



REPORT TO THE POLICE SERVICES BOARD

Author: Teresa Fetter, Director Business Services

Date of Report: 3/20/2023

Type of Report: Public

Title: Financial Activities and Conditions Year-Ended 2022

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.

“Further, without limiting the scope of the foregoing by the enumeration, the Chief of Police will not:”

DISCUSSION

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 February 27, 2023, I report the following:

The financial statements for the twelve (12) months ended December 31, 2022, show net spending of \$225.14 million (2021-\$222.01 million) representing 97% (2021-99%) of the annual operating budget of \$233.32 million (2021 - \$223.19 million).

Savings in payroll and related costs derived from the Service dealing with staff departures and subsequent recruitment challenges. These savings are partly reduced by related overtime and increased benefit cost pressures from workers injured on duty. Additional overtime incurred to support the Ottawa and Kingston Police Services were fully offset through recoveries.

Additional savings in building maintenance and services, equipment maintenance, legal, and professional services were partly offset by costs pressures in training, materials & supplies, software, fuel, and increased capital spending.

Expenses in 2022 for the Courtice Court fire totaled \$5.2 million, offset by anticipated insurance recovery of \$3.3 million. Fire-related expenses and insurance recoveries will continue into 2023 as the Service works to finalize the claim.

The Service experienced an increase in provincial funding to support the community safety and court security programs as well as other one-time initiatives. Pay Duty revenues were higher than expected but offset by lower police record check revenues.

The appendix, on pages 11 and 12 provides 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 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 for the year ended December 31, 2022, net capital variances totaling \$4.0 million were approved, related to purchases for fleet vehicle replacements and related equipment, fleet vehicle write-offs (supported by insurance recoveries), building equipment, and IT equipment.

In particular, these variances included the 2023 replacement needs for fleet (56 vehicles; \$2.6 million), leveraging 2022 surplus funds. This one-time variance effectively aligns the timing of vehicle orders with budget funding, reducing the risk of missing the manufacturer's order deadlines and eliminating the need for the annual pre-budget capital approval process.

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:

In 2022, the Service requested the Chair’s approval for a purchase order totaling \$1.3 million that related to fleet vehicle (28) replacements.

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:

The Service worked with the Region’s Real Estate team to secure locations to replace the building lost in the Courtice Court fire.

In September, the Service secured property with Great Lakes Property Management for an impound lot located at 1621 Simcoe Street South in Oshawa. The three-year (3) lease term, began on September 16, 2022 and will end on September 30, 2025, with a single extension option for one (1) additional year.

In December, the Service finalized two (2) additional leases for at the following locations: 471 Aviator Lane in Oshawa and 1751 Wentworth Street in Whitby. Both leases will be three-year (3) lease term, effective January 1, 2023, and contain the option to extend for two (2) additional years.

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

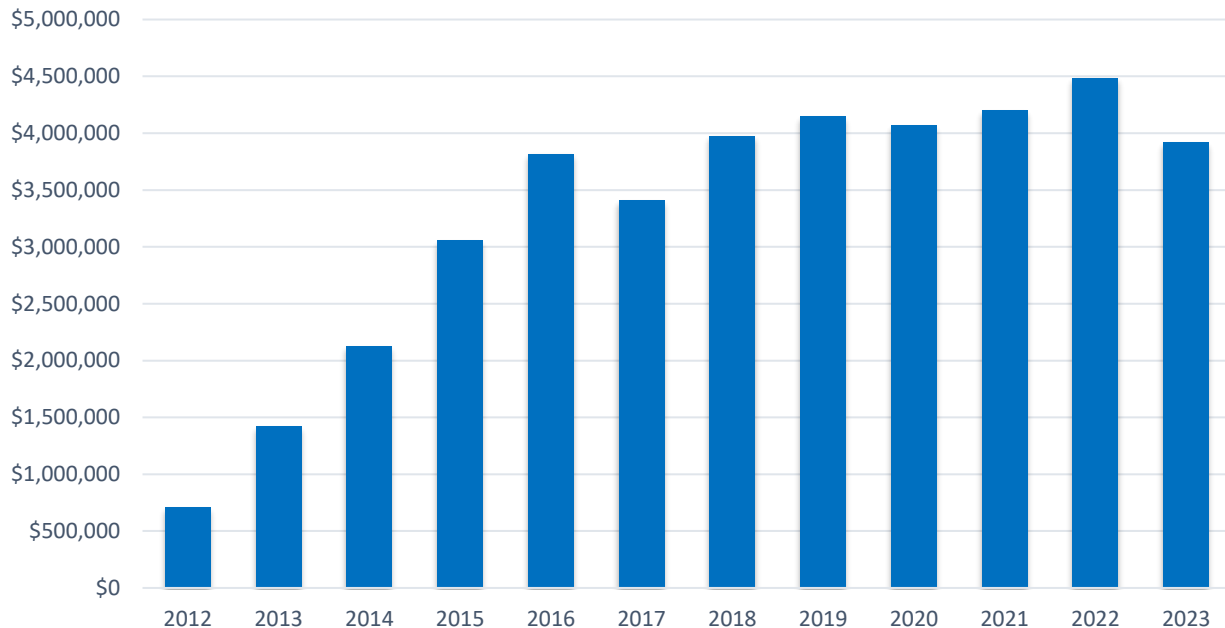
The Director of Business Services maintains a list of such programs; coordinates with the management of the service to make grant applications and discloses all known material funding sources in the Annual Business Plan Budget approved by the Board.

