



## REPORT TO THE POLICE SERVICES BOARD

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Author: Teresa Fetter, Director Business Services

Date: 20-Sep-2022

Type of Report: Public

Title: Financial Activities and Conditions - 2nd Quarter Ended 2022

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### RECOMMENDATION

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

### EXECUTIVE SUMMARY

#### 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 July 11, 2022, I report the following:

The financial statements for the 6 months ended June 30, 2022 show net spending of \$107.73 million (2021 - \$105.02 million) representing 46% (2021 - 47%) of the annual operating budget of \$233.72 million (2021 - \$223.19 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.

Savings in payroll and related costs are expected as the Service deals with ongoing recruitment challenges. These savings are expected to be reduced by related overtime and increased benefit cost pressures from workers injured on duty. Additional overtime incurred to support the Ottawa Police Service is fully offset through recoveries.

Additional cost pressures are expected in the areas of new recruit training supplies, software licenses, fuel and natural gas costs, and legal services.

In July, the Service experienced a significant fire at its leased Courtice Court facility. The damage was extensive and the Service has been working with its Regional partners to assess the damage, as well as the related financial impacts of recovery efforts. Further information is expected in the next quarterly forecast report.

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 the 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 June 30, 2022, net capital variances totaling approximately \$380,000 were approved, related to purchases due to written off vehicles supported by insurance recoveries, building equipment and some IT equipment. It is anticipated that additional spending for large vehicles destroyed in the recent fire will be incurred, and have been included in this forecast.

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 agreement was 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.

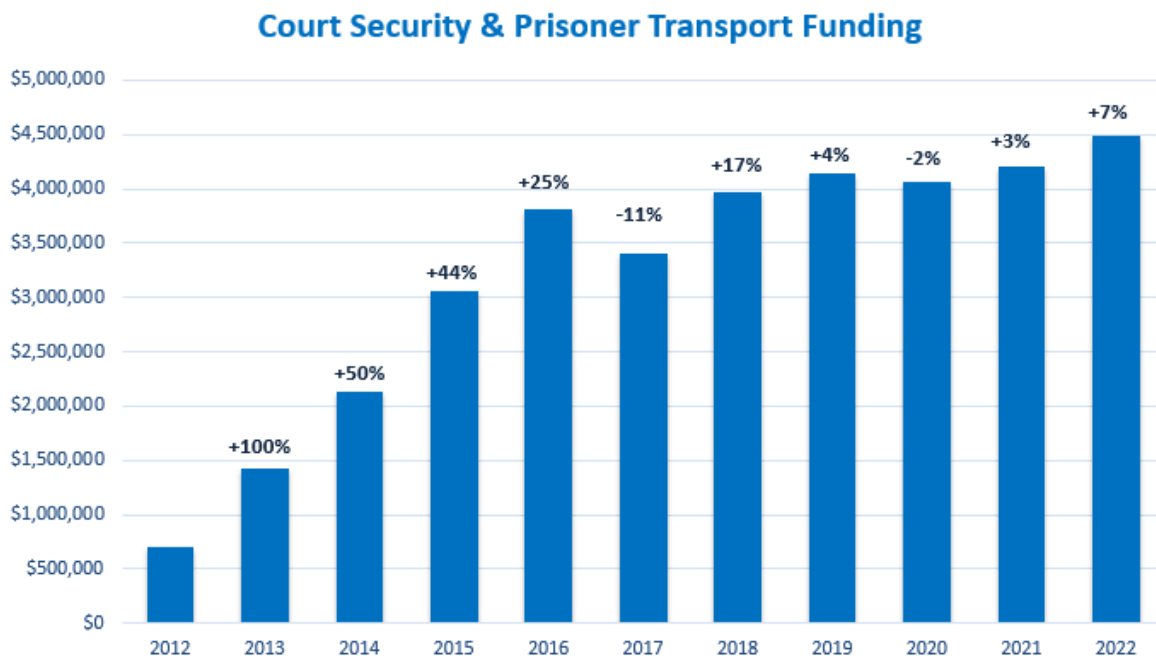
#### **Data Support:**

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

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



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

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.

<b>Approved Grant Funding - Comparison</b>	<b>2022 - 2024</b>	<b>2020 - 2022</b>	<b>Funding Incr. / (Decr.)</b>
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. The final request submitted for 2021-22 was \$490,914. The Service’s 2022-23 allotment is budgeted for \$544,459.

### **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 has applied for 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 applied for the full \$2.5m allotted by the Province.

The Service is also monitoring its eligibility for reimbursement of expenses from the Province related to drug impaired driving detection equipment and training.

