



## REPORT TO THE POLICE SERVICE BOARD

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Type of Report: Public

Title: Financial Conditions and Activities – 2024 2nd Qtr.

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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.

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 5, 2024, I report the following:

The financial statements for the six (6) months ended June 30, 2024 show net spending of \$125.16 million (2023 - \$114.92 million) representing 47% (2023 - 46%) of the annual operating budget of \$267.97 million (2023 - \$247.53 million).

Based on the six (6) months of actual spending and a reasonable estimate for the remaining six (6) months' activity, the Service anticipates that spending will fall at the approved budget level.

Actual and forecasted payroll savings, due to employment separation and recruitment challenges, will be partly reduced by required operational overtime and part-time support, plus higher benefit costs to support workers injured on duty.

Higher spending is expected as a result of continued economic and inflationary pressures, as well as operational pressures related to legislated education & training, information technology tools, and professional & consulting supports.

Facility related costs are expected to be lower than budget, mainly due to delays in occupancy for new facility locations. However, higher capital expenditures are expected for leasehold improvements for the remaining fire-replacement locations.

Finally, the Service is experiencing increased provincial funding to support court security, community safety, auto theft prevention, and one-time initiatives such as the NG911 PSAP readiness.

**Attachment A** provides additional financial information with two (2) summary tables. Each table compares the actual spending to the approved budget by major cost category, highlighting the significant trends and forecast rationale. The first table represents the current year, and the second table contains results from the same prior year period.

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:**

No such activity has occurred in the reporting period, and no authorizations have been received.

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 the 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.”*

#### **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 Officers' 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 occurred in the reporting period, 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 Community Safety and Policing Act section 258 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:**

On June 26, the Service received Council approval (Confidential Report #2024-F-15) to purchase a property to support a specialized unit. Council approved ‘Option 1’ which included revised project funding to support the acquisition, renovations, furniture and equipment for a total project amount of \$14 million.

Previous funding of \$7 million was provided through the 2024 budget process, for leasehold improvements, furniture and equipment. However, following a year-long search for suitable leased space, the Region began to search for property available for sale.

At the writing of this report, it is expected that the property transaction will close in early September. The increased project funding of \$7 million will be debenture financed.

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.

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

This grant is outcomes-based to better align with local and provincial priorities, focusing on effective and integrated service delivery, improved flexibility for local needs and priorities related to safety and well-being and encouraging inter-jurisdictional and multi-sectoral approaches. There are two funding streams focusing on local and provincial priorities. There is a formal application process for funding under both streams every three years.

**Approved Grant Funding (2022/3 to 2024/25):**

Local Priorities Stream: The Service’s allocation under the **local priorities** stream has been approved for \$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 support vulnerable populations and target 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 \$1.1 million over the 3-year cycle (~ \$0.4 million per year).