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 received funding in the amount of \$4,484,050 for 2022. In February, the Service received 2023 funding approval in the amount of \$3,914,797, representing a 13% decrease from 2022, and a 2023 budget shortfall of approximately two million dollars.

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

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 (\$3.1m 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 - 2025	2019 - 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
Total Funding (3 Yr Cycle)	\$10,392,992	\$9,496,710	\$896,281

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	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
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 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	Approved	2021	\$ 200,000	31-Mar-2023
2022 Totals			\$ 4,057,045			\$ 4,057,045	

Granting Ministry	Grant Program Name	Funding Purpose	Total Amount Requested	Application Status	Application Year	Approved Amount	Grant Expiry
Ministry of the Solicitor General	Automated Licence Plate Recognition (ALPR) Technology Grant 2022-23 (1 Year Grant)	Purchase and installation of ALPR equipment to support police services.	\$ 2,508,484	Approved	2022	\$ 2,508,484	31-Mar-2023
Ministry of the Solicitor General	Ontario Closed Circuit Television (CCTV) Grant 2022-2023 (1 Year Grant)	Support and Outreach Services (SOS) Program	\$ 52,062	Approved	2022	\$ 52,062	31-Mar-2023
Ministry of Community Safety & Correctional Services	Reduce Impaired Driving Everywhere (R.I.D.E.) Grant 2022-2024 (2 Year Grant)	Enhancement to the R.I.D.E program (Officer Overtime cost)	\$ 169,111	Approved	2022	\$ 83,700	31-Mar-2024
2022 Totals			\$ 2,729,657			\$ 1,881,363	

Submitted with the Region's 911 Management Board:							
Granting Ministry	Grant Program Name	Funding Purpose	Total Amount Requested	Application Status	Application Year	Approved Amount	Grant Expiry
Ministry of the Solicitor General	TP Next Generation 9-1-1	Next Generation 9-1-1 Readiness	\$ 2,644,236	Approved	2023	\$ 1,200,000	31-Mar-2023

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 review has been completed as summarized below.

In 2022, the service shared resources with our greater Toronto area policing partners. Our shared resources included Air1, Canine, Tactical Support, Explosive Disposal Unit, SOCO, and the Public Safety Unit (PSU). With the exception of the PSU deployments to Ottawa and Kingston, all other shared resources were facilitated without reimbursement. Costs recovery associated with the PSU deployment to Ottawa and Kingston, were recuperated through an agreement with each Police Service.

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						
Cost Category	Annual Budget \$000's	Dec YTD Actuals \$000's	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	Comments on Major Trends
Payroll Expenses & Reserves	\$201,720	\$194,995	96.7%	\$6,725	3.3%	Hiring market conditions continue to be a challenge. Annual average vacancies of 55 FTEs, lower retiree costs. Savings reduced by related overtime and increased WSIB costs.
Personnel Related	\$3,030	\$3,186	105.2%	-\$157	(5.2%)	Higher spend for training & conferences, following pandemic-related delays.
Communication	\$1,801	\$1,630	90.5%	\$170	9.5%	Savings in printing and community relations/advertising offset by higher spending in mobile/radio.
Supplies, Food, Services	\$2,702	\$3,180	117.7%	-\$478	(17.7%)	Increased spending in program materials related to funded projects, ammunition for training purposes, partly offset by lower spend for office materials & supplies.
Facilities	\$9,247	\$8,474	91.6%	\$773	8.4%	Savings in building maintenance and property rental are offset by higher natural gas prices.
Computer Maintenance / Operations	\$4,233	\$4,540	107.2%	-\$307	(7.2%)	Higher spending to support additional computer parts & software licenses.
Equipment Maintenance / Repair	\$1,501	\$568	37.8%	\$934	62.2%	Savings with helicopter maintenance due to lower flight hours.
Vehicle Operations	\$4,502	\$4,579	101.7%	-\$77	(1.7%)	Higher fuel costs (actual \$1.37/L vs. bud \$1.03/L), mostly offset by lower repair costs (covered by vehicle warranty) and fewer vehicle rentals.
Debt Service	\$10,300	\$10,300	100.0%	\$0	0.0%	Break Even.
Professional & Consulting	\$2,584	\$2,137	82.7%	\$447	17.3%	Savings due to delayed contract start
Legal Services	\$1,512	\$540	35.7%	\$971	64.3%	Savings due to delayed hire of 2nd lawyer and lower costs for case work than originally expected
Inter Dept'l Transfers	\$356	\$356	100.0%	\$0	0.0%	Break Even
Financial Expenses	\$2,208	\$2,255	102.2%	-\$48	(2.2%)	Higher bank charges related to increased point of sale volumes from the processing of DRPS fee based services.
Capital	\$6,247	\$10,220	163.6%	-\$3,973	(63.6%)	Overspend from approved variances for 2023 fleet vehicles, operational equipment and the replacement of 9 fleet vehicle write-offs (offset by insurance recoveries), and the replacement cost (net of expected insurance recovery) for the large operational vehicles destroyed in the Courtice Court fire.
Reserves	-\$780	\$617	-79.1%	-\$1,396	179.1%	Air One year-end reserve draw not required. Insurance reserve covers property/other fire expenses.
Gross Expenditures	\$251,163	\$247,577	98.6%	\$3,586	1.43%	
Revenue & Recovery	-\$17,845	-\$22,440	125.8%	\$4,595	(25.8%)	Increased provincial subsidies and grants, pay duty revenues (mostly offset in wages), and recoveries from other services (offset in overtime costs).
Net Expenditures	\$233,318	\$225,136	96.5%	\$8,181	3.51%	

