

REPORT TO THE POLICE SERVICES BOARD



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Subject Monitoring Report – Financial Activities and Conditions 3rd Quarter Ended 2021

Date: November 16, 2021
Report Type: Information

RECOMMENDATION:

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

Signed:



Chief of Police

Date: Nov 3/21

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."

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 October 8, 2021, I report the following:

The financial statements for the 9 months ended September 30, 2021 show net spending of \$158.63 million (2020 - \$157.13 million) representing 71% (2020 - 73%) of the annual operating budget of \$223.19 million (2020 - \$214.72 million).

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

As in prior years, the Service has experienced wage savings from position vacancies due to the recruitment challenges to keep pace with the high numbers of member departures in the past 18 months. These shortages have been managed in part, through higher spending for part-time and overtime resources.

Additional cost pressures have been experienced in the following areas: supports for workers injured on duty, contractual retirement obligations, legal services and consulting costs. Revenues have continued to be impacted by the pandemic, resulting in lower than budgeted police record check and false alarm call revenues.

Finally, this forecast includes spending for previously unanticipated costs, such as equipment to satisfy regulations under the Community Safety and Policing Act, one-time capital items considered during the 2022 budget planning process and provisions to support contractual obligations for first quarter 2022 retirees.

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.

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 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 September 30, 2021, net capital variances totaling approximately \$235,000 were approved, related to purchases due to written off vehicles supported by insurance recoveries, and IT and operational equipment.

Fourth quarter budget variances are planned to support purchases for equipment to satisfy regulations under the Community Safety and Policing Act (Active Attacker equipment \$425k), and a few one-time capital items considered during the 2022 budget planning process (\$92k).

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 November 19, 2019, the Senior Officer's collective agreement was finalized with the Durham Regional Police Senior Officers' Association. It is effective January 1, 2019 and expires on December 31, 2021.

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.

The Service has worked with the Region's Real Estate team to renew the current lease for the Oshawa location at 1173 Cedar Street, which is utilized by the Victim Services of Durham Region. The lease renewal is for a five-year term, beginning January 1, 2022 and expiring on December 31, 2026. The lease agreement allows the Service to extend the lease for three additional five-year terms.

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:

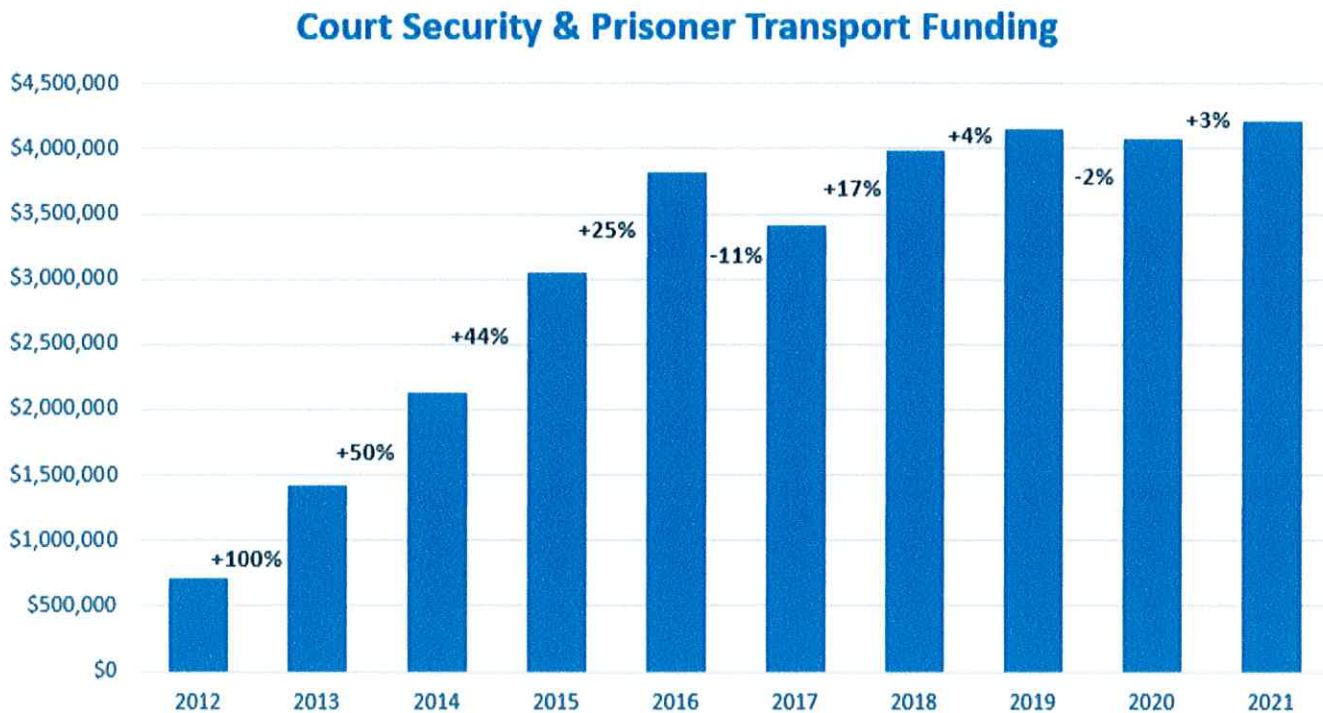
The Director of Business Services maintains a list of such programs; coordinates with the management of the service to make grant applications and discloses all known material funding sources in the Annual Business Plan Budget approved by the Board.

