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## **ACTION Team Specific Objectives**

### **HPS Business Plan (2016-2018)**

**Goal 2.1 Reach out to share information and to build relationships and partnerships by interacting with all communities including: children and youth, newcomers, people in crisis, seniors and diverse groups.**

***"Working with the public to share responsibilities for community safety"***



ACTION Teams conducted a total of nine Problem Oriented Policing (POP) Projects, targeting identified problems or complaints within deployment areas, provided support to five other Pop Projects (along with other units within HPS), and participated in a city wide robbery initiative which carried into 2017.

Within the Downtown Core and Entertainment District, ACTION Teams conducted nine successful POP Projects. Highlighting these, one project focused on the increased drug trafficking in the area of James St N (an area which has undergone significant development recently and continues to grow). Area business owners voiced their concerns and requested the aid of the Hamilton Police Service to address the growing problem. The ACTION Strategy was implemented within this neighbourhood, in partnership with local businesses and services. Regular meetings were held, patrols were increased and environmental design suggestions were made in order to address the problem. Numerical results of the project included: 10 PON tickets issued; 9 drug arrests; 1 missing person located; numerous SNP (Social Navigator Program) referrals to assist those in need of local housing; several CI (criminal intelligence) reports regarding those involved in drugs in the area; and multiple business contacts. The impact of the strategy on the perception of public safety was felt almost immediately. Officers were stopped on a daily basis and informed that police presence had both improved public safety and deterred crime.

Two other projects originated from complaints received from the management of the Hamilton Bulldogs Hockey Club. The first of these targeted disorderly persons, and trespassers engaged in illegal drinking and drug use in and around the Bulldogs Head Office at 101 York Boulevard. The second project at this same location targeted panhandlers and scalpers affecting patrons attending sporting events. Both of these projects resulted in a total of 15 arrests, 15 criminal charges, 19 PON tickets issued, \$712 in drugs

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seized, and the completion of an environmental assessment which provided recommendations for changes to the building and the surrounding property.

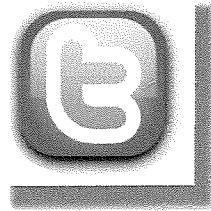
POP Projects initiated by ACTION Teams targeted: i) chronic and problematic panhandlers in the Downtown Core and Entertainment Districts; bicycle thefts in the Downtown Core; loitering and disorderly behaviour on the property directly in front of the Wesley Centre at 185 Ferguson Ave; and outstanding wanted persons living in and around the City of Hamilton.

Problem Oriented Policing (POP) Projects involving the ACTION Team and other Divisions included: i) disorderlies, property crimes, drug use and drug trafficking issues at apartment buildings, town house complexes and Shopping Malls within various areas of Division Two; ii) an increase in break and enters and a sexual assault in the McQuesten Quadrant (Melvin-Oriole Cres / Beat 2314); iii) an increase in disturbances, fights and swarming type robberies caused by youths in the area of 999 and 970 Upper Wentworth St. (the Limeridge Mall bus terminal and the McDonald's parking lot); iv) drugs and other illegal activity in the area of 45 Montcalm Dr.; and v) prostitution and drug activity in the Barton St E area.

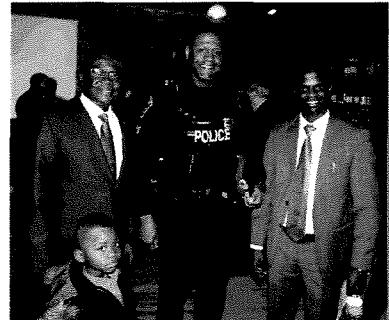
Augmenting the Problem-Oriented Policing (POP) model, the Hamilton Police Service started a service-wide initiative in the fall of 2016 with respect to utilizing predictive crime analysis to identify geographical "hot spots" for police patrols. The initial crime category chosen for the initiative was robberies based on a 10 year period of study. The ACTION Teams played a role in this initiative and were deployed to a number of hot spot locations throughout each of the three divisions.

Each of these POP Projects achieved success and positively affected the quality of living for area residents and businesses as measured by eliminating or reducing the original problem (evidenced by favourable public perception or a reduction in the number of complaints received); or the quantitative performance measures achieved (i.e., arrests, charges, provincial offence notices or by-law tickets issued).


### ***"Providing consistent and current information to the public"***




The ACTION Team has continued to develop information sharing and media discussions with the public via their twitter account @HPSActionTeam4. This endeavor has been managed by Constable Ahron Ashukian, and Sgt. Michael Donaldson. Tweets from this account focused on HPS Media Releases, Crime stoppers, Personal Safety, the ACTION Team, the Mounted Unit and both Local Community & Sporting Events. The ACTION Team twitter account increased its followers in 2016 from 5157 in January to 5334 in December (an increase of 3%).




In 2016, the ACTION Team also developed a training power-point presentation to assist with increasing internal awareness of the development and success of the ACTION Strategy. The presentation was viewed service-wide and ultimately, portions were shared with the community through social media for all to see.





### The ACTION strategy includes:




**The ACTION Team** is a proactive and preventative unit made up of 32 foot and bike patrol officers. They are deployed to the areas of the city that experience violent crime and disorder issues.



**The Bail Compliance Unit** actively monitors the offender to ensure that they are adhering to the conditions imposed upon them by the courts. The BCU will actively search for and arrest those offenders that are breaching court imposed conditions.



**The Social Navigator Program** connects and supports individuals through a referral process by engaging all social and healthcare agencies. Our goal is to reduce the reliance on the judicial system by navigating individuals with negative police contact toward the appropriate social service agencies while improving the health, safety, and quality of life for all citizens.

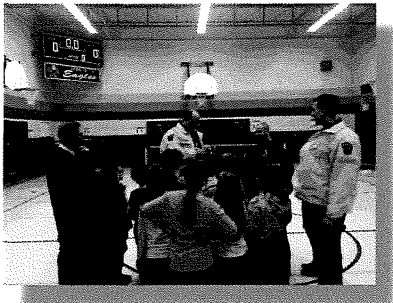


**The Mounted Patrol Unit** is a crime prevention program that maintains high police visibility, communicates with the public and BIAs. The Mounted Unit has been very useful in community events, crowd control and protest movements as well as in search and rescue missions.

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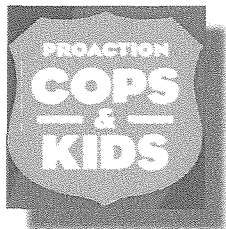
<https://twitter.com/HamiltonPolice>

### ***“Regular communication and attendance at BIA, school and community events and meetings”***

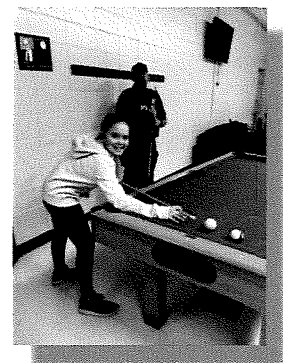


Complementing information sharing through the media, the ACTION Team has continued to foster communication and attendance at BIA events and meetings as well as community and school events and meetings. In 2016, the ACTION Team attended six BIA meetings, forty-nine BIA events (festivals and events), seven community meetings, one hundred and one community events (sports and other events), fourteen youth and school meetings, and twenty-seven youth and school events.

### ***“PROACTION events and other community programs”***



Members of the ACTION Team are committed to area youth with programs such as PROACTION COPS & KIDS. Some teams have maintained relationships with previous youth groups that they have been involved with in PROACTION COPS & KIDS events (i.e., the Kiwanis Boys and Girls Club @ 71 Sanford Ave N, and 35 Ellis Ave). Activities ranged from recreational games like billiards and basketball, to just hanging out, talking, and sharing time.

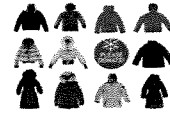


One successful PROACTION COPS & KIDS event that had been developed and participated in by the ACTION Team for “At Risk Youth” from the Eva Rothwell Centre; was an evening of bowling at Skyway Bowling. Overall, these activities have helped our members connect with the participating youth, in order to increase community safety and provide support for them to reach their full potential.

Other community charity events and youth programs that ACTION Team members have supported and participated in over the past year include: the "Action Winter Drive By Program", community and organizational blood drives and challenges, HPS Cop Camp, the Cops and Fishing Event, the Law Enforcement Special Olympics Torch Run, the HPS Project Concern Kids Christmas Party @ Carmen's Banquet Centre, and assisting with dropping off gifts to needy families donated by the Hamilton Police Association.



