

Report to / Rapport au:

**OTTAWA POLICE SERVICES BOARD
LA COMMISSION DE SERVICES POLICIERS D'OTTAWA**

26 February 2024 / 26 février 2024

Submitted by / Soumis par:

Chief of Police, Ottawa Police Service / Chef de police, Service de police d'Ottawa

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SUBJECT: FINANCIAL ACCOUNTABILITY PROCEDURES MANUAL UPDATE

**OBJET: MISE À JOUR DU MANUEL DE PROCÉDURE DE RESPONSABILITE
COMPTABLE**

REPORT RECOMMENDATIONS

**That the Ottawa Police Services Board approve the updated Financial
Accountability Procedures Manual as endorsed by the Finance and Audit
Committee.**

RECOMMANDATIONS DU RAPPORT

**Que la Commission de services policiers d'Ottawa approuve le Manuel actualisé
de procédure de responsabilité comptable tel qu'il a été appuyé par le Comité des
finances et de la vérification.**

BACKGROUND

The Financial Accountability Procedures Manual (the "Manual") constitutes the Police Services Board's (the Board's) governance over delegated authorities for the Ottawa Police Service (OPS) for contract awards, consultant hirings, payment processes, and other financial administrative matters.

The Board's Financial Accountability Procedures (FAP) Manual was first approved in June 1996 under the name Finance and Administration Procedures Manual.

Previously, the Board's Policy and Governance Committee was responsible for initiating a full review of the manual once every four years, at minimum. That was

changed to the Board's Finance and Audit Committee at the Policy and Governance meeting of October 5, 2023.

The Board's Financial Accountability Procedure Manual was last updated in 2018.

A revised 2024 version of the Manual has been prepared with numerous updates, which include, but are not limited to, updates to definitions, approval authorities, and procurements thresholds.

DISCUSSION

The highlights from the FAP manual update were presented to the Finance and Audit Committee on February 2nd, 2024.

The presentation to the Finance and Audit Committee (FAC) did not encompass all the changes that are being proposed to the manual. The items presented were the topics that are believed to be the most important and required further context to appreciate the changes being presented. All the changes to the FAP were included in the supporting materials provided to the FAC.

Legislative Update

The FAP Manual currently refers to the Police Services Act in several sections. Given the new Community Safety and Policing Act is coming into force in a few short months, the Legal team was consulted and confirmed that the only changes required included updates to the existing referenced sections to the similar sections in the new legislation.

Capital Budgets and Projects

A change in relation to the percentage threshold for changes to capital budgets and capital projects has been proposed. This is covered within Section 3.1.3.3 and 3.3.1 respectively.

The first of the two sections touches on capital budgets. A capital budget is requested annually for IT, Fleet, Facilities etc. Within each capital budget there are a multitude of projects that makeup that capital budget ask, and that is what the second section touches on, the capital project contracts.

By increasing the percentage threshold it will help to avoid smaller capital project contracts that need amendments from having to go to the Board for approval. For example, if there was a \$500,000 contract that was approved by the Board, any change that was above \$50,000 to the contract would trigger the need to seek Board approval again due to the current 10% threshold. Increasing the limit to 25% would allow the organization to have added nimbleness for these changes. This proposed change would still limit any changes to the current \$250,000 maximum.

Return of Operating Funds to Capital Reserves

A new subsection has been introduced to provide governance procedures to follow with regards to returning funds to OPS' capital reserves.

Where capital funding has been transferred one time to operating during the year, or during the budget process, it can be returned to the capital reserve if unspent by year-end, if approved by the Chief of Police. Likewise, any year-end surpluses relating to debt payments, may also be returned to the capital reserve if unspent by year-end.

This does not include the return of budget surpluses to an OPS reserve or have OPS reserves cover an operating budget deficit. Those will still be balanced accordingly utilizing the City's Tax Stabilization Fund.

Procurement Procedures

Section 3.2.3 provides the thresholds in relation to what procedures must be followed regarding how goods and services are procured, based on their dollar value.

No changes are proposed for the first two levels. Up to \$15,000, the standing offer list is utilized and payment by corporate card is acceptable.