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 Ministry is in the process of reviewing this program. While there has been uncertainty in funding levels from year to year, this provincial review adds a new degree of uncertainty.

The Service has recently received approved 2021 funding in the amount of \$4,200,882 which represents a 3% increase over 2020 approved funding. The 2021 grant funding expires on December 31, 2021 and the Ministry has not yet announced confirmed funding for 2022.

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



Front Line Policing Grants

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

Current Grant Funding:

- The Service's allocation under the **local priorities** stream has been approved in the amount of \$2,469,523, per fiscal year of the current 3 year grant cycle.
- The Service has received approval for the Guns & Gang application, submitted under the **provincial priorities** stream, in the amount of \$696k per year for 3 years.

Total funding under the 2 priorities streams (local and provincial) is \$3.2 million per year. The grants expire on March 31, 2022 and the Service has not received any information regarding applications for the next 3-year cycle, including funding amounts available.

Reduced funding or elimination of this program would create significant challenges for the Service as these grants fund full-time wage and benefits for authorized staff.

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, the Service received an update confirming that funding has been approved for the 2020-21 fiscal year, based on the prior year's funding allocation (\$435k – 2019/20). Final funded amounts have been confirmed and are consistent with the prior year's funding.

Other Grants

During 2020, the Service took the opportunity to apply for available funding programs and was highly successful. Four of the six grant applications were approved, two of which are multi-year grants.

A summary of the 2020 grant activity is provided below.

Granting Ministry	Grant Program Name	Funding Purpose	Total Amount Requested	Application Status	Application Year	Approved Amount	Grant Expiry
Ministry of the Attorney General	Civil Remedies for Illicit Activities (Human Trafficking) 2020-2022 (2 Year Grant)	Specialized equipment to support criminal investigations relying on digital evidence	\$100,000	Not Approved	2020	\$0	N/A
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 Community Safety & Correctional Services	Reduce Impaired Driving Everywhere (R.I.D.E.) Grant 2020/21 - 2021/22 (2 Year Grant)	Enhancement to the R.I.D.E. program (Officer Overtime cost)	\$175,320	Approved	2020	\$85,871	31-Mar-2022
Ministry of the Solicitor General Public Safety Division	Ontario Closed Circuit Television (CCTV) Grant 2020-2021 1 Year Grant	Targeting Guns, Gangs and Violence through CCTV Program (Camera Systems, Hardware, Software, Licenses)	\$40,400	Approved	2020	\$40,400	31-Mar-2021
Ministry of the Solicitor General Public Safety Division	Proceeds of Crime - Front-Line Policing (FLP) 2020-2023 3 Year Grant	Durham Region Youth Street Violence Strategy (Overtime, Consulting, Training, Supplies)	\$297,420	Not Approved	2020	\$0	N/A
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
2020 Totals			\$4,470,185			\$3,983,316	