**"Out of the Cold"**  
Clothing Donation Drive  
In Support of the Good Shepherd Center



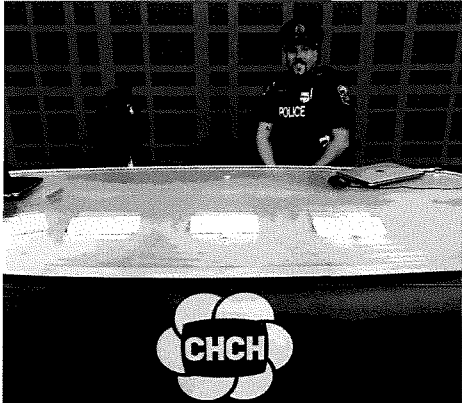
## HPS Business Plan (2016-2018)

**Goal 3.4 Increase training to achieve our vision by sharing knowledge and resources in our communities, freeing up time for training and expanding the training budget.**

### ***"Increasing training"***

In 2016, the ACTION Team has continued to develop their knowledge base by participating in an annual training week, portions of which are open to the entire service. As well, the officers have attended numerous training seminars, courses and conferences throughout the year (including the annual POU (Public Order Unit) / GSAR (Ground Search and Rescue) training exercise, Beginner and Advanced Bike Training, BLOC Training / Firearms and CEW requalification, Collection of Identifying Information Training (COII), Critical Incident Training (CIT), and General Investigative Techniques (GIT)).

### ***"Facilitating mentoring opportunities"***



2016 witnessed the development of a new training program for ACTION Team members to job shadow and receive experiential training and knowledge in other specialized units of the Hamilton Police Service which were of interest to them. Alternatively, the program afforded the opportunity for those officers in other areas to job shadow with the ACTION Team. A total of 15 ACTION Team members received job shadow opportunities (each being two weeks in length), with such diverse areas as ERU (Emergency Response Unit), Vice and Drugs, Guns and Gangs, BEAR (Break and Enter and Robbery Unit), Division One HEAT (High Enforcement Action Team), BEU (Biker Enforcement Unit), Media Relations, Technological Crime Unit, Marine Unit, and ICE (Internet Child Exploitation Unit). HPS members from other areas also received job shadow opportunities of two weeks with the ACTION Team. The program was extremely successful, as several of the Unit Commanders gave positive feedback about the members whom had participated. In addition, the program afforded all participants with the opportunity to obtain valuable "on the job" training, as well as providing exposure to those areas for future career development opportunities.

## **Mounted Patrol Unit Specific Objectives**

### **HPS Business Plan (2016-2018)**

**Goal 2.1 Reach out to share information and to build relationships and partnerships by interacting with all communities including: children and youth, newcomers, people in crisis, seniors and diverse groups.**

### ***"Maintaining partnerships with neighbourhood groups and BIA's"***



The MPU continued to focus a great deal of attention on operational enforcement and crime prevention through high visibility patrols across the City of Hamilton in 2016. This included a significant amount of patrol time to Business Improvement Areas (BIA's) throughout the City of Hamilton.

These BIA's included Dundas, Waterdown, Ancaster, Stoney Creek, Concession Street, Ottawa Street, Barton Street, Waterdown, Westdale, King St W, Locke Street, International Village and Downtown. In total, MPU made 479 BIA visits in 2016 to the 13 BIA areas.



Additional areas within the city were strategically identified and benefitted from an increased police presence in response to recent crime trends (as identified by beat Crime Managers from all three Divisions, Divisional Analysts, and the Action Analyst). A few of these areas attended by MPU in 2016 included: i) Beat 1271 in Division One (Barton St E and Milton) regarding drug activity and prostitution; ii) Beat 2421 in Division Two (Millen RD to Just East of Fifty Rd / North Service Rd to the waterfront) regarding daytime residential entries; and iii) Beat 3343 in Division Three (the Rail Trail in the area of the Kenilworth stairs / above the traffic circle and the section of the stairs leading to the top of the Mt. Brow) related to indecent acts.

MPU spent 63% of their directed patrol time for 2016 within Division One. Most of this time was spent within the Downtown Core, Entertainment District and nearby BIA's. As well, MPU spent 13% of their directed patrol time within Division Two, and 24% of their directed patrol time within Division Three. The deployment strategy provided high visibility for businesses during weekdays and entertainment facilities on weekends and at night.

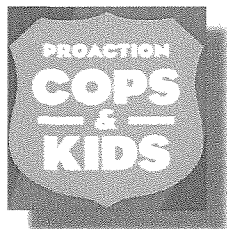




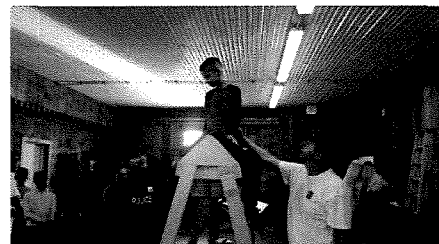
The Mounted Patrol Unit is a significant component of the Public Order Unit (POU) and is regularly deployed throughout the city at various protests and demonstrations. They work closely with the ACTION Team, when not operating in a POU capacity.



#### ***"Community involvement and PROACTION events"***



Members of the Mounted Patrol Unit, initiated, organized and participated in a new PROACTION COPS & KIDS Program in 2016 entitled "Saddle Up for Success".



The event was held on June 26, 2016, and afforded 7 children chosen from "CityKidz" to spend a full day with the unit, "sharing their passion". The event included: i) touring MPU headquarters; ii) meeting members of the MPU unit (riders and horses); iii) learning how to feed and care for the mounts (i.e., brushing a horse and picking out the hooves); iv) feeling what it's like to sit on a police horse (through the use of a 6'2" hobby horse); and participating in a trip to Sandy Lane Farm in



Brantford. There they participated in an Equine Assisted Therapy session, learned about native culture and beliefs (nature and energy), interacted with other horses and several types of farm animals, participated in crafts, games and activities, and enjoyed a pizza lunch and snacks before returning to Central



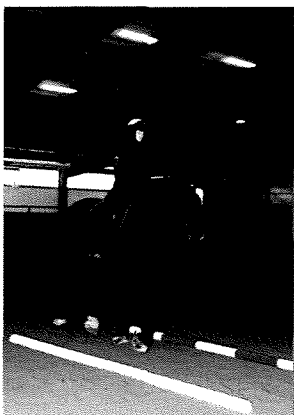
Station where they were picked up by their parents. The event lasted an entire day with almost all MPU members attending on their day off. These activities have helped our members connect with the participating youth, in order to increase community safety and provide support for them to reach their full potential.



## HPS Business Plan (2016-2018)

**Goal 3.4 Increase training to achieve our vision by sharing knowledge and resources in our communities, freeing up time for training and expanding the training budget.**

***“Developing the skills and training of the officers and horses to successfully compete at NAPEC”***



In 2016, the Mounted Unit implemented a new officer and mount fitness program in order to successfully compete at the NAPEC (North American Police Equestrian Council), training conference and competition. The officer component incorporated a stretching and workout routine, designed specifically for the mounted rider to minimize and prevent injury and stress on the body when riding. A period of forty-five minutes was set aside first thing in the morning on training days for the officers to complete the new regime. The horse component of the fitness program was designed after consulting an equine chiropractor and



implemented utilizing the services of an OEF (Ontario Equine Federation) coach / trainer.

Intensive training for the NAPEC competition started in January and peaked in September. The competition was hosted by the Kingston Police Force as part of their 175<sup>th</sup> anniversary commemoration, and was staged within Kingston Penitentiary (now de-commissioned). The event consisted of a number of class competitions for the police equine and their human partners. The HPS Mounted Unit competed in the uniform class; equitation class; and obstacle course. There was a parade through the Streets of Kingston to City Hall, and a final award ceremony. A total of sixty-two riders from Police Services across Canada and the United States competed in the international event. Overall, the HPS Mounted unit competed very successfully, receiving awards or ribbons in each of the competition classes entered.



