



# FINANCIAL MANAGEMENT

## PRP-FN-007

Effective Date: 2014/11/21

### **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 the 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;

#### **"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"**

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 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 degree to which Peel Regional Police can change its tax burden or debt to meet its financial obligations;

### **"Financial Sustainability"**

Means the degree to which planned service and infrastructure levels can be met without resorting to unplanned increases in rates or disruptive cuts to services;

### **"Financial Vulnerability"**

Means the degree to which the Peel Regional Police is dependent on sources of funding outside its control or influence or is exposed to risks that could impair its ability to meet existing financial obligations and commitments;

### **"Peel Regional Police"**

Means the Regional Municipality of Peel Police Service encompassing the City of Brampton and the City of Mississauga;

### **"Region of Peel"**

Means the Regional Municipality of Peel encompassing the City of Brampton, the City of Mississauga and the Town of Caledon;

### **"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 contained in the policy and 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; and

### **"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.

## **3. Policy Requirements**

### **1. General:**

- a) The financial health of Peel Regional Police is measured by its financial sustainability, financial vulnerability and financial flexibility. The principles for these are set out in the first column of Schedule A to this policy;
- 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, 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; and,

- d) The Chief of Police, upon the recommendation of the Deputy Chief, Corporate Services, 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.

**4. Linkage to Appropriate Police Service Procedure/Directive**

- Peel Regional Police Financial Instruction 19 – Financial Control
- Peel Regional Police Financial Instruction 11 – Setting Annual External Fees for Police Services

**5. Authority/Legislative Reference**

PRP– FN-008 - Budget Policy

Police Services Act, Section 39

Board Minute: #74/14

**Replaces:** Peel Police Services Board Financial Control By-Law #317

**Review Date: 5 years**

## **Schedule A to Financial Management Policy**

### **1. Financial Principles for Financial Sustainability**

1. Sustainable Operating Budget
  - Reasonable and responsible budgets impacting the tax payer
  - Affordable and stable increases in current and future years
  - Recipients of services and funding of services are aligned (i.e. Growth Pays for Growth)
  - The Police Service's highest priority programs are maintained
2. Sustainable Capital Plan
  - Reserves and Reserve Funds are funded to the levels required for their purposes
  - Capital expenditures are reviewed in context of affordability
  - Operating impact of capital is sustainable and affordable
  - The Police Service's highest priority capital programs are maintained.
3. Maintain Assets
  - Assets are maintained in a state of readiness and replaced at end of life or when it is more cost effective to replace than maintain
4. Provide Value for Money
  - Efficiency and quality improvements in the way services are managed and delivered
  - Cost reduction strategies with consideration given to shared services or outsourcing where appropriate

### **2. Financial Principles for Financial Vulnerability**

1. Users Pay Where Appropriate
  - Growth pays for growth
  - Pricing of user fees takes into consideration the full cost of the service (direct and indirect costs and the cost of capital)
  - User fee increases are based on service level costs and provide flexibility for users with limited fixed incomes

### **3. Financial Principles to Manage Financial Flexibility**

1. Maintain Flexibility to Mitigate Volatility to the Taxpayer
  - 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 only at levels affordable to taxpayers and the repayment period cannot exceed the useful life of the asset for which the debt is incurred