



FINANCIAL MANAGEMENT POLICY

PRP-FN-007

Effective Date: 2014/11/21
Amended Date: 2020/11/27

Policy Statement

It is the policy of the Regional Municipality of Peel Police Services Board that the policy requirements set out in this document shall form part of the Board Policies and the Chief of Police is hereby directed to comply with these requirements in his/her administration and operation of the Peel Regional Police.

1. Subject

A policy establishing the financial principles to provide guidance towards the goal of ensuring the long term financial sustainability of Peel Regional Police.

2. Specific Definitions

"Assets" means capital assets that are used to produce or provide goods or services. They have a useful life extending beyond one accounting period (e.g. a year), are used on a continuing basis, and are not for sale in the ordinary course of operations.

"Board" means the Regional Municipality of Peel Police Services Board.

"Capital Plan" means the combined Capital Budget and Capital Forecast.

"Capital Budget" means the annual Board and Council approved plan of the Peel Regional Police for expenditures and financing sources to acquire, improve, maintain, or construct capital assets or to conduct studies.

"Capital Forecast" means the projection of expenditures and financing sources of capital projects for nine years beyond the Capital Budget approval year.

"Chief of Police" means the Chief of the Peel Regional Police or upon the authorization of the Chief of Police, a Deputy Chief of the Peel Regional Police and any person who has been authorized to temporarily act as the Chief of Police during the incumbent's absence or a vacancy in the office.

"Council" means the Council of the Regional Municipality of Peel.

"Deputy Chief, Corporate Services Command" means the Deputy Chief overseeing Corporate Services of the Peel Regional Police and any person who has been authorized to temporarily act as the Deputy Chief, Corporate Services Command during the incumbent's absence or a vacancy in the office.

"Financial Health" means the overall financial condition of the Peel Regional Police as indicated by its Financial Flexibility, Financial Sustainability, and Financial Vulnerability.

"Financial Flexibility" means the ability to which Peel Regional Police can change its tax burden or debt to meet its financial obligations.

"Financial Sustainability" means the ability to provide and maintain planned service and infrastructure assets without unplanned increases in rates or disruptive cuts to services.

"Financial Vulnerability" means the degree to which the Peel Regional Police is dependent on external funding sources that it cannot control. It is the level of risk that could impact the ability to meet existing financial obligations and commitments, including the delivery of services.

"Reserve" means an accumulation, at the direction of the Board, of appropriations from net revenues. Reserves include Stabilization Reserves, and Capital Reserves.

"Reserve Fund" means the accumulation of appropriations from net revenues for purposes which are restricted by law, or by the direction of the Board, and Council and contained in the by-law establishing the Reserve Fund.

"Tax payer" means residents and businesses located in the Regional Municipality of Peel and who are required to pay property taxes for policing services.

"Users" means residents and businesses who use a service or services provided by the Peel Regional Police governed by the Regional Municipality of Peel Police Services Board.

"Working Fund Reserve" means a Reserve arising from the operation of programs funded from property taxation to minimize annual fluctuations in property tax rates.

3. Policy Requirements

1. General:

- a) The financial health of Peel Regional Police is measured by its financial sustainability, financial vulnerability, and financial flexibility. These principles are set out in the first column of Schedule A to this policy, and provide guidance towards the goal of ensuring the long term financial sustainability of Peel Regional Police.
- b) The meanings attributed to the principles set out in Schedule A are to be considered for purposes of interpretation but shall not be considered to be exhaustive or prescriptive.
- c) The Deputy Chief, Corporate Services Command, through the Chief of Police, shall undertake a review of this policy not less frequently than once every five years, and report to the Board the results of such review.
- d) The Chief of Police, upon the recommendation of the Deputy Chief, Corporate Services Command, is authorized to create, implement, amend, and revoke directives and financial instructions for the financial administration of the Peel Regional Police which are consistent with the financial principles adopted in this policy.

Review Date: 5 years

Schedule A to Financial Management Policy

1. Financial Principles for Financial Sustainability

	Financial Principle	Meaning
1.	Respect the Tax Payer	<ul style="list-style-type: none"> ▪ Achieve reasonable and responsible budgets impacting the tax payer. ▪ Ensure the Police Service's highest priority programs (both capital and operating) are maintained. ▪ Strive to deliver desired service outcomes without placing undue financial pressures on tax payers.
2.	Ensure the Capital Plan is Sustainable	<ul style="list-style-type: none"> ▪ Capital Reserves and Reserve Funds are funded to levels to enable the capital plan. ▪ Capital expenditures are reviewed in the context of affordability. ▪ Operating impact of capital is sustainable and affordable.
3.	Maintain Assets	<ul style="list-style-type: none"> ▪ Replace or maintain assets over their lifecycle in a timely manner to ensure service level targets are met.
4.	Deliver Value for Money	<ul style="list-style-type: none"> ▪ Continue to find efficiency and quality improvements in the way we manage and deliver services.

2. Financial Principles for Financial Vulnerability

	Financial Principle	Meaning
1.	Users pay where appropriate	<ul style="list-style-type: none"> ▪ Ensure that the Users of services pay for the services. ▪ Balance growth-related investments with revenue to achieve intergenerational equity where possible.

3. Financial Principles to Manage Financial Flexibility

	Financial Principle	Meaning
1.		<ul style="list-style-type: none"> ▪ Reserves and Reserve Funds are used to fund unanticipated liabilities, stabilizing revenues, and expenditures that are subject to cyclical fluctuations, extraordinarily large purchases, or self-financing on-going activities. ▪ Any annual surplus is used to maintain the long term financial sustainability of services. ▪ Debt, when required, is in accordance with the Region of Peel debt policy.