## Bail Compliance Unit



The Bail Compliance Unit (BCU) is a visible uniform response, supportive to the ACTION Strategy ("Addressing Crime Trends in our Neighbourhoods"). The mandate of the Bail Compliance Unit (BCU) is to promote public safety and reduce the fear of crime by implementing a Bail Compliance Program. This program is a service-wide crime prevention initiative intended to identify and manage violent offenders through education and bail compliance investigations.

The BCU visits the offenders and sureties following release and provides education concerning the Bail Compliance Program. This includes the consequences of non-compliance by the offender as it applies to both the offenders and the surety.

The strategy holds offenders and sureties accountable. The BCU actively monitors the offender to ensure that they are adhering to the conditions imposed upon them by the courts. The BCU actively searches for and arrests any offenders found breaching court imposed conditions. The HPS remain committed to monitoring violent offenders and strictly enforcing conditions to help prevent future offences. Monitoring and enforcement is done through bail compliance checks, which results in some offenders being arrested and charged. For 2016, the BCU was comprised of two full time Constables and an accommodated Constable to assist with administrative duties.



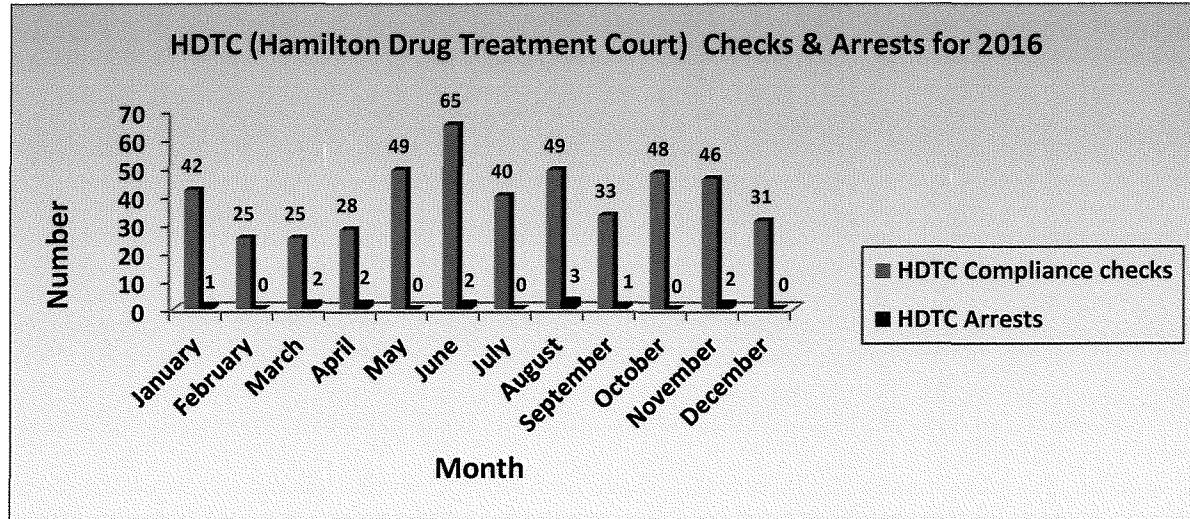
## **Hamilton Drug Treatment Court**

The Hamilton Drug Treatment Court (HDTC), in cooperation with the Hamilton Police Service, takes a comprehensive approach to reduce the number of crimes committed by a drug dependent offender. The program incorporates judicial supervision, comprehensive substance abuse treatment, random and frequent drug tests, incentives and sanctions, clinical case management, social services support, and bail compliance checks. The approach is aimed at reducing the harm people cause to themselves and to others through their drug use, as well as reducing the risk that these individuals will continue to use drugs and thereby come into conflict with the law. The HDTC began in 2014 with the first offender released into the program on January 29th.

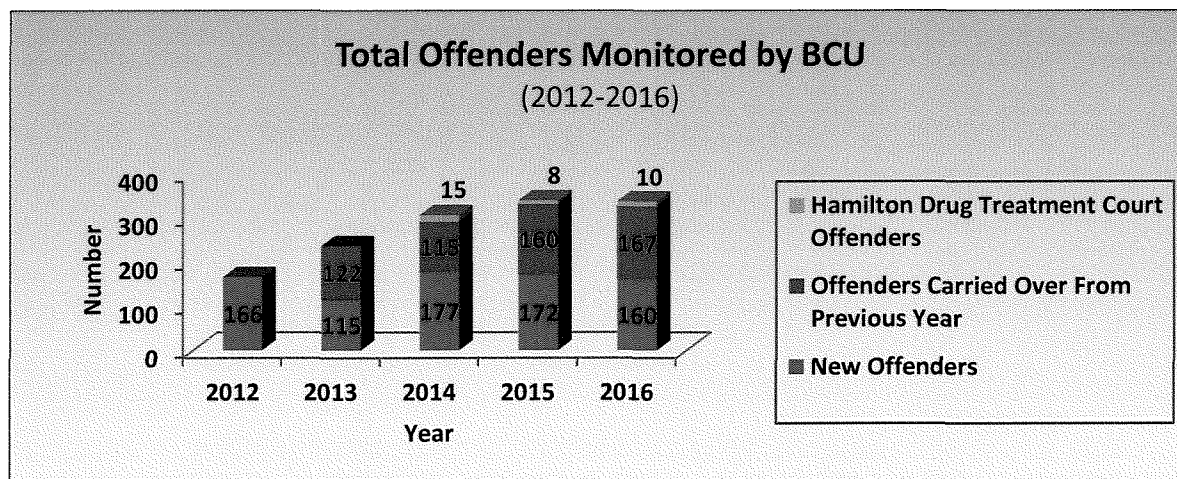
Drug Treatment Courts focus on facilitating treatment for drug-motivated offenders who meet specified criteria. They provide an alternative to incarceration by offering an opportunity to complete a drug treatment program. In 2016, the number of offenders that participated in the Hamilton Drug Treatment Court ranged from 3 to 10. Throughout the year some offenders were expelled from the program, new ones joined, and still others continued on to success and sobriety.

## **Bail Compliance Unit Performance Measures and Related Statistics**

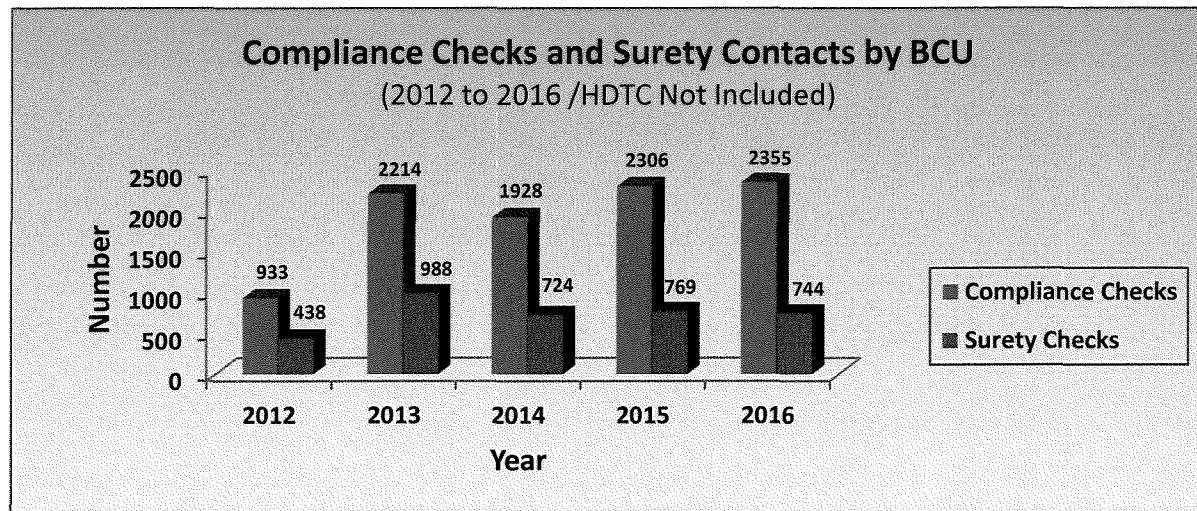
In 2016, the Bail Compliance Unit had a compliance rate of 82% (an increase of 2% compared to the 80% Compliance Rate in 2015). The Hamilton Drug Treatment Court had a compliance rate of 61% (an increase of 18% compared to the 43% Compliance Rate in 2015).