Non-grant funding, in the amount of \$165,000 has been arranged, from within Regional funding, provided from the 2021 Ontario Cannabis Legalization Implementation Fund. This funding will be used to support enforcement and seizure efforts.

The Service continues to pursue additional grant funding opportunities as they become available. The 2021 grant activity includes applications of approximately \$1.0 million dollars and year-to-date approved amounts of about \$0.7 million dollars. The 2021 activity is summarized in the table below.

Granting Ministry	Grant Program Name	Funding Purpose	Total Amount Requested	Application Status	Application Year	Approved Amount	Grant Expiry
Ministry of the Solicitor General	Youth Advisory Committee (YAC) Grant 2021 (1 Year Grant)	Establish a Youth Advisory Committee	\$ 60,000	Approved	2021	\$ 60,000	29-Oct-2021
Ministry of the Solicitor General	Policing Operations Support Grant 2020-2021 (1 Year Grant)	Purchase Advanced Cellular Analysis Support Program	\$ 112,000	Approved	2021	\$ 112,000	31-Mar-2021
Ministry of the Solicitor General	Proceeds of Crime Law Enforcement Grant 2020-2021 (1 Year Grant)	JSI Application Refresh	\$ 98,082	Approved	2021	\$ 98,082	31-Mar-2021
Ministry of Seniors and Accessibility	Seniors Community Grant 2021-2022 (1 Year Grant)	Resources for Elderly Prioritizing Education and Truth	\$ 23,470	Submitted for Approval	2021		
Ministry of the Solicitor General	Ontario Closed Circuit Television (CCTV) Grant 2021-2022 (1 Year Grant)	Targeting Guns, Gangs and Violence through CCTV Program (Camera Systems, Hardware, Software, Licenses)	\$ 170,092	Approved (MOU Pending)	2021	\$ 170,092	31-Mar-2022
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 (MOU Pending)	2021	\$ 200,000	31-Mar-2023
Ministry of the Solicitor General	Ontario's Strategy to End Human Trafficking 2021-2022 (1 Year Grant)	Partial Contribution for funding a Human Trafficking Investigator	\$ 52,200	Approved	2021	\$ 52,200	31-Mar-2022
Ministry of Seniors and Accessibility	Mobile Crisis Response Team (MCRT) Enhancement Grant 2021-2023 (2 Years Grant)	Funding will be provided to increase the Full Time count of mental health and addiction workers on existing teams	\$ 240,000	Submitted for Approval	2021		
2021 Totals			\$ 955,843			\$ 692,373	

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.

