



## REPORT TO THE POLICE SERVICES BOARD

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Author: Teresa Fetter, Director Business Services

Date of Report: 5/16/2023

Type of Report: Public

Title: Financial Activities and Conditions for March 2023

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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.

“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.

Furthermore, that any material variance that is likely to cause non-compliance with Policy Provision #1 should be reported to the Board at its next meeting.

#### **Data Support:**

A financial review of the financial statements provided by the Region on April 24 2023, has been completed, resulting in the following highlights and trends:

The financial statements for the three (3) months ended March 31, 2023 show net spending of \$46.50 million (2022 - \$45.39 million) representing 19% (2022 - 19%) of the annual operating budget of \$247.53 million (2022 - \$233.32 million).

Based on the three (3) months of actual spending and an estimate for the remaining nine (9) 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 due to staff departures and on-going recruitment challenges. These savings are partly reduced by related overtime and increased benefit cost pressures from workers injured on duty.

Several non-personnel spending categories will be overspent as inflationary pressures persist, in such areas as property rental, information technology and vehicle operations.

Unplanned costs related to the Courtice Court fire recovery include inventory and equipment replacement, and facility renovations for the temporary lease locations. Insurance claims are expected to be finalized in 2023. Current estimates indicate a net financial impact of approximately \$0.9 million for 2023.

Appendix A, beginning on page 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 time period of the prior year.

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

For the period ended March 31, 2023, a total of \$2.5 million was approved relating to the automated licensing plate recognition equipment for which DRPS received full funding from the Ministry of the Solicitor General.

There will be additional capital spending of approximately \$1.2 million occurring in latter part of the year to support the replacement of equipment destroyed in the 2002 Courtice Court building fire. The Service expects these purchases will be fully offset through insurance proceeds.

I therefore report **compliance** with this policy 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 Service has not received any significant complaints with respect to payment of payroll or other payments during the reporting period.

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

**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:**

For the period ended March 31, 2023, two (2) purchase orders totaling \$2.42 million (pre-tax) were issued. These purchase orders were reviewed and approved by the Police Services Board Chair Collier.

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

#### **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:**

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 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:**

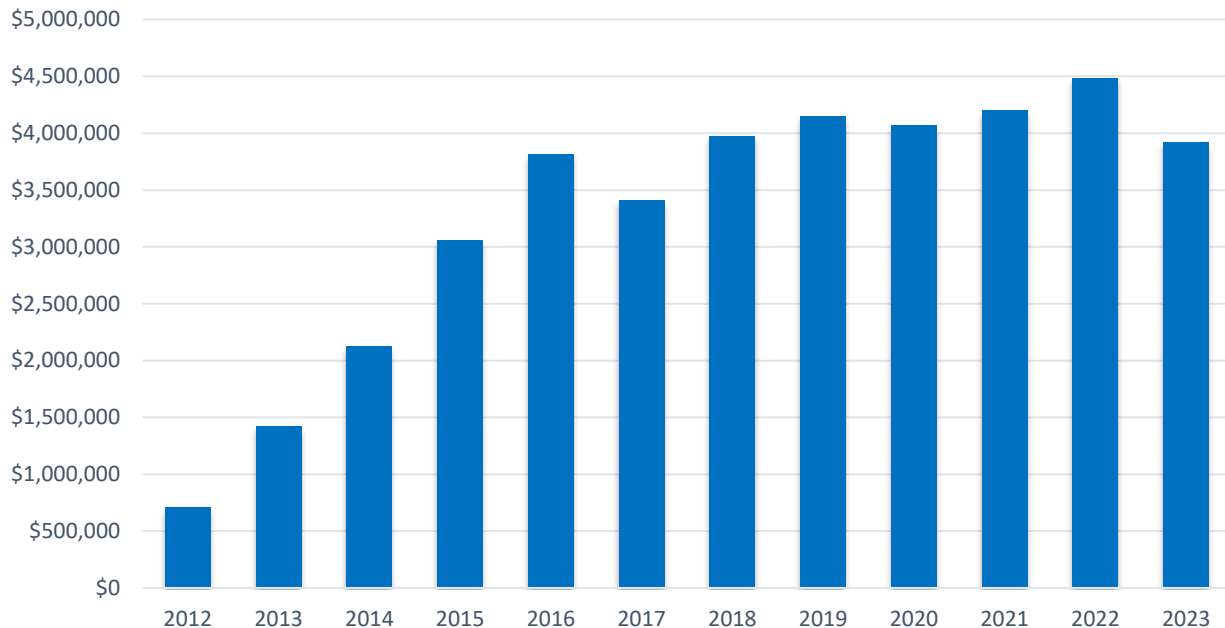
The Director of Business Services maintains a list of such programs; coordinates with the management of the service to make grant applications and discloses all known material funding sources in the Annual Business Plan Budget approved by the Board.