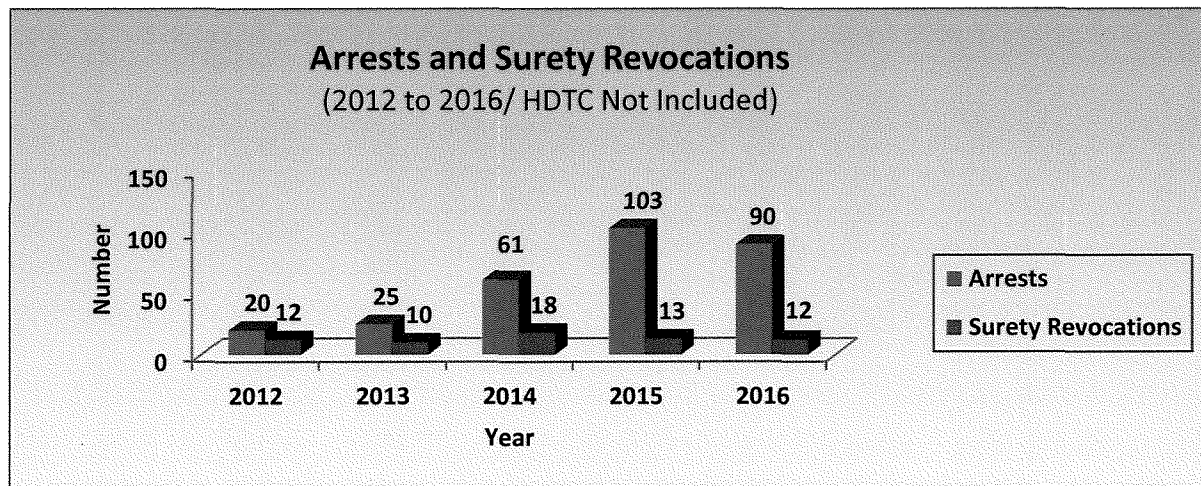
*In 2016, there were a total of 481 HDTC compliance checks conducted, and 13 HDTC arrests made by the Bail Compliance Unit*



*There were 337 offenders monitored by the Bail Compliance Unit in 2016. This total represented a decrease of less than 1% compared to the number of offenders monitored in 2015.*



*There were 2355 compliance checks completed by the Bail Compliance Unit in 2016. This represented a 2% increase compared to the number of compliance checks completed in 2015. A small decrease of 3% was seen in surety contacts made by the Bail Compliance Unit in 2016 vs 2015 as well.*



*There were 90 offenders arrested by the Bail Compliance Unit in 2016. Although this represented a 12% decrease compared to the number of offenders arrested by the unit in 2015, it was still significantly higher than the 5 yr. average of 60.*



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## **Bail Compliance Unit Specific Objectives**

### **HPS Business Plan (2016-2018)**

**Goal 1.1 Implement effective and innovative approaches for the Hamilton Police Service to respond to crime, safety and quality of life issues.**

#### ***“Compliance checks on violent offenders”***

In 2016 BCU set a goal of conducting 2000 compliance checks on identified violent crime offenders. This goal was surpassed as 2355 compliance checks were conducted on violent offenders and 16 arrests were made by BCU. Overall, BCU had an 82% compliance rate.

#### ***“Compliance checks on Drug Treatment Court offenders”***

An additional goal was set by BCU of continuing the Bail Compliance Check Program for the Hamilton Drug Treatment Court (HDTC) offenders. In 2016, a total of 481 compliance checks were conducted on HDTC offenders and 13 arrests were made. Overall, BCU had a compliance rate of 61% for HDTC offenders participating in the HDTC Program (based upon compliance with all aspects of the program including attendance, drug use (as determined through urine testing or self-admitted), program implemented sanctions or arrest).

The Hamilton Drug Treatment Court’s effectiveness is not best measured by statistical results alone; but, by client testimonials as well. Here are a few of the highlights as mentioned by those participants when interviewed upon completion of the program:

- “The care & service exceeded expectations and the client was overwhelmed by the support they received”
- “Without HDTC the client stated that they would not have been able to achieve and maintain her sobriety on her own”
- “The client wanted to thank the HDTC team for all their support because if not for the HDTC he may have died”

## HPS Business Plan (2016-2018)

**Goal 1.3 Provide more knowledge and skills to the public on how to prevent and reduce crime in our community.**

### ***"Education and support to sureties and follow-up checks"***

BCU continued to provide education and support to sureties with respect to the court process and their responsibilities in 2016. Associated with this education and support was follow-up checks to ensure that members were abiding by their conditions. In total, BCU conducted 744 surety checks. Of these, 12 sureties ended their responsibilities, resulting in 12 surety revocation warrants and arrests.

## Awards and Recognition

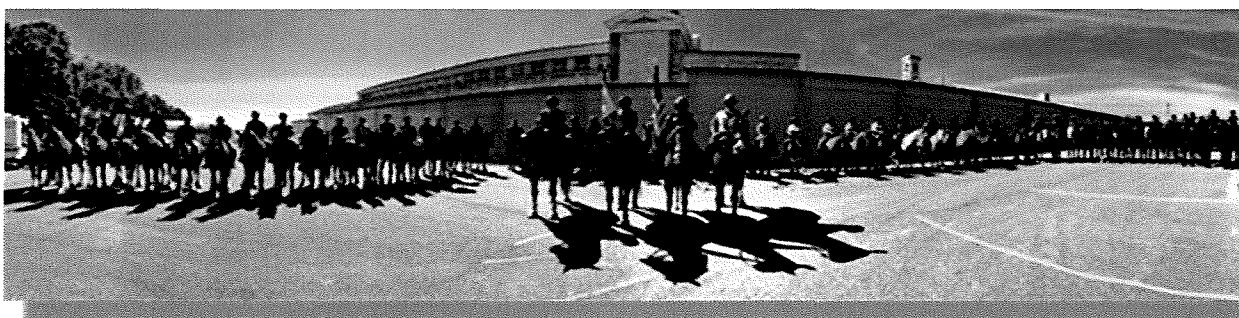
### ***New MPU member graduates at the Toronto Police Service Basic Equitation Course***



MPU's newest member, PC Keith Malone graduated from the Toronto Police Service Basic Equitation Course in April of 2016.



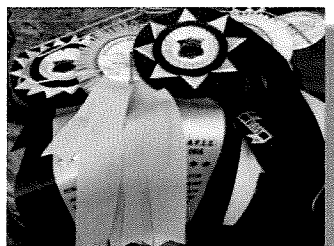
### ***"HPS MPU members recipients of multiple awards at prestigious NAPEC Conference & Competition"***



During the week of September 12<sup>th</sup>, of 2016, members and mounts of the Hamilton Police Service Mounted Patrol Unit, attended the NAPEC (North American Police Equestrian Council), Training Conference and Competition in Kingston, Ontario. The event was hosted by the Kingston Police Force as



part of their 175th anniversary commemoration and took place within the walls of the Kingston Penitentiary. The competition was a culmination of the HPS new training program and nine months of intensive training for both riders and mounts, under the tutelage of Pat Carter (a recognized horse trainer in North America) and her granddaughter. Participants were judged on performance in the Obstacle Course, Equitation Course, and a Uniform Class Competition. Overall, the unit was extremely successful, finishing 1<sup>st</sup> overall in the Team Combined Scores (out of 62 Police Services), 2<sup>nd</sup>, & 7<sup>th</sup> in Individual for the Obstacle Course, 3<sup>rd</sup> in Uniform Class; and 2<sup>nd</sup>, 7<sup>th</sup>, & 8<sup>th</sup> in the Equitation Course.



## Conclusion

The ACTION Strategy continued to have success in 2016. Overall, the strategy has contributed to a reduction in violent crime and other crime categories since inception, as evidenced by multiple decreasing crime trends within the primary deployment areas.

The Action Team and Mounted Patrol Unit have continued to be an indispensable resource to the HPS for large community event planning, managing related street level disorder and major incident response. The Bail Compliance Unit has continued to develop and expand. It maintains a zero-tolerance approach to violent offenders who have failed to comply with their release conditions.

The ACTION Strategy will continue to focus on reducing violence and disorder; in order to improve the quality of life for all residents and ensure that the City of Hamilton is safe.



