

EXPLANATORY NOTES

BOARD'S BUDGET CONTROL AND REPORTING BY-LAW

This explanatory note is provided to outline the Board's expectations of the Chief of Police in preparing and controlling the budget for the operation of the Halton Regional Police Service.

Section 1 outlines the Board's policy regarding the preparation of the annual budget for the Halton Regional Police Service. It is the policy of the Board that budgets and financial control must be linked to the Corporate Business Plan, and that it be based on prudent fiscal management.

Section 2 provides the definitions used within the by-law.

Sections 3 and 4 detail the various budget documents to be submitted to the Board and the information they are to include. Budgets are to be prepared based on the results-based concept with defined measureables and/or outcomes identified. Of particular note is the requirement that detailed information regarding any capital project to be undertaken during the upcoming fiscal year is to be submitted to the Board so as to ensure the Board is aware of what projects will be commenced prior to any tender process being commenced.

The 10 year capital forecast should include a description of any projects and their associated financing is to be included.

Sections 7 to 10 provides direction for the management of the budgets after their approval by the Board and Regional Council.

Section 11 details the Board's policy regarding the use of any underspending/surplus funds. The establishment of new reserve accounts, their closure and any transfers required are to be approved by the Board. In addition, periodic reports of the status of the reserve accounts are to be submitted to the Board.

Section 12 requires the Chief of Police to report periodically to the Board on the financial status of the budget and in other circumstances which may have significant financial implications on the budgets.

THE REGIONAL MUNICIPALITY OF HALTON POLICE SERVICE BOARD



BY-LAW NO. 2014-003

A BY-LAW TO PROVIDE FOR BUDGET CONTROL AND REPORTING IN THE HALTON REGIONAL POLICE SERVICE

WHEREAS pursuant to Section 31(1) of the *Police Services Act*, a Police Services Board is responsible for the provision of adequate and effective police services in the municipality; and

WHEREAS pursuant to Section 31(1)(b) of the *Police Services Act*, a Police Services Board shall generally determine, after consultation with the Chief of Police, objectives and priorities with respect to police services in the municipality;

WHEREAS pursuant to Section 31(1) (c) of the *Police Services Act*, a Police Services Board shall establish policies for the effective management of the Police Service; and

WHEREAS pursuant to Section 31(6) of the *Police Services Act*, a Police Services Board may, by by-law, make rules for the effective management of the Police Service; and

WHEREAS pursuant to Section 39(1) of the *Police Services Act*, a Police Services Board is required to submit operating and capital estimates to the municipal council showing the amounts that will be required to maintain the Police Service and provide it with equipment and facilities;

**NOW THEREFORE THE REGIONAL MUNICIPALITY OF HALTON POLICE SERVICES BOARD
HEREBY ENACTS AS FOLLOWS:**

POLICIES AND PROCEDURES

1. It is the policy of the Halton Regional Police Services Board that the public receive efficient and effective police services. To fulfill this obligation, the Police Services Board directs the Chief of Police to ensure that:
 - (a) budgeting and financial control for the Halton Regional Police Service is conducted in a manner that demonstrates prudent fiscal management, is linked to the Business Plan and ensures appropriate civilian oversight,
 - (b) detailed operating and capital budgets include expected outcomes for each program area with specific and quantifiable measurements, and
 - (c) for monitoring purposes, the Police Services Board be provided with detailed variance reports for each program area.

DEFINITIONS

2. In this By-law:
- a) "Annual Operating Budget" means the annual plan for the purchase and financing of the Service's operations and supports the approved Business Plan;
 - b) "Board" means the Regional Municipality of Halton Police Services Board;
 - c) "Business Plan" means the Police Services plan prepared and approved in accordance with the Adequacy Standards Regulation to the *Police Services Act*, and includes information related to police facilities and information technology;
 - d) "Capital Budget" means the total estimated expenditures and offsetting sources of financing for any significant expenditure which will have a benefit beyond one year and exceeds \$100,000 in value, or are more than one year but do not exceed \$100,000;
 - e) "Capital Forecast" means the total estimated expenditures for the upcoming 10 years for any significant expenditure requiring financing which will have a benefit beyond one year and exceeds a value of \$100,000;
 - f) "Chief" means the Chief of Police for the Halton Regional Police Service;
 - g) "Director" means the Director of Corporate Services for the Halton Regional Police Service;
 - h) "Regional Council" means the Council for the Regional Municipality of Halton.
 - i) "Reserves" means an account or accounts established for a variety of projects which will extend beyond the current fiscal year.
 - j) "Results Based Budget" means a document outlining how programs and services will be delivered in an efficient and effective manner, their intended outcome, and measures to determine success.
 - k) "Service" means the Halton Regional Police Service.