### **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 2023 funding in the amount of \$3.9 million (2022 = \$4.5 million) which represents a 13% decrease over 2022 approved funding.

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

## Court Security & Prisoner Transport Funding



## Community Safety and 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.

<b>Approved Grant Funding - Comparison</b>	<b>2022 - 2025</b>	<b>2019 - 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. 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>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>Provincial Strategy to Protect Children from Sexual Abuse and Exploitation (3 Year Grant)</b>	Assist child victims of Internet sexual abuse and exploitation, and permit the justice system to build the capacity and sustainability. (Secondments)	\$ 470,955	Approved	2020	\$ 470,955	31-Mar-2023
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	<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
Ministry of the Solicitor General	<b>Ontario Closed Circuit Television (CCTV) Grant 2022-2023 (1 Year Grant)</b>	Support and Outreach Services (SOS) Program	\$ 52,062	Approved	2022	\$ 52,062	31-Mar-2023
Ministry of the Solicitor General	<b>Automated Licence Plate Recognition (ALPR) Technology Grant 2022-23 (1 Year Grant)</b>	Purchase and installation of ALPR equipment to support police services.	\$ 2,508,484	Approved	2022	\$ 2,508,484	31-Mar-2023
Ministry of Community Safety & Correctional Services	<b>Reduce Impaired Driving Everywhere (R.I.D.E.) Grant 2022-2024 (2 Year Grant)</b>	Enhancement to the R.I.D.E program (Officer Overtime cost)	\$ 169,111	Approved	2022	\$ 83,700	31-Mar-2024
<b>Multi Year Grants</b>			<b>\$ 7,257,657</b>			<b>\$ 7,172,246</b>	

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	<b>TP Next Generation 9-1-1</b>	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 policy 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 provision.

### **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 policy provision.

**Based on the above proof provided, I report overall compliance with the policy.**

## Appendix A: Financial Summaries – Current and Prior Year

Durham Regional Police Service						
2023 Financial Results				2023 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	\$213,563	\$42,879	20.1%	\$4,087	1.9%	Spending for payroll & related costs is expected to result in savings. Net wage savings from vacancies will be reduced by cost pressures from overtime and benefit costs for workers injured on duty.
Personnel Related	\$3,272	\$1,046	32.0%	-\$487	(14.9%)	Courtice Court fire recovery inventory purchases (fully offset by expected Insurance proceeds), and higher spend to support member wellness programs.
Communication	\$1,817	\$325	17.9%	\$51	2.8%	Savings in printing/photocopying partly offset by higher data line costs.
Supplies, Food, Services	\$2,841	\$631	22.2%	-\$634	(22.3%)	Inventory and equipment replacement costs from the 2022 fire (expected to be fully covered from insurance proceeds).
Facilities	\$9,872	\$1,467	14.9%	-\$1,326	(13.4%)	Higher costs for leased facility renovations related to the 2022 Fire (not recoverable through insurance), plus higher natural gas costs.
Computer Maintenance / Operations	\$4,491	\$1,848	41.2%	-\$268	(6.0%)	Higher IT costs for operational software programs and related software licenses.
Equipment Maintenance / Repair	\$979	\$136	13.9%	\$0	0.0%	Break Even
Vehicle Operations	\$5,408	\$1,136	21.0%	-\$532	(9.8%)	Higher costs for vehicle operations due to increased supplier costs for parts and service, increased repair costs for an aging fleet due to industry shortages, and higher lease vehicle costs.
Debt Service	\$10,300	\$3,141	30.5%	\$350	3.4%	Break Even
Professional & Consulting	\$2,690	\$443	16.5%	-\$442	(16.4%)	Higher spending for extension of on-line member wellness support program and consulting resources for priority projects.
Legal Services	\$1,512	\$306	20.2%	\$0	0.0%	Break Even
Inter Dept'l Transfers	\$422	\$89	21.1%	\$0	0.0%	Break Even
Financial Expenses	\$2,376	\$373	15.7%	-\$82	(3.5%)	Higher point-of-sale merchant fees due to increased transactions; fully offset by higher Pay Duty revenues.
Capital	\$6,596	\$0	0.0%	-\$3,885	(58.9%)	Unbudgeted cost for grant-funded ALPR equipment \$2.5m, plus fire-related capital replacement items \$1.3m, expected to be fully offset from insurance proceeds.
Reserves	\$279	-\$769	-276.0%	-\$621	(223.0%)	Not expecting to require the Air One reserve draw.
<b>Gross Expenditures</b>	<b>\$266,416</b>	<b>\$53,051</b>	<b>19.9%</b>	<b>-\$3,788</b>	<b>-1.42%</b>	
Revenue & Recovery	-\$18,883	-\$6,552	34.7%	\$6,053	(32.1%)	Increased revenue primarily from estimated insurance proceeds to replace items from the 2022 fire (\$2.7m), one-time grant funding for ALPR equipment (\$2.5m), plus higher expected user revenues.
<b>Net Expenditures</b>	<b>\$247,532</b>	<b>\$46,499</b>	<b>18.8%</b>	<b>\$2,266</b>	<b>0.92%</b>	