4.4(e)

May 6<sup>th</sup>, 2017

Hamilton Police Service  
Attention: Chief Eric Girt  
155 King William Street  
Hamilton Ontario L8N 4C1

RECEIVED

MAY 15 2017

CHIEF'S OFFICE  
HAMILTON POLICE SERVICE

Chief Girt,

Ontario Women in Law Enforcement (OWLE) is an organization that grew from an idea to bring together the female members of the law enforcement field from across the province. This year our Organization is celebrating its 20<sup>th</sup> Anniversary and throughout the years we have remained true to our mission of encouraging, promoting and advancing women in law enforcement.

Each year our banquet recognizes the outstanding achievements made by women in Ontario. Over the years the banquet has grown and with this being our 20<sup>th</sup> Anniversary Celebration we were fortunate to have a sold out event with representation from various Law Enforcement agencies across the province. This year was also special with the attendance of Her Honour the Honourable Elizabeth Dowdeswell, Lieutenant Governor of Ontario. Overall the evening was a success and a large part of that success is attributed to our volunteers and sponsors.

On behalf of the entire OWLE Executive Board, I would like to formally thank the Hamilton Police Service for your Silver Sponsorship. I hope you enjoyed the banquet celebrations.

Thank you for your continued support!

Sincerely,

Lisa Hewison  
President – Ontario Women in Law Enforcement

To PSB for June.  
MAG 416  
Chief  
15 May 2017.



## HAMILTON POLICE SERVICES BOARD

### OUTSTANDING ISSUES as of June 16, 2017

ITEM	ORIGINAL DATE	ACTION REQUIRED	STATUS	EXPECTED COMPLETION DATE
1. Other Business	May 26, 2016	That Member Whitehead work with the Board Administrator to implement the use of Electronic devices for monthly agendas.	PSB 16-001 – Ongoing	3 <sup>rd</sup> Quarter of 2016
2. Board Policy – Board Member Training & Travel and Expense Reimbursement Policies	December 15, 2016	That the Administrator, Vice Chair, Member Whitehead and the Administrator, prepare for approval policies with respect to Travel and Expense Reimbursement and Board Training.		2 <sup>nd</sup> Quarter of 2017
3. Body-Worn Camera Steering Committee Second Year Report (PSB 16-127)	December 15, 2016	That the Board request staff to report back and provide a proposal, which will include options for scope and size (small, medium and large), policy and expected costs, on the feasibility of entering into a pilot project with respect to Body-Worn Cameras. This report is to be provided by the 3 <sup>rd</sup> quarter of 2017.		3 <sup>rd</sup> Quarter of 2017
4. Statistics on Sexual Assault Data Collection	February 9, 2017	The Hamilton Police Services to review all unfounded sexual assault cases dating back to 2010, and that Chief Girt be requested to report back to the Board as soon as possible on the findings		

4.4 (f)

**HAMILTON POLICE SERVICES BOARD****- RECOMMENDATION -**

**DATE:** 2017 June 16  
**REPORT TO:** Chair and Members  
Hamilton Police Services Board  
**FROM:** Eric Girt  
Chief of Police  
**SUBJECT:** *Adoption of City of Hamilton Procurement Policy*  
(PSB 12-115c)

**RECOMMENDATIONS:**

- a) That the Board approve the adoption of the City of Hamilton Procurement Policy By-law 17-064, approved by City Council on April 12, 2017, for the Hamilton Police Service.
- b) That the Board approve the amendments to the City of Hamilton Procurement Policy as listed below.



Eric Girt  
Chief of Police

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS:**

**FINANCIAL** – n/a

**STAFFING** – n/a

**LEGAL** – n/a

## **BACKGROUND:**

The Hamilton Police Service has historically adopted the City of Hamilton's Procurement Policy as a framework to ensure the procurement of goods and services in a timely, efficient, and cost effective manner while supporting the controls and accountability appropriate for a public agency.

The City of Hamilton operates a centralized Procurement Section which is responsible for the administration of the City of Hamilton's Procurement Policy. The City of Hamilton Procurement Section provides its services to all City of Hamilton departments and local Boards including the Hamilton Police Service, Public Health, and the Hamilton Public Library.

The City of Hamilton's Procurement Section operates on a customer service model by assigning procurement specialists to Client Departments to assist in the procurement of goods and services and to ensure that procurement transactions are conducted in a fair, open and transparent manner. As well, the Procurement Section prepares necessary procurement documents, processes purchase orders, maintains records of procurement transactions, and provides procurement-related training on the City's financial software application.

For financial reporting purposes, the financial information of a municipal police service in Ontario is included as part of the municipality's financial reporting. This reporting relationship has encouraged financial resource sharing between municipalities and municipal police services. For the City of Hamilton and the Hamilton Police Service, this relationship includes sharing resources related to the activity of procuring goods and services. While there is no legislative requirement for a municipality and municipal police service to have consistent procurement policies, a common set of shared procurement policies helps to ensure efficiency and consistency in the administration of the procurement function.

## **AMENDMENTS MADE BY THE CITY OF HAMILTON TO THE PROCUREMENT POLICY**

See attached summary of amendments – Revisions to Procurement Policy, April 2017

## **AMENDMENTS MADE BY HAMILTON POLICE SERVICE TO THE CITY PROCUREMENT POLICY**

1) **Section 3 Definitions and Interpretation**

"City Manager" means the City Manager *and includes the Hamilton Chief of Police.*

"Council" means the Council of the City of Hamilton *and includes the Hamilton Police Services Board.*

"General Manager" means the head of a City Department and includes the Medical Officer of Health and the City Manager *and the Hamilton Chief of Police.*

2) **Section 4.12 Cooperative Procurements**

- (6) In the absence of an applicable City contract, *the Hamilton Police Service may purchase Goods and/or Services using established contracts issued by the Police Cooperative Purchasing Group.* For these contracts, the selection of the vendor must have been made through a competitive procurement process and the resulting contract must permit the Hamilton Police Service to purchase from that vendor under the same terms and conditions.

3) **Schedule B – Exemptions**

(2) **Professional Services**

- (d) Outside Legal Counsel where retained by the City Solicitor or the Director of Employee & Labour Relations *or Hamilton Police Service Legal Counsel.*

EG/D. Ciardullo/D. Bowman

Attachment: *Revisions to Procurement Policy – March 2016*

cc: Superintendent Jamie Anderson, Corporate Services

John Randazzo, Chief Accountant

Matthew Brash, Procurement Specialist, City of Hamilton

# Revisions to Procurement Policy, April 2017

By-Law 17-064  
Approved by Council April 12, 2017

## LEGEND:

Blue font indicates brief description of the change made to Policy.  
Red font indicates a change in Policy.

## RESPONSIBILITIES & PROHIBITIONS OF PROCURING GOODS AND/OR SERVICES

### SECTION 2

Word change. Change reflected throughout document.

#### (5) Procurement Sub-Committee Responsibilities

The Procurement Sub-Committee shall:

- (a) Review and give input to the biennial report recommending any changes to the Procurement Policy in accordance with Policy #20 – Review of the Procurement Policy.
- (b) Be delegated the authority to impose an interim temporary ban upon a vendor in accordance with Policy #1 – Vendor Eligibility.

## DEFINITIONS AND INTERPRETATION

### SECTION 3

Definition slightly changed for clarity.

“Request for Information” or “RFI” means a process where information is requested from vendors regarding their interest in, or the feasibility and availability of, specific Goods and/or Services in the marketplace and to determine if there are enough vendors to justify a Request for Proposals or Request for Tenders. An Expression of Interest or “EOI” shall be considered an RFI.

## PROCUREMENT POLICY

### POLICY # 1 - Vendor Eligibility

#### SECTION 4.1

New clause added. Gives vendors who have or may have a conflict of interest clear direction on how to proceed in notifying the City of the conflict. The clause also advises the vendor of the consequences of not declaring the conflict of interest in the event that the vendor chooses to submit a competitive bid.

- (6) Except with the prior express written consent of the City,
  - (a) a vendor and its representatives shall not act on behalf of the City with respect to any matter, issue or in connection with any property in which the vendor or any employee or subcontractor of the vendor has a direct or indirect pecuniary interest, including any contingent interest;



## Revisions to Procurement Policy, April 2017

- (b) a vendor shall not act in any case where there may be any conflict of interest between it and the City, and each vendor shall notify the City, in writing, immediately of any potential conflict of interest that may arise prior to the award of any contract and fully disclose any details thereof;
- (c) before submitting any Bid to act on behalf of the City, the vendor shall exercise reasonable due diligence to confirm that there is no conflict of interest within the contemplation of this subsection; and
- (d) failure on the part of a vendor to declare a conflict of interest to the City and to obtain the City's prior express written consent to waive the conflict of interest shall result in the vendor being ineligible to Bid and shall form a basis for rejection of a Bid submitted to the City.

