



REPORT TO THE POLICE SERVICE BOARD

Author: Teresa Fetter, Director Business Services

Date of Report: 11/19/2024

Type of Report: Public

Title: Financial Conditions and Activities – 2024 3rd Quarter

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 October 8, 2024, I report the following:

The financial statements for the nine (9) months ended September 30, 2024 show net spending of \$183.68 million (2023 - \$167.82 million) representing 68% (2023 - 67%) of the annual operating budget of \$267.97 million (2023 - \$247.53 million).

Based on the nine (9) months of actual spending and a reasonable estimate for the remaining three (3) 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 mostly reduced by required operational overtime and part-time support, plus higher benefit costs to support workers injured on duty.

Higher spending will result from continued economic and inflationary pressures, as well as operational pressures related to legislated education & training, information technology tools, and operational and investigative capital needs.

Facility related costs will 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. Pay duty revenue will be higher by about \$1 million dollars, most of which is offset in payroll costs.

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:

In October, the Board approved an unbudgeted capital expenditure of \$300,000 to support specialized investigative equipment, funded through operational surplus.

In November, the Service will seek approval for another unbudgeted capital purchase of \$400,000 to support the replacement of an aging computer system used by the Intelligence branch. The replacement of the equipment is directly related to the Service’s participation in the Joint Technical Assistance Centre (JTAC). JTAC is a partnership of police services with the goal to share resources specifically related to that collection and monitoring of private communications. All partner services required fully operational data collection and storage systems. The purchase is partially supported by grant funding of \$93,000 and a reallocation of operational budget planned for the JTAC project.

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:

In October, the Board approved the acquisition of 4.90 acres of land at 991 Simcoe Street in Oshawa for \$8.1 million, fully funded through the 2024 budget. The site will become the new home for the Service’s Regional Reporting Centre, replacing the existing location at 650 Rossland Road in Whitby. The Region is purchasing the remaining 1.14 acres of this parcel of land. A report seeking Regional Council approval is expected in November.

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.

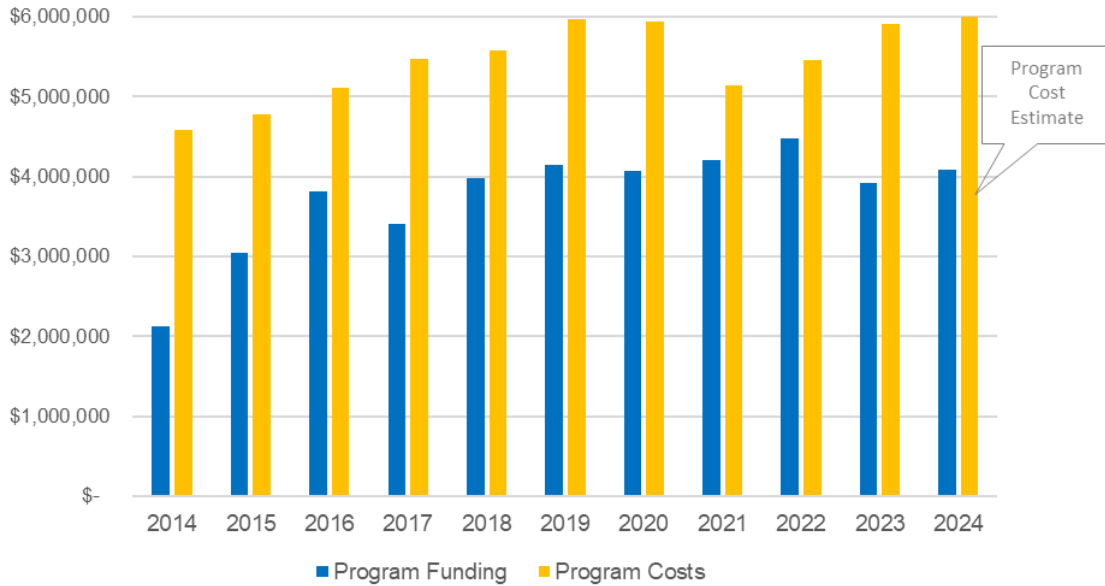
Approved Grant Funding - Comparison	2022 - 2025	2019 - 2022	Funding Incr. / (Decr.)
Local Priorities	\$9,253,952	\$7,408,569	\$1,845,383
Provincial Priorities	\$1,139,040	\$2,088,142	-\$949,102
Total Funding (3 Yr Cycle)	\$10,392,992	\$9,496,710	\$896,281

