



DATE: 25 May 2015

TO/DEST: Executive Director, Ottawa Police Services Board

FROM/EXP: Chief of Police, Ottawa Police Service

SUBJECT/OBJET: **FINANCIAL STATUS REPORT - FIRST QUARTER 2015**

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## **RECOMMENDATION**

**That the Ottawa Police Services Board receive this report for information.**

## **BACKGROUND**

The quarterly financial report summarizes the current financial position of the Ottawa Police Service (OPS), outlines the operational issues affecting the OPS' finances and presents the projected year-end financial position for the organization. This report presents an initial projection of the Service's year-end financial position and outlines the significant variances that are known at this time. The accuracy of this projection improves with each quarter as the OPS' expense and revenue patterns become more certain.

## **DISCUSSION**

Based on current information staff is identifying a balanced position by year-end for 2015.

The information to date includes a projected surplus in paid duty which is being offset by a projected shortfall in the revenue from the Collision Reporting Centers (CRC). Each of these significant variances is summarized in Table 1 and discussed in more detail below.

On April 22, 2015, we were pleased with the announcement by the federal government to renew its commitment to funding some of the unique policing costs associated with policing the National Capital. This is a five-year, \$10 million commitment with \$2 million provided each year. This funding provision was included in the 2015 budget estimates approved by the Board and Council.

As always, the year-end position is still dependent on any changes in the various pressures and solutions that have been identified in the first quarter of the year, as well as the impact of the horizon issues that are discussed below.

### Identified Pressures & Solutions

#### a) Revenue – Collision Reporting Centers (CRC)

Although the revenue has grown and continues to grow, staff is forecasting a \$500,000 shortfall in CRC revenue this year. Enrollment of more insurance company clients in the Automatic Payment Plan (APP) can proceed now that turnaround of reports is closer to the performance standard of 10 days on which the program is based.

#### b) Paid Duty & Other Revenue

<b>Table 1 - Ottawa Police Service 2015 Projected Year End – Significant Variances</b>	
<b>Pressures</b>	<b>(\$000)</b>
Revenue CRC	(500)
<b>Total Pressures</b>	<b>(500)</b>
<b>Solutions</b>	
Paid Duty	500
<b>Total Solutions</b>	<b>500</b>
<b>Projected Surplus (Deficit)</b>	<b>0</b>

Staff projects a net surplus of approximately \$500,000 from paid duty activities. The OPS has historically experienced a surplus in the paid duty revenue, largely due to City requests related to construction and more recently to the contract with the Department of National Defence for the War Memorial.

### Horizon Issues

There is currently one main issue on the horizon that may create pressures going forward, which cannot yet be quantified: the 2015 collective agreement negotiations/arbitration.

Collective Agreement Negotiation – The initial meetings were held in March to begin negotiations on the 2015 sworn and civilian collective agreements with the Ottawa Police Association (OPA). Following the meeting, the OPA filed for conciliation.

Staff will be monitoring this issue and any others that may develop, with an update in the next quarterly report.

### Quarterly Reporting Requirements

Section 2(e) of the Board's Policy BC-2 on Monitoring Requirements requires the Chief to provide the Board with information on specific operational issues. With respect to financial reporting, these requirements include:

- Annex A, provides a list of all contracts awarded under delegated authority by the Chief that exceed \$25,000 and summarizes the transactions from January to March. In total, \$1.6 million in purchase orders were issued under delegated authority in the First Quarter. The breakdown of these purchase orders by category is shown in Table 2. The largest category (33% of the total) related to contracts for information and technology matters. The lowest were fleet / equipment (6%) and professional services (0%). The remaining 60% of contracts was split evenly between consulting, goods / services and facilities. Expenditure definitions are included in Annex A for reference.

<b>Table 2</b> <b>Summary by Type</b> <b>Contracts Awarded Under Delegated Authority</b>		
<b>Type</b>	<b>Amount (\$)</b>	<b>Percentage (%)</b>
Professional Services	-	-
Consulting Services	324,474	20
Goods & Supplies	318,007	20
Fleet & Equipment	99,047	6
Facilities & Construction	325,486	20
Information & Technology	521,913	33
<b>Total</b>	<b>1,588,927</b>	<b>100%</b>

- Annex B provides a summary of the OPS capital budget works in progress and indicates those which will be closed, in accordance with Section 3.1.3.4 of the Financial Accountability Procedures Manual. It enables the Director General to close capital projects by returning any remaining balance to the originating sources and fund any deficits.

### CONSULTATION

Not applicable.

### FINANCIAL STATEMENT

As outlined in the report.

### CONCLUSION

The OPS is forecasting that it will achieve a 2015 break-even financial position based on operating results to the end of the first quarter.

In July, staff will present the Service's Second Quarter financial position as at 30 June 2015. It will provide an update on the above-noted issues and identify new pressures or solutions that have emerged. The year-end forecast will be adjusted accordingly. That report will also include the annual Asset Management Report as required by Policy CR-4 of the Ottawa Police Services Board Policy Manual.

*(Original signed by)*

Charles Bordeleau  
Chief of Police

Attach (2):   Annex A: Purchase Orders Issued Under Delegated Authority  
                  Annex B: Capital Budget Works in Progress

Responsible for report: Director General Debra Frazer