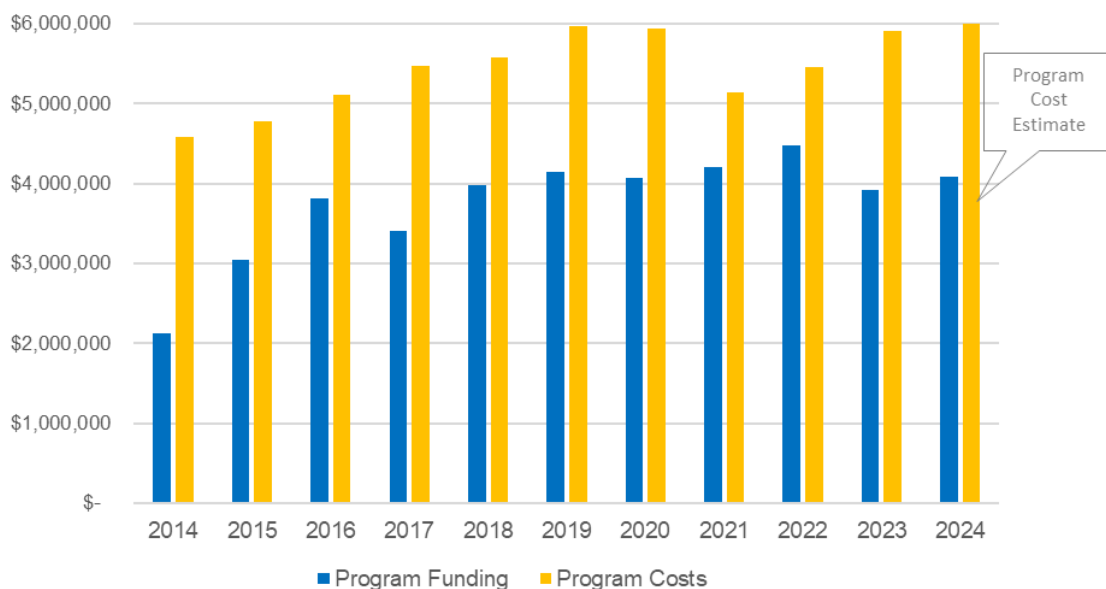
- **Project UPSTREAM:** Supporting the Region’s Community Safety and Well-Being plan, this project will focus on collaboration among community human services partners to support a reduction in the number of ‘acutely elevated risk’ situations that officers are required to manage.

<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>

## The Court Security Prisoner Transportation Funding

The program is based on a maximum funded amount of \$125 million to assist municipalities in offsetting their costs, which the program reached in 2018. In January 2024, the Ministry confirmed the Service’s allocation for 2024 for \$4.09 million, representing a 4.5% increase from 2023. The 2024 budget shortfall remains at approximately \$2.00 million.

**Figure 1** summarizes the history of the program’s costs and funded amounts.



## 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 usually approved in the late spring. The Service’s 2023-24 allotment was approved at \$ 617,788. The Service is currently negotiating the 2024-25 budget with the Ministry of Community and Social Services.

## Other Grants

The Service has been successful in receiving several grants offering multi-year funding. **Figure 2** summarizes the active multi-year grants.

**Figure 2: Approved Multi-Year Funding**

Granting Ministry	Grant Program Name	Funding Purpose	Total Amount Requested	Application Status	Application Year	Approved Amount	Grant Expiry
	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	\$ 3,557,045	Approved	2020	\$ 3,557,045	30-Jun-2025
Ministry of the Solicitor General	Preventing Auto Thefts Grant (2023-2026)	Combat and prevent vehicle thefts and associated violent crimes	\$ 900,000	Approved	2023	\$ 900,000	31-Mar-2026
	Bail Compliance and Warrant Apprehension Grant (2023-2026)	To address bail compliance and warrant apprehension	\$ 1,200,000	Approved w/ Toronto Police Service (Total \$2.4m)	2023	\$ 1,200,000	31-Dec-2026
<b>Multi Year Grants</b>			<b>\$ 5,657,045</b>			<b>\$ 5,657,045</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	Next Generation 9-1-1 Transition Funding Supports - Year 2 (2023-24)	Support with the transition of the emergency response systems to NG9-1-1	\$ 1,274,568	Approved	2023	\$ 1,274,568	31-Mar-2024
<b>Total NG 9-1-1 Funding Supports (2022 - 2025)</b>			<b>\$ 3,918,804</b>			<b>\$ 2,474,568</b>	

The Service has applied for Year 3 of the Next Generation 9-1-1 Transition Funding in August. 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 Operational Support 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 substantially complies with Regional Processes and, therefore, with the spirit of Regional Processes. An updated version was implemented in 2018 and will be reviewed in 2024. Financial transactions have complied 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.**

## Report Approval Details

Document Title:	Financial Conditions and Activities - 2024 Q2.docx
Attachments:	
Final Approval Date:	Sep 3, 2024

This report and all of its attachments were approved and signed as outlined below:

Stan MacLellan



Peter MOREIRA