Durham Regional Police Service

2021 Financial Results

Cost Category	Annual Budget \$000's	Dec YTD Actuals \$000's	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	Comments on Major Trends
Payroll Expenses & Reserves	\$194,150	\$195,175	100.5%	-\$1,024	-0.5%	Net wage savings from position vacancies (\$5.3m) was more than fully offset (\$6.3m) by the impact of: a) higher WSIB costs, and b) increased costs to support contractual retiree benefit obligations (Impact from 51 member departures in 2021, and 22 retirements in Q1 2022)
Personnel Related	\$2,935	\$2,682	91.4%	\$254	8.6%	Savings from conferences (pandemic related) and car allowance (position vacancies)
Communication	\$1,820	\$1,457	80.0%	\$363	20.0%	Lower spending due to pandemic (move to electronic documents & virtual events)
Supplies, Food, Services	\$2,692	\$2,293	85.2%	\$399	14.8%	Lower spending due to pandemic (supply chain issues & move to electronic documents)
Facilities	\$8,986	\$8,503	94.6%	\$482	5.4%	Lower utility & building maintenance costs, partly offset by higher janitorial & property rental costs
Computer Maintenance / Operations	\$3,685	\$4,286	116.3%	-\$601	(16.3%)	Investigative cellular software analysis (fully offset by gov't funding) & BWC Yr. 1 reclassification from Capital & higher spend for IT supported programs
Equipment Maintenance / Repair	\$1,482	\$785	53.0%	\$697	47.0%	Savings due to lower Air One flight hours (delays need for servicing)
Vehicle Operations	\$4,174	\$4,202	100.7%	-\$28	(0.7%)	Higher vehicle maintenance & fuel costs, partly offset by insurance proceeds from 3 vehicle write-offs (replacement cost in capital)
Debt Service	\$11,000	\$11,110	101.0%	-\$110	(1.0%)	Higher interest costs related to new debenture issue for Clarington Police Complex Phase 2
Professional & Consulting	\$1,829	\$2,022	110.5%	-\$193	(10.5%)	Higher consulting costs for virtual employee healthcare services (pandemic related), officer recruitment costs and BWC contract development
Legal Services	\$1,012	\$1,402	138.5%	-\$390	(38.6%)	Lower overspend than originally anticipated
Inter Dept'l Transfers	\$309	\$309	100.0%	\$0	0.0%	Breakeven
Financial Expenses	\$2,060	\$2,087	101.3%	-\$26	(1.3%)	Higher spend for bank processing fees (partly pandemic related)
Capital	\$5,339	\$5,343	100.1%	-\$4	(0.1%)	BWC reallocation to operating costs (\$255k) that is fully offset by net approved variances for vehicle replacement costs for vehicle write-offs and other operational equipment
Reserves	-\$462	\$663	-143.6%	-\$1,125	243.6%	Higher cost due to added reserve for 2022 budget capital and no need to draw funds from the 2021 Air One Reserve
Gross Expenditures	\$241,011	\$242,317	100.5%	-\$1,306	-0.54%	
Revenue & Recovery	-\$17,821	-\$20,308	114.0%	\$2,488	(14.0%)	Lower police record check & false alarm revenues offset by higher pay duty revenues for pandemic assignments (offset by higher wages) and unbudgeted grant funding (fully offset through wages & other spending)
Net Expenditures	\$223,190	\$222,009	99.5%	\$1,181	0.53%	

Report Approval Details

Document Title:	Financial Activities and Conditions Year-Ended 2022'Revised20230307.docx
Attachments:	
Final Approval Date:	Mar 9, 2023

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 'TR' followed by a stylized flourish.

Todd Rollauer