**Additional wording added for clarity and new clauses added. Extends Procurement Sub-Committee authority to impose interim ban on vendors.**

- (10) Where the Manager of Procurement has demonstrated and the Procurement Sub-Committee is satisfied that there is sufficient evidence of act(s) or omission(s) described in this Policy #1 on the part of a vendor, the Procurement Sub-Committee may impose an interim ban upon the vendor from competing or being awarded any City Contract, under the following circumstances:
  - (a) while an investigation is being conducted by the Manager of Procurement;
  - (b) while there is documented poor performance or non-performance that has not been resolved to the City's satisfaction and which has impaired the commercial relationship between the City and the vendor such that the vendor ought to be precluded from submitting bids on other contracts until the vendor performance issues have been rectified; or
  - (c) when a vendor has been found to be in breach of a City Contract and which breach has impaired the commercial relationship between the City and the vendor such that an interim ban is necessary in order to preclude the vendor from submitting bids on other contracts pending litigation or a final ban.

The interim ban may be imposed for a period of up to 12 months. The Procurement Sub-Committee's decision shall be final with respect to the interim ban.

### **POLICY # 2 - Approval Authority**

#### **SECTION 4.2**

**Additional wording added to allow for approval of Roster by General Managers.**

- 2(c) **General Managers** are authorized to approve procurements of a value up to but not including \$100,000, save and except for Policy #9 – Consulting and Professional Services and in an Emergency wherein Policy # 10 Emergency Procurements shall apply. Only General Managers may sub-delegate such Approval Authority to their staff, who are referred to as an Authorized Delegate in the table below, at the procurement values they deem appropriate. Staff who have been further delegated Approval

## **Revisions to Procurement Policy, April 2017**

Authority from their General Manager to approve procurements shall have no authority to delegate this Approval Authority to any other person.

**Words deleted. Requirements now mirror those in City's Appropriation Policy.**

- 3(b) The Client Department in conjunction with the Procurement Section shall submit a report to Council and the appropriate standing committee recommending award of a RFT or RFP if **ANY** of the following conditions apply:
- (b) for capital projects, when the final cost of the proposed project exceeds the amount provided in the Council approved capital budget for that project by ~~more than 10 percent or \$250,000 whichever is less or greater, or~~

### **POLICY # 3 – Specifications**

#### **SECTION 4.3**

**New clause added. Requires client department to consult with Procurement early on in project where follow-on or multi-phase assignments are anticipated.**

- (1)(e) Vendors or potential vendors shall not be requested to expend time, money or effort on design or in developing Specifications or otherwise to help define a requirement beyond the normal level of service expected from vendors. Where such services are required,
- (i) the Manager of Procurement must be advised;
  - (ii) the contracted vendor will be considered a consultant and will not be allowed to make an offer of the supply of the Goods and/or Services;
  - (iii) and where a vendor is retained or is anticipated to be retained to complete preliminary design or development work, Client Departments shall engage the Procurement Section during the preliminary planning stages of the project to determine if follow-on or multi-phase assignments are anticipated and to determine the appropriate competitive procurement process to be used and whether a report to Council is necessary with respect to the project;
  - (iv) a fee shall be paid, the amount of which shall be determined and agreed upon by the vendor before the services commence; and
  - (v) the detailed Specifications shall become the property of the City, and can be used in obtaining Bids.

### **POLICY # 5.4 - Request for Proposals (\$10,000 and greater)**

#### **SECTION 4.5.4**

**Additional wording added to allow for variations to evaluation methodologies.**

- (2)(d) the Request for Proposals shall clearly set out the evaluation criteria and weightings upon which an award of the Request for Proposals may be made. Subject to minor variations as may be approved by the Manager of Procurement, the evaluation methodologies that may be employed, are:

## **Revisions to Procurement Policy, April 2017**

**Wording clarified and relocated in Policy. Council approval is still required for significant changes to evaluation methodology.**

(2)(d) (last paragraph)

Where an evaluation methodology other than the above is proposed, specific Council approval shall be obtained.

### **POLICY # 8 – Vendor Performance Evaluation**

#### **SECTION 4.8**

**Additional wording added for clarity.**

- (2) In the event of poor performance or non-performance of a vendor at any time during the term of any City Contract, the General Manager or an Authorized Delegate of the Client Department shall complete and forward a copy of the *Vendor Performance – Incident Reporting Form* as soon as reasonably possible after the occurrence.
- (3) Documented poor performance or non-performance on any City Contract will be used to determine the eligibility of a vendor to continue to provide Goods and/or Services to the City on a current Contract and to determine their ability to participate on future City Contracts. Any vendor may be excluded from a bidding process due to documented poor or non-performance, where in the opinion of the Procurement Sub-Committee or Council, the commercial relationship between the City and such vendor has been impaired.
- (5) In the event of a vendor's breach of a City Contract, the Manager of Procurement in consultation with the Client Department shall have the discretion to either:
  - (a) re-issue the RFQ, RFT or RFP; or
  - (b) negotiate and enter into a new Contract for the remainder of the Contract with the second lowest bidder of the original RFT or RFP,whichever is in the best interests of the City.

### **POLICY # 11 - Non-competitive Procurements**

#### **SECTION 4.11**

**Additional wording added for clarity.**

- (1)(b) when a single source (for the purpose of this policy this shall include sole source transactions) for the supply of a particular Good and/or Service is being recommended because it is more cost effective or beneficial for the City (single source);

# **Revisions to Procurement Policy, April 2017**

## **POLICY # 12 - Cooperative Procurements**

### **SECTION 4.12**

**Additional wording added to allow payment to lead participating agency.**

- (3) The City will issue its own purchase order or contract for their respective Goods and/or Services to the successful vendor or where applicable to the lead participating agency for all cooperative procurements.

## **SCHEDULE B – Exemptions**

**Additional wording added for clarity.**

- (6) Other
  - (k) All real property transactions except:
    - (i) Revenue generating leases; or
    - (ii) Where a procurement process is to be engaged (i.e. RFP, RFI, etc.) including when Council approval has been obtained, the Procurement Section shall be consulted prior to that process being issued.

**HAMILTON POLICE SERVICES BOARD****- RECOMMENDATION -**

**DATE:** 2017 June 16  
**REPORT TO:** Chair and Members  
Hamilton Police Services Board  
**FROM:** Eric Girt  
Chief of Police  
**SUBJECT:** *Year-End Report: Budget Variance Report - 2016*  
(PSB 17-079)

**RECOMMENDATION:**

That the Hamilton Police Services Board approve the Allocation Plan for the 2016 Operating Budget favorable variance of \$76,986, retaining the surplus in the Police Tax Stabilization Reserve.



Eric Girt  
Chief of Police

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS:**

**FINANCIAL** – See details in Appendices A-B.

**STAFFING** – n/a

**LEGAL** – n/a

**BACKGROUND:**

The Hamilton Police Service (HPS) has completed its 2016 year-end process; the detailed actual-to-budget and actual-to-actual analysis of revenues and expenditures for the year ended December 31, 2016.

Consistent with prior year, the Hamilton Police Service financial statements have been audited by the City's external auditing firm, KPMG, in conjunction with the City of Hamilton annual year-end audit. In addition, KPMG conducted a stand-alone audit on HPS Schedule of Operations. This process began as part of the 2015 year-end.

The Hamilton Police Service final Independent Auditors' Report is attached (*see Appendix A*).

Quoted in Note 1 to the schedule, *"the schedule of operations has been prepared by management in accordance with the recognition and measurement principles of Canadian public sector accounting standards (PSAS)..."*. As such, the report has been modified to reflect the Public Sector Accounting Standards (PSAS) reporting requirements.

In the "Opinion" paragraph of the Independent Auditors' Report, *"In our opinion, the statement of operations is prepared, in all material respects, in accordance with the basis of accounting..."*.