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 has applied for funding of \$703,079 and is waiting for 2024-25 budget approval from 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
	Multi Year Grants		\$ 5,657,045			\$ 5,657,045	

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 1 (2022-23)		\$ 2,644,236	Approved	2023	\$ 1,200,000	31-Mar-2023
	Next Generation 9-1-1 Transition Funding Supports - Year 2 (2023-24)	Support municipalities and 9-1-1 communication centres to transition their emergency response systems to NG9-1-1	\$ 1,274,568	Approved	2023	\$ 1,274,568	31-Mar-2024
	Next Generation 9-1-1 Transition Funding Supports - Year 3 (2024-25)		\$ 1,025,053	Pending	2024		31-Mar-2025
Total NG 9-1-1 Funding Supports (2022 - 2025)			\$ 4,943,857			\$ 2,474,568	

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.

Appendix A – Financial Forecast (3rd Quarter) 2024 and 2023

Durham Regional Police Service - 2024 Financial Results							
Cost Category	Annual Budget \$000's	Sept. YTD Actuals \$000's	% Budget	Year End Forecast	% Budget	Under (Over) Spend \$ 000's	Comments on Major Trends
Payroll Expenses & Reserves	\$228,060	\$160,027	70.2%	\$227,288	99.7%	\$771	Expected savings from position vacancies is offset by spending pressures for overtime and part-time staff, plus increased costs to support workers injured on duty.
Personnel Related	\$3,722	\$2,968	79.7%	\$4,200	112.8%	-\$478	Cost reallocation of recruitment costs (from Professional/Consulting) and slightly higher spend for employee training and conferences
Communication	\$1,992	\$1,684	84.6%	\$2,234	112.1%	-\$242	Higher spend for mobile and data technologies
Supplies, Food, Services	\$3,074	\$2,070	67.4%	\$3,074	100.0%	\$0	Break-even
Facilities	\$12,482	\$6,951	55.7%	\$10,394	83.3%	\$2,088	Expected savings driven by lower utility costs, deferred location occupancy (HQ) & reallocated funds to support capital acquisition for a Specialized Unit
Computer Maintenance / Operations	\$5,181	\$4,499	86.8%	\$5,814	112.2%	-\$633	Increased software and cloud computing costs, plus unplanned costs for redaction, professional standards & records software
Equipment Maintenance / Repair	\$1,626	\$573	35.2%	\$1,009	62.1%	\$617	No camera system replacement due to new 2025 helicopter
Vehicle Operations	\$5,539	\$3,543	64.0%	\$5,013	90.5%	\$526	Lower vehicle repair/upfit costs and fuel savings
Debt Service	\$10,300	\$6,212	60.3%	\$10,300	100.0%	\$0	Break-even
Professional & Consulting	\$3,258	\$1,616	49.6%	\$3,098	95.1%	\$160	Reallocation of recruitment costs to Personnel Related category, deferral of Intelligence project costs, partly offset by engineering & professional services reviews and project support
Legal Services	\$1,512	\$1,226	81.1%	\$1,512	100.0%	\$0	Break-even
Inter Dept'l Transfers	\$464	\$348	75.0%	\$464	100.0%	\$0	Break-even
Financial Expenses	\$2,802	\$2,110	75.3%	\$2,802	100.0%	\$0	Break-even
Capital	\$8,890	\$8,669	97.5%	\$13,120	147.6%	-\$4,231	Increased spending to support leased facility retrofits, fleet vehicle replacements (insured), and operational equipment. Unbudgeted purchases for investigative equipment and a divisional asset storage and tracking system.
Reserves	-\$233	-\$161	69.1%	\$650	-279.5%	-\$883	Helicopter reserve contribution - No reserve draw is expected at year-end
Gross Expenditures	\$288,669	\$202,335	70.1%	\$290,972	100.8%	-\$2,304	
Revenue & Recovery	-\$20,703	-\$18,658	90.1%	-\$23,835	115.1%	\$3,133	New grant funding opportunities (Preventing Auto Thefts, Bail Compliance), increased Court Security Funding, and higher 'net' pay duty revenues (about 75% of pay duty revenues are wage related and fully offset in payroll costs)
Net Expenditures	\$267,966	\$183,677	68.5%	\$267,137	99.7%	\$829	

