



## STAFF REPORT ACTION REQUIRED

### Toronto Police Services Board – Proposed 2014 Net Operating Budget Request

<b>Date:</b>	November 13, 2013
<b>To:</b>	Budget Committee, City of Toronto
<b>From:</b>	Alok Mukherjee, Chair, Toronto Police Services Board

#### **SUMMARY**

The purpose of this report is to provide the Budget Committee with the 2014 Net Operating Budget request for the Toronto Police Services Board ('the Board').

#### **RECOMMENDATION**

It is recommended that the Budget Committee approve a 2014 net operating budget request of \$2,358,200 which is an increase of 3.6 % over a 2013 budget of \$2,275,900.

#### **FINANCIAL IMPACT**

The proposed 2014 net operating budget, recommended in this report, represents an increase of 3.6 % over a 2013 budget of \$2,275,900. The Board 2014 operating budget request is a net amount of \$2,358,200. This request includes the 2014 impact of the Senior Officers' Organization and Toronto Police Association salary settlement.

#### **ISSUE BACKGROUND**

At its meeting held on November 07, 2013, the Board was in receipt of a report dated October 30, 2014 with regard to the 2014 Net Operating Budget request for the Board.

#### **COMMENTS**

The Board approved the report dated October 30, 2014 and agreed to forward a copy of this decision to the City's Deputy City Manager and Chief Financial Officer for information and to the Budget Committee for approval.

#### **CONCLUSION**

A copy of Board Minute No. P254/13, in the form attached as Appendix "A", regarding this matter is provided for information.

**CONTACT**

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Toronto Police Services Board  
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**SIGNATURE**

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Alok Mukherjee  
Chair

**ATTACHMENT**

Appendix A – Board Minute No. P254/13

cc. Mr. Rob Rossini, Deputy City Manager and Chief Financial Officer

A: TPSB 2014 operating budget request.doc

## APPENDIX "A"

### THIS IS AN EXTRACT FROM THE MINUTES OF THE PUBLIC MEETING OF THE TORONTO POLICE SERVICES BOARD HELD ON NOVEMBER 07, 2013

#### #254 TORONTO POLICE SERVICES BOARD – PROPOSED 2014 NET OPERATING BUDGET

The Board was in receipt of the following report October 30, from Michael Thompson, Acting Chair:

Subject: TORONTO POLICE SERVICES BOARD – PROPOSED 2014 NET  
OPERATING BUDGET

#### Recommendations:

It is recommended:

- 1 THAT the Board approve a proposed 2014 net operating budget of \$2,358,200 which is an increase of 3.6 % over a 2013 budget of \$2,275,900,
- 2 THAT the Board forward this report to the City's Deputy City Manager and Chief Financial Officer for information; and,
- 3 THAT the Board forward this report to the City's Budget Committee for approval.

#### Financial Implications:

The proposed 2014 net operating budget, recommended in this report, represents an increase of 3.6 % over a 2013 budget of \$2,275,900. The Toronto Police Services Board (TPSB) 2014 operating budget request is a net amount of \$2,358,200. This request includes the 2014 impact of the Senior Officers' Organization and Toronto Police Association salary settlement.

#### Background/Purpose:

The Toronto Police Services Board's 2014 operating budget target, as recommended by the City, is a 0% increase over the 2013 approved net operating budget.

The Board's Budget Sub-Committee (BSC), at its meeting on October 16, 2013, reviewed its preliminary budget request noting that 3.3% (\$75,000) of the requested increase is a result of two new initiatives approved by the Board. The BSC recommended that the budget be approved by the Board.

At a special in camera meeting held on October 29, 2013, the Board agreed to reduce the budget for new initiatives from \$75,000 to \$60,000. Consequently, the new initiatives account for 2.6% of the requested 3.6% increase.

Staff report for action on TPSB –2014 Net Operating Budget Request

What follows is a discussion of the two new initiatives and a review of the issues that the BSC considered in making the determination that the new initiatives cannot be absorbed in the existing budget.

Discussion:

*New initiatives:*

*Performance Management*

The Board directed that \$25,000 be included in its 2014 to enable the Board to issue a Request for Proposal (RFP) for assistance in facilitating the Board's performance management process during 2014. Details of this new initiative are contained in confidential Board Minute C170/13.

*Interdepartmental Chargeback – Audit Services*

At its meeting in June 2013 the Board received a presentation with respect to the City of Toronto's Shared Services Study. The Board also approved a number of recommendations including the following:

Given that the Board does not have its own internal auditors, the City Manager be requested to advise whether the City's Internal Audit services can be made available to the Board, upon request, to conduct audits with respect to the Toronto Police Service (Min. P158/13 refers)

Following the June 2013 Board meeting, Chair Mukherjee communicated the Board's motion to City Manager Joe Pennachetti. Mr. Pennachetti arranged for the Chair to meet with Ms Ruvani Schaubel, Director, Internal Audit, for the City of Toronto.

