Public resources shall be used economically, efficiently and effectively.
4. **Fairness and Competition** — Procurement opportunities shall, where appropriate, be accessible to qualified suppliers in a manner that is open, fair, transparent, and non-discriminatory, consistent with applicable trade agreement obligations.
5. **Integrity** — Financial and procurement decisions shall be objective, ethical and free from actual, potential or perceived conflicts of interest.
6. **Prudence** — Financial commitments shall be made with appropriate consideration of affordability, risk, lifecycle costs and long-term sustainability.
7. **Segregation of Duties** — Wherever practicable, authorization, procurement, receipt, payment and reconciliation functions shall be appropriately separated.
8. **Consistency** — Similar transactions shall be treated consistently and in accordance with established procedures.
9. **Best Interests of the Public** — Decisions shall prioritize the effective use of public resources in support of policing and community safety.

Policy Application

The Chief of Police shall protect against fiscal jeopardy or material deviation of actual expenditures from the Board's approved priorities. Further, the Chief of Police shall:

1. **Budget and expenditures**
   a. Provide the Board with the operating and capital estimates required for submission to the Region of Durham in accordance with *the Community Safety and Policing Act* and the Region's budget process.

   b. Expend and commit funds within the approved annual operating and capital budgets while minimizing budget variances to the extent possible. In exceptional circumstances, expenditures may exceed the approved budgets where additional funding has been authorized during the year by the Board and the Regional Municipality of Durham. All expenditures shall:

- be incurred for a legitimate Police Service or Board purpose;
- be within an approved budget or otherwise authorized in accordance with this policy;
- comply with applicable procurement requirements;
- be supported by appropriate documentation;
- be approved by an individual with the appropriate delegated authority; and,
- be recorded accurately and in a timely manner.

2. **Financial Forecasting**
   Maintain appropriate financial forecasts and identify significant pressures, risks and opportunities affecting the current and future financial position of the Police Service. Reserve funds shall be established, maintained and used only for purposes authorized by the Board, applicable legislation or applicable Regional financial policy. Sufficient financial flexibility shall be maintained to address:

- major capital requirements;
- lifecycle replacement of critical assets;
- significant unforeseen operational requirements;
- financial risks;
- contractual obligations; and,
- other priorities identified through the strategic and financial planning process.

3. **Capital expenditures**
   Seek the Board's approval for any capital expenditure not included in the approved capital budget, or any increase to an approved capital budget item, where the expenditure or increase is $400,000 or more.

4. **Procurement**

a. Establish appropriate thresholds and requirements for competition, documentation, evaluation and approval.

b. Obtain the Board's approval for any agreement with another police service, service provider or service recipient that involves annual transfers exceeding $1.5 million, or a total contract value of more than $5 million, without explicit Board authorization. All procurement shall be conducted in a manner that is:

- open and transparent;
- fair and impartial;
- competitive where appropriate;

- consistent with applicable trade agreements;
- designed to achieve best value;
- appropriately documented;
- proportionate to the value and risk of the procurement; and,
- consistent with applicable ethical and conflict-of-interest requirements.

5. **Real property**
   Obtain the Board's approval to acquire, encumber or dispose of real property.

6. **Grants and external funding**
   Maintain an inventory of relevant federal and provincial grants and contribution programs and take reasonable steps to maximize appropriate external funding opportunities.

7. **Shared resources**
   Ensure that resources provided to or received from another police service are appropriately reciprocated, reimbursed or otherwise compensated.

8. **Financial procedures and controls**
   Develop, implement, monitor and review financial procedures and controls that are consistent with generally accepted financial control practices.

Reporting

The Chief of Police shall provide the Board with information necessary to enable the effective oversight of this policy, including:

1. Quarterly reporting on the Service's operating and capital financial position, year-end forecast and variances from approved budgets;
2. Timely notice of material financial risks, emerging pressures, significant unbudgeted commitments, or circumstances that may affect the Board's approved priorities or financial sustainability; and,
3. Such additional financial information as the Board may reasonably require.