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									
2021 Financial Results				2021 Financial Forecast					
Cost Category	Annual Budget \$000's	Sept YTD Actuals \$000's	% Budget	Annual Budget \$000's	3rd Quarter Annual Forecast	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	Comments on Major Trends
Payroll Expenses & Reserves	\$194,150	\$136,817	70.5%	\$194,150	\$193,151	99.5%	\$999	0.5%	Wage savings from position vacancies (\$7.4 m) are expected and will be partly offset by related overspending for part-time & overtime resources (\$1.8m). Net wage savings will be additionally offset by the impact of under-funded contractual retiree benefit obligations (\$2.8m) and WSIB costs (\$1.8m). Post employment estimates are based on the impact from an estimated 45 member departures, plus sick-pay entitlements for 2022 Q1 retirees (16)
Personnel Related	\$2,935	\$1,815	61.8%	\$2,935	\$2,804	95.5%	\$131	4.5%	Savings from conferences (pandemic related) and car allowance (position vacancies)
Communication	\$1,820	\$951	52.2%	\$1,820	\$1,662	91.4%	\$157	8.6%	Savings from printing & community relations costs (pandemic related)
Supplies, Food, Services	\$2,692	\$1,516	56.3%	\$2,692	\$2,692	100.0%	-\$0	0.0%	Breakeven
Facilities	\$8,986	\$5,734	63.8%	\$8,986	\$9,131	101.6%	-\$145	(1.6%)	Increased janitorial / cleaning costs (pandemic related)
Computer Maintenance / Operations	\$3,685	\$2,489	67.6%	\$3,685	\$4,052	110.0%	-\$367	(10.0%)	Spending for investigative cellular software analysis (fully offset by govt funding) & BWVC Yr. 1 reclassification from Capital
Equipment Maintenance / Repair	\$1,482	\$398	26.9%	\$1,482	\$882	59.5%	\$600	40.5%	Savings due to lower Air One flight hours (delays need for servicing)
Vehicle Operations	\$4,174	\$2,922	70.0%	\$4,174	\$4,120	98.7%	\$55	1.3%	Proceeds for 3 vehicle write-offs (fully offset in capital spend) & savings from vehicle leases, offset by higher fuel & vehicle repair costs
Debt Service	\$11,000	\$10,139	92.2%	\$11,000	\$11,000	100.0%	\$0	0.0%	Breakeven
Professional & Consulting	\$1,829	\$1,290	70.5%	\$1,829	\$2,099	114.8%	-\$270	(14.8%)	Higher consulting costs for virtual employee healthcare services (pandemic related), officer recruitment costs and BWVC contract development
Legal Services	\$1,012	\$1,635	161.6%	\$1,012	\$2,100	207.6%	-\$1,088	(107.6%)	Overspend is expected based on current case volume
Inter Dept'l Transfers	\$309	\$232	75.0%	\$309	\$309	100.0%	\$0	0.0%	Breakeven
Financial Expenses	\$2,060	\$1,557	75.6%	\$2,060	\$2,076	100.8%	-\$16	(0.8%)	Higher spend for bank transactional / processing fees
Capital	\$5,339	\$5,713	107.0%	\$5,339	\$5,836	109.3%	-\$497	(9.3%)	BWC reallocation to operating costs fully offset by net approved variances for vehicle replacement costs for vehicle write-offs, operational equipment (-\$20k) plus pending Q4 variances for equipment related to CSPA requirements (\$425k) and one-time capital not included in 2022 budget (\$92k)
Reserves	-\$462	\$350	-75.8%	-\$462	\$350	-75.8%	-\$812	175.8%	Current estimates indicate no draw from the Air One reserve will be required
Gross Expenditures	\$241,011	\$173,559	72.0%	\$241,011	\$242,264	100.5%	-\$1,253	-0.52%	
Revenue & Recovery	-\$17,821	-\$14,925	83.8%	-\$17,821	-\$19,089	107.1%	\$1,269	(7.1%)	Lower police record check & false alarm revenues offset by higher pay duty revenues for pandemic assignments (offset by higher wages) and lawful access cost recovery (offset in part-time wages)
Net Expenditures	\$223,190	\$158,634	71.1%	\$223,190	\$223,174	100.0%	\$16	0.01%	