Ms Schaubel and her team are amenable to working with the Board both to develop an appropriate audit policy and to perform audits of the Toronto Police Service, as may be requested by the Board, on a chargeback basis. The Internal Audit Division currently provides similar services to other agencies, boards and commissions associated with the City of Toronto.

The development of the Board's audit policy will be done in consultation with the Board's solicitor, with Ms Schaubel and her staff and with the Chief of Police. The policy will establish the scope of work, address accountability, establish the authority of the auditors including a protocol governing access to information, and the process for the development and approval of audit plans and the reporting of audit findings to the Board. The policy will ensure that there is no conflict with, or duplication of, auditing that may be done by the Auditor General at the request of the Board.

At its September 2013 meeting (Min. P222/13 refers) the Board approved the following:

*It is recommended that the Chair draft, for the Board's consideration, an audit policy reflecting a new collaborative relationship with the City of Toronto Internal Audit Division and also reflecting the Board's existing relationship with the City of Toronto Auditor General*

A budget in the amount of \$35,000 is requested to fund the chargeback to the City for audit services. This amount is an estimate and is dependent upon the adoption by the Board of an audit policy and the subsequent identification of an audit work plan.

*Impact of Further Reductions: Non-salary Accounts*

The Board has very limited options in terms of achieving further reductions. In terms of non-salary accounts, when the amounts allocated for the City Legal chargeback and for external labour relations legal counsel are factored out of the budget, the actual administrative costs proposed in the 2014 budget amount to only \$55,100.

Every administrative account in the Board's budget has been reduced substantially over the past 3 years to arrive at this amount. The proposed 2014 budget represents a 13% decrease in non-salary accounts over the 2011 budget.

The proposed 2014 budget will continue to restrict professional development and learning opportunities for Board members because the budget will only provide sufficient funds for the attendance of a limited number of Board members at the Ontario Association of Police Services Boards' (OAPSB) conference and one individual at the Canadian Association of Police Governance's (CAPG) conference. Funds will continue to be available, however, to allow the Chair to fulfil his responsibilities as Past President of the CAPG.

Catering at full-day Board meetings will continue to be scaled back and will continue to be eliminated, where practical, at all other meetings.

Funds will not be available in the event that the Board requires legal advice other than that which is available from the City of Toronto Legal department or from the Board's contracted labour relations law firm. Similarly, no funds will be available should the Board require any external consulting advice.

It will continue to be difficult to contain expenditures within the proposed legal services accounts. In the view of Human Resources Management which administers these accounts on behalf of the Board, any further reduction will likely mean that the Labour Relations Unit would not meet its anticipated financial obligations. Although recent settlement statistics related to labour disputes and grievances do indicate that fewer matters proceed to hearings, the matters that do proceed to hearings are increasingly complex. These matters tend to consume substantial legal resources, including time for preparation and arbitration. I am also advised that the Board should anticipate new grievances and proceedings arising from any efforts to re-structure or downsize the organization as well as potentially, as a result of the numerous working groups that were established as an outcome of the 2011 to 2014 collective agreement with the Toronto Police Association.

Human Resources Management is anticipating that the costs of labour relations legal matters will rise in 2014. The Board must consider that it cannot prevent grievances or other disputes, and if the current fiscal climate continues, the Board may experience another escalation in grievance rates similar to that which occurred in 2008. Moreover, as the result of a Request for Proposal, the Board is reminded that it approved a three year representation agreement with Hicks Morley

LLP that includes increased fees for legal counsel, which will be reflected in 2014 billings and put further pressure on the 2014 operating budget.

*Impact of Further Reductions: Salary and Benefit Accounts*

The budget request in the Board's salary and benefit accounts, totalling \$1.0 M includes:

\$1,020,100	staff salary/benefits and Board Member remuneration
\$ 2,000	premium pay

Board staff members provide the administrative support to ensure the Board's provision of civilian oversight to the community. As such, the work performed by the staff is fundamentally linked to the Board's ability to provide adequate and effective police services to the community.

Board staff must not only deal with the significant volume of work generated by the Board on a day-to-day basis but also manage on-going strategic, proactive policy initiatives; both are areas that are critical in meeting the Board's legislative mandate.

Currently, with the Board's limited staff, it is often challenging to meet the existing demands.

Further, the Board is reviewing the recommendations arising from Justice Morden's *Independent Civilian Review into Matters Relating to the G20 Summit*. This report recommends a substantially expanded and strengthened role for civilian governance of the Toronto Police Service. In his report at page 37, Justice Morden writes:

*The Board and its staff in the past have increasingly shouldered a heavy burden in carrying out their responsibilities. If my recommendations are implemented this burden will be increased. Likely, this will necessitate the devotion of further resources to support the Board's work.*

Although, no additional budget was requested in either 2013 or 2014 as a result of Justice Morden's report, his recommendations are a pressure that may have an impact on the Board's budget in 2014 and beyond.

Conclusion:

I recommend that the Board approve a 2014 net operating budget of \$2,358,200 which is an increase of 3.6% over a 2013 budget of \$2,275,900.

**The Board approved the foregoing report.**

**Moved by: D. Noria**