*As anticipated and expected, there were no errors or issues identified by the City's external auditors, KPMG.*

The 2016 Hamilton Police Service Operating Budget was approved at \$153,250,091 which comprised of \$164,123,919 in total expenditures, offset by \$10,873,828 in total revenues.

The current Collective Agreements, which expire on December 31, 2017, are in effect and all resulting retro payments were paid and/or accrued in 2016.

The 2016 Hamilton Police Service actual year-end position resulted in a favorable Operating Budget variance (surplus) of \$76,986 which represents 0.05% of the total net approved budget of \$153,250,091.

The favorable variance details are summarized below.

## REVENUES

Overall, HPS realized a total net favourable variance of \$212,325 in 2016. This variance is mostly attributed to greater than anticipated revenue in Police Clearances, Paid-Special Duty and False Alarm fees.

The Hamilton Police Service received the fifth year of the Provincial Court Security. The Court Security upload is the result of the Provincial government initiative to help offset the cost of municipal court security services through a phased-in upload over seven (7) years that began in 2012. These monies are directly applied against court security costs incurred each year.

HPS continues to take advantage of Provincial and Federal funding initiatives to address operational, training and equipment needs. Unbudgeted/unanticipated funding increases were realized in JOPIS, Victims Quick Response, ROPE, and Prisoner Transportation, Youth in Policing (YIPI), Social Navigator and Intelligence grants. These grant monies are offset with expenditures in their respective programs.

HPS also received Victim Services grant (unbudgeted) from the federal government to offset living needs for victims of crime as well as funding for activities during Victims of Crime week.

These grant increases were offset with funding decreases in 2016 from the Provincial Anti-Terrorism Strategy (PATs) and the Provincial Anti-Violence Intervention Strategy (PAVIS).

### EXPENDITURES

The Hamilton Police Service realized an operational deficit in operating expenditures of \$135,339 in 2016. Several of the highlighted areas are as follows:

#### Employee Related Costs – Over Expenditure (\$726,733)

Under PSAS reporting guidelines, revenues and recoveries are not allowed to be offset against their related expense. They are to be stated on a gross basis as opposed to net basis as budgeted.

Based on the audited Schedule of Operations (Appendix A), the over-expenditure of (\$2,252,777) in Employee Related Costs is attributed to paid-special duty and sick bank/vacation payouts in 2016.

Of the above over-expenditure, (\$1,526,044) is attributed to paid-special duty, which is fully recoverable. Since recoveries cannot be offset against their related expenses (as budgeted), the amount is stated on a gross basis.

The remaining (\$726,733) net deficit is mostly attributed to sick bank and vacation payouts.



In 2016, HPS continued to experience significant retirements/resignations. These payouts fluctuate each year based not only on the number of retirements/resignations, but also on employees' accumulated sick bank balances, earned and untaken vacation entitlements as negotiated under the collective agreements.

Financial/Legal Charges – \$13,197 savings is attributable to less than anticipated legal expenditures related to inquests and discipline hearings in 2016.

Material and Supplies - \$588,158 savings is mainly attributed to savings in OPP monitoring contract with additional net savings in operational expenses, equipment and supplies.

Vehicle Expenses - \$238,868 savings is attributed to savings in fuel costs and vehicle maintenance.

Buildings and Grounds – (\$332,717) over-expenditure is mostly attributed to higher than anticipated costs in hydro and telephone. Telephone costs are higher due to increase in maintenance pricing of running the old phone system while moving to VOIP implementation in 2017. These over-expenditures were offset with savings in horticultural services and heating fuel.

Consulting – (\$24,502) over-expenditure is attributed to professional fees for the Chief of Police selection process as well as Deputy Chief of Police.

Contractual - \$103,390 savings is attributed mostly to cellular phone, air card rentals and photocopiers rental. New corporate contracts were negotiated in 2016 resulting in significant savings. These savings were offset by cleaning contract increases with the new negotiated agreement.

Agencies and Support Payments - \$5,000 savings is attributed to payment for Hamilton Community Foundation not being needed.

The 2016 Hamilton Police Service budget included contributions from the Police Tax Stabilization Reserve of \$125,000, the Police Vehicle Reserve of \$125,000, and the Police Capital Reserve of \$175,000 as sources of revenue. Due to the overall net surplus, these contributions were not required and, as a result, remained in their respective reserve accounts. The 2016 continuity schedule for the Hamilton Police Reserves is shown in Appendix B.

### PRIOR-YEAR COMPARATIVES

Certain of the comparative figures have been reclassified to conform with the financial statements presentation adopted for the current year.

### CONCLUSION

In accordance with the "Operating Budget Surplus/Deficit Policy", the City of Hamilton Finance Department closed the 2016 HPS operating budget surplus of \$76,986 in the Police Tax Stabilization Reserve; a standard operating procedure at year-end. Therefore, it is recommended the surplus be retained in the Police Tax Stabilization reserve.

This will provide the Hamilton Police Service with the opportunity to strategically allocate funds to address needs in policing in 2017 and future years.

EG: J. Randazzo

Attachments: *Appendices A-B*

cc John Randazzo, Chief Accountant, Finance

# **Hamilton Police Service Summary of Reserve Balances 2016 Reserve Activity**

**Appendix B**

<b>Reserve Number</b>	<b>Reserve Name</b>	<b>Balance Dec 31/2015</b>	<b>Transfers To(+)</b>	<b>Interest Earned(+)</b>	<b>Transfers From (-)</b>	<b>Balance Dec 31/2016</b>
104055	Tax Stabilization - Police	4,050,315	76,986	44,402	(1) 3,680,948	490,755
104056	Police ISD Forensic Building	2,137,136 (2)	4,412,736	90,026	(3) 637	6,639,261
110020	Police Vehicle Replacement	1,517,125 (4)	1,557,400	42,221	(8) 1,515,244	1,601,502
110065	Police Capital Expenses	1,159,904 (9)	30,481	23,307	(10) 113,500	1,100,192
110066	Conducted Energy Weapons	207,194		1,912	(5) 209,107	-
112029	Vacation Liability Reserve	1,438,035		28,894	-	1,466,930
112030	Sick Leave Police	5,989,248		120,341	-	6,109,589
112210	Provision Police Litigation	254,733		5,118	-	259,851
112220	Police Special Events	111,252		2,235	-	113,487
112225	Rewards - Police Board	167,983 (6)	10,000	3,526	-	181,509
22218-000100	OMERS Type III (see note below)	462,839 (7)	85,466	10,588	-	558,893
<b>TOTAL RESERVES</b>		<b>\$ 17,495,766</b>	<b>\$ 6,173,070</b>	<b>\$ 372,570</b>	<b>\$ 5,519,435</b>	<b>\$ 18,521,970</b>

- (1) - transfer to ISD Reserve and Police Expenditure Capital per Board approval, PSB 16-068
- (2) - approved allocation of 2015 surplus per PSB 16-068 and Mountain Station construction recovery
- (3) - closing of capital project - land acquisition
- (4) - to fund Vehicle purchases, as per approved 2016 Budget
- (5) - transfer funds for CEW purchase
- (6) - transfer reward for unsolved homicide per PSB 15-062
- (7) - transfer funds back to OMERS Type III for CEW funding posted twice
- (8) - transfer funds to capital project to fund vehicle purchases
- (9) - transfer excess funds back to reserve for completed capital projects
- (10) - funds transferred to Operating Budget to fund one-time backup server and support license as approved by the PSB for the 2016 Budget

Note - OMERS Type III account represents the unused portion plus accumulated interest of the OMERS Type III surplus that was divided with the Hamilton Police Association, Senior Officers Association, the Chief and Deputies in 1997. These funds must be used in accordance with the agreement signed by the parties stated above. The monies must be used for specific improvements for the service and / or front line staff.

Schedule of Operations

**HAMILTON  
POLICE SERVICES**

Year ended December 31, 2016

DRAFT



KPMG LLP  
Commerce Place  
21 King Street West, Suite 700  
Hamilton Ontario L8P 4W7  
Canada  
Telephone (905) 523-8200  
Fax (905) 523-2222

## INDEPENDENT AUDITORS' REPORT

To the Hamilton Police Services' Board

We have audited the accompanying schedule of operations of the Hamilton Police Services for the year ended December 31, 2016 and notes, comprising a summary of significant accounting policies and other explanatory information (the "schedule"). The schedule has been prepared by management in accordance with the basis of accounting described in Note 1 to the schedule.