BUDGET PREPARATION AND APPROVAL

3. On an annual basis in accordance with direction from the Board, Regional Council or any other legislated direction, the Chief shall submit an Annual Operating Budget, a Capital Budget, and a 10 Year Capital Forecast to the Board.
4. The budget documents referred to in Section 3 shall be in the form of Results Based Budgeting and include as a minimum, the following information:

(a) Annual Operating Budget

- i. Program Description
- ii. Program Services for each Bureau
- iii. Staffing Overview
- iv. Program Services Budget Overview
- v. Level of Services Offered
- vi. Key Objectives
- vii. Program Budget Drivers
- viii. Forecasts for the following five (5) years.

(b) Capital Budget

- i. For expenditures to be made or started during the fiscal year, a detailed description of the project, estimated costs, financing and its relationship to the Business Plan.

(c) Capital Forecast

- ii. A listing of anticipated expenditures for the next ten (10) years. Any new projects shall include a description of the expenditure, the estimated costs and any financing required, and its relationship to the Business Plan.

5. Upon request, the Chief shall provide a detailed break-down of the information used to prepare the Annual Operating Budget, Capital Budget and Capital Forecast.
6. Once approved by the Board, the Chief shall submit the Annual Operating Budget, Capital Budget and Capital Forecast to the Regional Council.

BUDGET CONTROL AND REPORTING

7. Subsequent to Board and Council approval, the Chief shall ensure the coordination, control and implementation of the approved Annual Operating and Capital Budgets including allocation of funds. Until the budget estimates are approved by Regional Council, no exceptional or new expenditures including new capital expenditure of a type, kind or extent that was not authorized in the previous fiscal year will be incurred, except as may be specifically approved by the Board.
8. Once the Annual Operating and Capital budgets have been approved, the Chief shall ensure that actual expenditures incurred do not exceed the amounts approved in the budget.
9. Once the Annual Operating Budget and Capital Budget have been approved by the Board and the Regional Council, the acquisition of the goods or services shall be in accordance with the Board's approved purchasing procedures. Prior to the commencement of any purchasing process, an account and cost centre shall be established in the amount contained within the budget for that expenditure. The authority to procure goods and services or award a contract is subject to the availability of funds within the Board approved Annual Operating Budget and Capital Budget.

10. a) Once established, if during the budget cycle, it is determined a more beneficial allocation of funds would be practical, the following authorizations must be received:
 - i. Expenditures valued under \$25,000 to be approved by the Director;
 - ii. Expenditures valued between \$25,000 and \$100,000 to be approved by the Chief, in consultation with the Director ; and
 - iii. Expenditures valued over \$100,000 to be approved by the Board.
- b) It is understood that any such request shall not cause Service expenses to be more than the total approved budget.
- c) Circumstances and approvals shall be reported and controlled through the Director within specific procedural guidelines contained in the Board's approved purchasing procedures.
- d) Goods and services shall be expensed in the year in which they are actually received, in accordance with generally accepted accounting principles.

11. Underspending/Year-End Surplus

- (a) Where budgeted funds are likely to be underspent, they shall not be used to off-set any over-spending in another appropriation, unless approval has been obtained as provided for in Section 10.
- (b) Should underspent/surplus funds be projected within the Annual Operating Budget at the end of a fiscal year, such funds may be submitted to Regional Council for approval as a "Reserve for Capital" through the Commissioner of Finance and Regional Treasurer. Any such submission to Regional Council shall outline the expected use of the funds for acquiring capital items.
- (c) In determining whether a Reserve should be established, the following criteria should be considered:
 - i. Protection of the Service against known risks or unforeseen events,
 - ii. Providing for life cycle accounting,
 - iii. Meeting specific liabilities,
 - iv. Smoothing expenditures which would otherwise cause major fluctuations in operating or capital budgets,
 - v. Providing for planned future major expenditures,
 - vi. Providing a source of internal financing.
- (d) Board approval is required for the following actions:
 - i. Establishing new Reserves,
 - ii. Closing existing Reserves no longer required,
 - iii. Amalgamating Reserves,
 - iv. Transferring funds to and from Reserves during the budget process,
 - v. Transferring funds to and from Reserves if not approved during the budget process.

- (e) Periodic reports on the status of the reserves shall be submitted in accordance with Section 12.
- 12. The Chief shall ensure that periodic variance reports are provided to the Board. The reports will outline the financial status of the Service in relation to the approved budgets and such other reports or financial information that may have financial implications or as the Board may otherwise direct.

ADMINISTRATION

- 13. That Section Nos. 4, 5 and 6 of By-law No. 2006-03 are hereby repealed.
- 14. This By-law shall come into force upon the date of its passage.
- 15. This by-law is hereby enacted by the Halton Regional Police Services Board on the 18th day of September, 2014.

CHAIRMAN

EXECUTIVE DIRECTOR