The threshold that has been changed is the increase from \$50,000 to \$75,000. This is the maximum of the third level, in which, if exceeded, a Purchase Order is required. To generate a Purchase Order, the OPS will work with the City Supply Branch Office, and if deemed competitive, the agreed-to process on MERX will ensue. Otherwise, if below this \$75,000 threshold, the usual process of reviewing the Standing Offer list and/or obtaining three quotes is required. This increase was brought upon given the higher price points the Service continues to deal with due to inflation/

One other important proposed change to be applied to all the dollar values that justifies the requested increase, is to change these figures to after-tax amounts. The OPS is now processing many of its vendor invoices and payments through the ARIBA platform, which operates on an after-tax basis for approvals. Therefore, this will better align the FAP Manual with ARIBA procurement and approval requirements.

Delegated Spending and Contract Authority – Competitive

Subsection 3.2.4.2 outlines the dollar thresholds each rank within the OPS has the authority to approve up to for competitive purchases.

Firstly, the Delegated Spending and Contract Authority amounts have also been revised to reflect after-tax amounts.

Secondly, the updated Manual includes increases to the majority of the ranks for competitive purchasing. These limits have been updated in recognition that the numbers are based on after-tax amounts now and to keep pace with the purchasing power that is lost due to years of inflation.

There are also two important position changes to the list.

The first being Civilian members now have the same authorities as Constables, which was not spelled out previously resulting in non-supervisory civilian positions having no purchasing authority.

The second is removing the Board Chair from the list of positions since the Board Chair alone isn't the one approving Board-related purchases, rather, they are brought to the full Board for approval at the regular meetings.

Delegated Spending and Contract Authority – Non-Competitive

Similarly, the non-competitive contract authorities are recommended to be increased for all levels, within subsection 3.2.4.3. Similar justification for the increases exists here, as was highlighted from the previous section, factoring in inflation and the update to after-tax amounts.

The position of Board Executive Director has been added, as this was previously missing from this section. Similarly, the position of the Board Chair is being removed from the Competitive contract authorities.

Travel

As it stands, the FAP Manual travel requirements state that any prior authorization of funds for travel outside of Canada must be approved by the Chief of Police. Two main changes to this Section have been proposed.

First, the United States has now been added to not require prior authorization by the Chief, and now may be authorized by Senior Officers. There are many Specialty Sections within the Service that require unique training, and often these courses and opportunities are offered only in the United States or at other international locations. Therefore, including the US in this subsection removes some of the previous restrictions that these Sections face.

At the same time, traveling to a course in Vancouver may be more expensive than a course in New York, so this is why the Second proposed update is brought in, to impose a limitation on the dollar value.

The second identified change ensures that the Chief, or delegate, is still providing approvals on travel that exceeds the identified threshold of \$8,000 CAD, as converted

from any local currencies. This now flags any high dollar proposed travel, within Canada, and the US.

By imposing these “either, or” scenarios, this update will ensure any international travel or higher ticket course, or conference is being directed to the Chief for approval.

Covert Assets

Another new section to the FAP Manual surrounds the purchasing of covert assets. The purchase of covert assets will still follow the delegated spending authority limits contained in the Manual, and if the purchase is large enough and requires approval by the Board it will be done so in camera. The main deviation from the FAP Manual for covert purchases would be that a PO through the City’s Procurement team wouldn’t occur.

Disposal of Assets

The last new section introduced to the FAP Manual revolves around the disposal of assets. This is introducing into policy what has been done procedurally for years. Assets that have a residual value at the end of their life will either be sent to auction or shipped back to the vendor when purchasing replacement assets at a negotiated discounted price. Rarely will the OPS donate any of its assets, but on the occasion this may occur, it is usually to a smaller neighboring police service.

Other Updates

The additional points below briefly touch on some further amendments made throughout the FAP Manual:

1. Any position title changes were updated in the document, e.g. Director General changed to Chief Administrative Officer
2. There were several occasions that didn’t include a delegate for the Chief of Police and that option has been added for the Chief to exercise.
3. A handful of new definitions have been added to the document:
 - a. Assigned Office
 - b. Home Office
 - c. Competitive Contract Authority
 - d. Non- Competitive Contract Authority
4. The CFO has been given authority to approve any requests for signing authority that vary from the approved limits.
5. The conflict-of-interest disclosure process has been elaborated on to provide direction on whom to report a potential conflict of interest to

6. Some escalation steps and timelines have been added for the finance team to follow when tracking down any late travel claims.

FINANCIAL IMPLICATIONS

N/A

SUPPORTING DOCUMENTATION

Document 1: Financial Accountability Procedures Manual

Document 2: Financial Accountability Procedures Manual Update PowerPoint

CONCLUSION

The updated Financial Accountability Procedures Manual will assist the OPS in executing its financial responsibilities.