Durham Regional Police Service									
2020 Financial Results				2020 Financial Forecast					
Cost Category	Annual Budget \$000's	Sept YTD Actuals \$000's	% Budget	Annual Budget \$000's	3rd Quarter Annual Forecast	% Budget	Under (Over) Spend \$ 000's	Under (Over) Spend % Budget	Comments on Major Trends
Payroll Expenses & Reserves	\$188,230	\$133,154	70.7%	\$188,230	\$184,298	97.9%	\$3,932	2.1%	Wage savings from position vacancies \$6.1m and lower pay duty wages \$0.4m are expected, which will be reduced by overspend for benefit costs \$2.6m. These figures include the impact from 68 member departures in 2020.
Personnel Related	\$2,724	\$1,777	65.2%	\$2,724	\$2,777	101.9%	-\$53	(2.0%)	COVID related PPE \$463k, mostly offset by savings in Conferences & Training \$210k and reduced spending for new recruit kits \$200k
Communication	\$1,826	\$1,151	63.0%	\$1,826	\$1,786	97.8%	\$40	2.2%	Saving from lower spending for printing and advertising
Supplies, Food, Services	\$2,602	\$1,566	60.2%	\$2,602	\$2,698	103.7%	-\$96	(3.7%)	Net overspend due to grant funded programs \$90k (fully offset in revenues), plus \$56k COVID related supplies, partly offset by \$50k savings for office supplies
Facilities	\$8,520	\$5,649	66.3%	\$8,520	\$8,887	104.3%	-\$367	(4.3%)	COVID related disinfecting services, supplies & signage
Computer Maintenance / Operations	\$2,918	\$2,212	75.8%	\$2,918	\$2,918	100.0%	\$0	0.0%	Break Even
Equipment Maintenance / Repair	\$895	\$636	71.0%	\$895	\$895	100.0%	\$0	0.0%	Break Even
Vehicle Operations	\$4,112	\$2,720	66.2%	\$4,112	\$3,544	86.2%	\$567	13.8%	COVID related vehicle disinfecting \$178k, offset by estimated fuel savings \$313k, proceeds from insurance vehicle write-offs \$284k (fully offset in capital spending) and lower spending on vehicle leases \$148k
Debt Service	\$11,000	\$10,637	96.7%	\$11,000	\$11,000	100.0%	\$0	0.0%	Break Even
Professional & Consulting	\$1,768	\$1,091	61.7%	\$1,768	\$2,115	119.6%	-\$347	(19.6%)	Overspend related to officer recruitment activities, frontline staffing review project, Executive Consulting, and temporary online medical services for employees (COVID related)
Legal Services	\$1,012	\$1,619	160.1%	\$1,012	\$2,234	220.8%	-\$1,222	(120.8%)	Overspend expected based on current legal services model and current cases
Inter Dept'l Transfers	\$272	\$204	75.0%	\$272	\$272	100.0%	\$0	0.0%	Break Even
Financial Expenses	\$1,962	\$1,465	74.7%	\$1,962	\$1,962	100.0%	\$0	0.0%	Break Even
Capital	\$5,120	\$5,154	100.7%	\$5,120	\$5,751	112.3%	-\$631	(12.3%)	Capital Budget Variances for: COVID related capital \$83k (laptops, mask fit test machine, Plexiglas workstations COMMS), IT related capital \$48k, Next Gen radio related \$41k, \$175k boat engine replacement, and vehicle replacements \$284k (due to write-offs, fully offset in Vehicle Operations)
Reserves	\$11	\$250	2286.2%	\$11	\$11	100.0%	-\$0	0.0%	Break Even
Gross Expenditures	\$232,971	\$169,287	72.7%	\$232,971	\$231,148	99.2%	\$1,823	0.78%	
Revenue & Recovery	-\$18,255	-\$12,162	66.6%	-\$18,255	-\$16,431	90.0%	-\$1,823	10.0%	Anticipated reduction in revenues due to COVID-19 \$1.8m (Records, Alarms, Pay Duty, of which \$0.4m offset in reduced pay duty wages), lower Court Security funding \$0.1m, and higher Program related revenue \$0.1m (fully offset in expenses)
Net Expenditures	\$214,716	\$157,125	73.2%	\$214,716	\$214,716	100.0%	\$0	0.00%	