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

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

### 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 planned for 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	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	\$201,720	\$93,045	46.1%	\$201,720	\$199,598	98.9%	\$2,121	1.1%	Spending for salaries & related costs is expected to be close to budget. Net wage savings from vacancies will be reduced by cost pressures from overtime and benefit costs for workers injured on duty, and additional overtime incurred to support Ottawa police, which is fully offset through recoveries.
Personnel Related	\$3,030	\$1,172	38.7%	\$3,030	\$3,030	100.0%	\$0	0.0%	Break Even
Communication	\$1,801	\$722	40.1%	\$1,801	\$1,667	92.6%	\$133	7.4%	Savings expected in printing and advertising
Supplies, Food, Services	\$2,702	\$1,437	53.2%	\$2,702	\$2,936	108.6%	-\$233	(8.6%)	Increased spending for ammunition for training purposes, partly offset by savings in office supplies.
Facilities	\$9,247	\$3,684	39.8%	\$9,247	\$9,053	97.9%	\$195	2.1%	Planned savings to support the replacement of access control systems (offset in Capital) are offset by higher natural gas prices.
Computer Maintenance / Operations	\$4,233	\$2,584	61.0%	\$4,233	\$4,591	108.5%	-\$358	(8.5%)	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	\$166	11.0%	\$1,501	\$1,501	100.0%	\$0	0.0%	Break Even
Vehicle Operations	\$4,502	\$2,261	50.2%	\$4,502	\$4,965	110.3%	-\$463	(10.3%)	Higher fuel costs, offset by savings in license plate renewals and proceeds from 2 vehicle write-offs (replacements shown in Capital)
Debt Service	\$10,300	\$5,257	51.0%	\$10,300	\$10,300	100.0%	\$0	0.0%	Break Even
Professional & Consulting	\$2,584	\$969	37.5%	\$2,584	\$2,584	100.0%	\$0	0.0%	Break Even
Legal Services	\$1,512	\$947	62.6%	\$1,512	\$2,262	149.6%	-\$750	(49.6%)	Overspend, similar to past years, is expected based on current case volume.
Inter Dept'l Transfers	\$356	\$178	50.0%	\$356	\$356	100.0%	\$0	0.0%	Break Even
Financial Expenses	\$2,208	\$1,117	50.6%	\$2,208	\$2,208	100.0%	\$0	0.0%	Break Even
Capital	\$6,247	\$5,083	81.4%	\$6,247	\$8,325	133.3%	-\$2,078	(33.3%)	Overspend is due to approved variances for operational equipment and replacement of 2 vehicle write-offs, plus the anticipated replacement of 2 large vehicles destroyed by fire (net of insurance recoveries).
Reserves	-\$376	\$0	0.0%	-\$376	\$450	-119.6%	-\$826	219.6%	Currently, the year-end reserve draw is not expected to be required, but will be reconsidered in the next forecast along with financial impacts from the Courtyce Court fire.
<b>Gross Expenditures</b>	<b>\$251,566</b>	<b>\$118,621</b>	<b>47.2%</b>	<b>\$251,566</b>	<b>\$253,826</b>	<b>100.9%</b>	<b>-\$2,260</b>	<b>-0.90%</b>	
Revenue & Recovery	-\$17,845	-\$10,891	61.0%	-\$17,845	-\$20,139	112.9%	\$2,294	(12.9%)	Increased Court Security & Prisoner Transport program funding, unplanned grant funding supporting community safety & victim services, and recoveries from support provided to Ottawa Police (recoveries are fully offset by higher Overtime costs)
<b>Net Expenditures</b>	<b>\$233,721</b>	<b>\$107,729</b>	<b>46.1%</b>	<b>\$233,721</b>	<b>\$233,687</b>	<b>100.0%</b>	<b>\$34</b>	<b>0.01%</b>	

## 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
<b>Gross Expenditures</b>	<b>\$241,011</b>	<b>\$115,337</b>	<b>47.9%</b>	<b>\$241,011</b>	<b>\$240,971</b>	<b>100.0%</b>	<b>\$39</b>	<b>0.02%</b>	
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)
<b>Net Expenditures</b>	<b>\$223,190</b>	<b>\$105,016</b>	<b>47.1%</b>	<b>\$223,190</b>	<b>\$222,607</b>	<b>99.7%</b>	<b>\$583</b>	<b>0.26%</b>	

## Report Approval Details

Document Title:	Financial Conditions and Activities for June 2022.docx
Attachments:	
Final Approval Date:	Sep 9, 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, overlapping structure.

Todd Rollauer