Durham Regional Police Service									
2022 Financial Results				2022 Financial Forecast					
Cost Category	Annual Budget \$000's	March YTD Actuals \$000's	% Budget	Annual Budget \$000's	1st Quarter Annual Forecast	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	Comments on Major Trends
Payroll Expenses & Reserves	\$201,720	\$41,130	20.4%	\$201,720	\$198,854	98.6%	\$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%	\$3,030	\$3,030	100.0%	\$0	0.0%	Break Even
Communication	\$1,801	\$302	16.8%	\$1,801	\$1,801	100.0%	\$0	0.0%	Break Even
Supplies, Food, Services	\$2,702	\$846	31.3%	\$2,702	\$2,702	100.0%	\$0	0.0%	Break Even
Facilities	\$9,247	\$1,627	17.6%	\$9,247	\$8,964	96.9%	\$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%	\$4,233	\$4,266	100.8%	-\$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%	\$1,501	\$1,501	100.0%	\$0	0.0%	Break Even
Vehicle Operations	\$4,502	\$1,019	22.6%	\$4,502	\$4,739	105.3%	-\$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%	\$10,300	\$10,300	100.0%	\$0	0.0%	Break Even
Professional & Consulting	\$2,584	\$364	14.1%	\$2,584	\$2,584	100.0%	\$0	0.0%	Break Even
Legal Services	\$1,512	\$474	31.3%	\$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	\$77	21.7%	\$356	\$356	100.0%	\$0	0.0%	Break Even
Financial Expenses	\$2,208	\$555	25.1%	\$2,208	\$2,208	100.0%	\$0	0.0%	Break Even
Capital	\$6,247	\$0	0.0%	\$6,247	\$6,598	105.6%	-\$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%	-\$780	\$46	-5.9%	-\$826	105.9%	Current assumption is that the year-end reserve draw will not be required.
Gross Expenditures	\$251,163	\$50,928	20.3%	\$251,163	\$250,210	99.6%	\$952	0.38%	
Revenue & Recovery	-\$17,845	-\$5,541	31.0%	-\$17,845	-\$18,468	103.5%	\$623	(3.5%)	Increased Court Security and Prisoner Transportation Program funding (+ \$283k), and unbudgeted grant funding approvals (CCTV, HALT, Victim Support).
Net Expenditures	\$233,318	\$45,387	19.5%	\$233,318	\$231,742	99.3%	\$1,575	0.68%	

## Report Approval Details

Document Title:	Financial Activities and Conditions for March 2023.docx
Attachments:	
Final Approval Date:	May 2, 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 read 'Peter Moreira', with a stylized flourish at the end.

Peter MOREIRA