Appendix A – Financial Forecast (3rd Quarter) 2024 and 2023

Durham Regional Police Service - 2023 Financial Results							
Cost Category	Annual Budget \$000's	Sept YTD Actuals \$000's	% Budget	Year End Forecast	% Budget	Under (Over) Spend \$ 000's	Comments on Major Trends
Payroll Expenses & Reserves	\$213,563	\$144,635	67.7%	\$202,164	94.7%	\$11,399	Net wage savings from position vacancies will be partly offset by higher spending pressures for overtime and benefit costs for workers injured on duty.
Personnel Related	\$3,272	\$3,300	100.9%	\$4,097	125.2%	-\$825	2022 fire recovery inventory purchases (offset by expected Insurance proceeds) and higher spend to support member wellness programs
Communication	\$1,817	\$1,101	60.6%	\$1,592	87.7%	\$224	Telephone, printing & advertising savings, partly offset by increased spend for new mobile phones for front-line officers (Forward, Together).
Supplies, Food, Services	\$2,841	\$2,278	80.2%	\$3,023	106.4%	-\$182	Increased spend for ammunition to support training programs and 2022 fire recovery inventory purchases, offset by savings in supplies.
Facilities	\$9,872	\$6,779	68.7%	\$9,913	100.4%	-\$41	Higher costs for leased facilities and maintenance, of which a portion is related to the 2022 fire (not recoverable through insurance), partly offset by utility savings.
Computer Maintenance / Operations	\$4,491	\$3,005	66.9%	\$5,017	111.7%	-\$526	Higher IT costs for operational software programs and related software licenses.
Equipment Maintenance / Repair	\$979	\$982	100.3%	\$1,798	183.7%	-\$819	Increased Air One maintenance costs (higher flight hours, ad-hoc items) and costs for the new mobile device program for front-line officers (Forward, Together)
Vehicle Operations	\$5,408	\$3,818	70.6%	\$5,366	99.2%	\$42	Fuel savings driven by lower kms and price, offset by increased need for vehicle maintenance & repairs. Includes proceeds for fleet vehicle write-offs, fully offset by Capital replacements.
Debt Service	\$10,300	\$7,117	69.1%	\$10,300	100.0%	\$0	Full spend, including \$0.8 million to be allocated to future capital projects
Professional & Consulting	\$2,690	\$1,776	66.0%	\$3,032	112.7%	-\$341	Engineering & technical consultants supporting fire recovery & operational project support
Legal Services	\$1,512	\$1,400	92.6%	\$1,813	119.9%	-\$301	Additional legal costs related to the 2022 fire and higher anticipated board legal needs.
Inter Dept'l Transfers	\$422	\$316	75.0%	\$422	100.0%	\$0	Break Even
Financial Expenses	\$2,376	\$1,991	83.8%	\$2,611	109.9%	-\$235	Insurance restoration costs related to 2022 fire (\$180k) and higher point-of-sale merchant fees due to increased revenue transactions
Capital	\$6,596	\$6,576	99.7%	\$14,251	216.1%	-\$7,655	Unbudgeted purchases for grant-funded equipment (auto license plate readers \$2.5m), other operational items (computer, tactical, marine, fleet vehicle write-off replacements) \$0.9m, and fire recovery purchases \$1.0m that are partly offset by insurance proceeds. Proposed 4th quarter purchases supporting key operational areas \$3.2 million.
Reserves	\$279	\$550	197.4%	\$550	197.4%	-\$271	Not expecting to require the Air One reserve draw
Gross Expenditures	\$266,416	\$185,625	69.7%	\$265,947	99.8%	\$468	
Revenue & Recovery	-\$18,883	-\$17,806	94.3%	-\$24,954	132.1%	\$6,070	Additional grant funding to support equipment, program supplies & payroll recoveries for priority policing initiatives, offset by lower funding for Court Security. Higher pay duty revenues (mostly offset by pay duty wages), and expected insurance recoveries.
Net Expenditures	\$247,532	\$167,819	67.8%	\$240,994	97.4%	\$6,538	

Appendix A – Financial Forecast (3rd Quarter) 2024 and 2023

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Report Approval Details

Document Title:	Financial Conditions and Activities - 2024 Q3.docx
Attachments:	
Final Approval Date:	Nov 5, 2024

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

Stan MacLellan



Peter MOREIRA