### *Management's Responsibility for the Schedule*

Management is responsible for the preparation of the schedule in accordance with the basis of accounting described in Note 1 to the schedule; this includes determining that the basis of accounting is an acceptable basis for the preparation of this schedule in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedule.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the schedule of operations of the Hamilton Police Services for the year ended December 31, 2016 is prepared, in all material respects in accordance with the basis of accounting described in Note 1 to the schedule.

*Basis of Accounting and Restriction on Use*

Without modifying our report, we draw attention to Note 1 to the schedule, which describes the basis of accounting. The schedule has been prepared by management for management purposes. Our report is intended solely for the Hamilton Police Services Board and the City of Hamilton and should not be used by parties other than the Hamilton Police Services Board and the City of Hamilton.

Chartered Professional Accountants, Licensed Public Accountants

DATE  
Hamilton, Canada

# HAMILTON POLICE SERVICES

## Schedule of Operations

Year ended December 31, 2016, with comparative information for 2015

	Budget	2016	2015
<b>Revenues:</b>			
Municipal contributions: (Note 2)	\$ 151,457,039	\$ 151,035,039	\$ 146,862,587
Grants and subsidies	7,290,628	7,533,818	9,364,221
Fees & general revenues	2,640,555	4,520,720	4,388,693
Development charges earned	310,570	347,584	349,692
<b>Total revenues</b>	<b>161,698,792</b>	<b>163,437,161</b>	<b>160,965,193</b>
<b>Expenses:</b>			
Employee related costs	147,661,674	149,914,451	144,067,313
Materials and supplies	5,286,435	4,698,278	4,672,299
Buildings and grounds	2,463,970	2,796,687	2,595,594
Insurance	2,025,720	2,025,720	1,789,675
Vehicle expenses	1,952,800	1,713,932	1,902,008
Contractual expenses	811,290	707,900	758,955
Financial/Legal charges	607,710	594,512	611,379
Cost allocation	660,250	660,250	660,250
Finance costs	162,043	162,043	192,472
Consulting expenses	27,600	52,102	-
Agencies and support payments	39,300	34,300	34,300
<b>Total expenses</b>	<b>161,698,792</b>	<b>163,360,175</b>	<b>157,284,245</b>
<b>Annual surplus</b>	<b>-</b>	<b>76,986</b>	<b>3,680,948</b>
<b>Net transfers to reserves</b>	<b>-</b>	<b>76,986</b>	<b>3,680,948</b>
<b>Surplus, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to schedule of operations.



# HAMILTON POLICE SERVICES

## Notes to the Schedule of Operations

Year ended December 31, 2016

Hamilton Police Services (the "HPS") is responsible for adequate and effective police services, law enforcement and crime prevention within the City of Hamilton.

### 1. Significant accounting policies:

The schedule of operations (the "schedule") has been prepared by management in accordance with the recognition and measurement principles of Canadian public sector accounting standards (PSAS) except that it records minor capital assets as an expense, does not capitalize or amortize tangible capital assets and does not record employee future benefits. The schedule does not include the presentation principles or the presentation of all the statements and note disclosures required by PSAS for a complete set of statements. Significant accounting policies adopted by the HPS are as follows:

#### (a) Accrued basis of accounting:

HPS follows the accrual method of accounting for revenues and expenditures with the exception of tangible capital asset and employee future benefits. Revenues are recognized in the year in which they are earned. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services with the exception of employee future benefits which are expensed when paid.

#### (b) Use of estimates:

The preparation of the schedule in conformity with Canadian public sector accounting standards requires management to make estimates affecting the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

### 2. Municipal Contributions

	Budget	2016	2015
Net expenditure	\$ 153,250,091	\$ 153,173,105	145,411,007
Contributions from reserves			
to current	288,500	113,500	-
OMERS type III	93,575	93,575	98,700
Vehicle reserve	(1,560,400)	(1,557,400)	(1,494,900)
Principal amount cap finance	(864,727)	(864,727)	(833,168)
Surplus	-	76,986	3,680,948
Tax stable reserve	125,000	-	-
Vehicle reserve	125,000	-	-
	\$ 151,457,039	\$ 151,035,039	\$146,862,587

**HAMILTON POLICE SERVICES BOARD****- RECOMMENDATION -**

**DATE:** 2017 June 16  
**REPORT TO:** Chair and Members  
Hamilton Police Services Board  
**FROM:** Eric Girt  
Chief of Police  
**SUBJECT:** *Performance Audit – Police Reserves*  
*(PSB 17-080, also See City Audit, Finance and Administration*  
*Committee Report AUD 17011)*

**RECOMMENDATION:**

That the Hamilton Police Service Board approve closure of the Provision for Police Litigation Reserve 112210 and the Police Special Events Reserve 112220 and transfer the December 31, 2016 ending balances of \$259,851 (\$254,733 – 2015) and \$113,487 (\$111,252 – 2015) respectively to the Police Tax Stabilization Reserve 104055.

That the Hamilton Police Service Board approve maintaining the Police Vacation Liability Reserve 112029 as a separate Reserve.

That the Hamilton Police Service Board direct the Board Administrator to refer the Board motion together with this report for execution of the motion to the City of Hamilton.



Eric Girt  
Chief of Police

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS:**

**FINANCIAL –** Consolidate the Provision for Police Litigation Reserve and the Police Special Events Reserve into the Police Tax Stabilization Reserve 104055, resulting in a new balance of \$864,093 as at December 31, 2016.

**STAFFING –** n/a

LEGAL – n/a

**BACKGROUND:**

Reserves are used to accumulate funds over time to replace capital assets and provide a measure of financial flexibility of budget shortfalls, unexpected/unanticipated events or relieve tax levy for any particular budget year. A balanced approach to the planning and use of reserves is considered good financial management as it permits Police funds to be spent sensibly on future Police operations, it ensures Police service levels are maintained and not immediately impacted by any potential unexpected events. Hamilton Police allotted reserves consists of eleven reserves (Appendix A). These Reserves are included in the City of Hamilton's Reserves - Detail Report issued annually.

The City of Hamilton's Department of Audit Services conducted a Value for Money Audit of City-wide Reserves including the Hamilton Police Reserves.

As stated in City's Audit, Finance and Administration Committee (AF&A) report AUD17011, "the audit focused on management practices in relation to reserve activity for the year-ended December 31, 2015 and reviewed trend analysis for the five years 2011-2015".

"Effectiveness and Efficiency of the reserves activity, as well as sustainability and sufficiency of reserve balances was investigated. Compliance with Corporate Policies and Public Sector Accounting Board (PSAB) Accounting Standards was assessed. Strategic direction was reviewed for alignment with Corporate objectives. Reporting of reserve activity was evaluated for understandability and transparency".

City of Hamilton Auditor, Ms. Anne Tourigny, CPA, CA, visited Hamilton Police and met with the members of the Finance unit. Each Police Reserve was examined and discussed and was provided with the HPS Reserve Continuity Report (Appendix A) for the years audited. All transfers to/from reserves were explained for the years examined. In addition, a copy of the Operating Budget Surplus/Deficit Policy approved by the Board (PSB 15-059) was provided.

### **Audit Findings**

As per AF&A report AUD17011, audit findings relating to Hamilton Police allocated Reserves identified three (3) reserves with insignificant activity from 2011-2015. They are:

<b>Reserve Number</b>	<b>Reserve Name</b>	<b>2015 Ending Balance</b>	<b>2016 Ending Balance</b>
112029	Provision for Police Vacation Liability	\$1,438,035	\$1,466,930
112210	Provision for Police Litigation	\$254,733	\$259,851
112220	Police Special Events	\$111,252	\$113,487

Other than interest earned, there has not been any other activities due to the overall budgetary surpluses HPS realized over the last several years.

Another audit finding related to HPS states the Police Operating Budget Surplus/Deficit Policy does not provide a "Target Balance". This statement is incorrect. Appendix B of HPS 15-059 clearly identifies a target balance of \$7M. As stated earlier, a copy of the approved policy was provided during the audit.

### **Audit Recommendations**

The only recommendation relating to Hamilton Police allocated Reserves is the request to close those reserves identified above and transfer funds to the Police Tax Stabilization Reserve due to the infrequent use of funds.

### **Command Response to Audit Findings/Recommendations**

#### **112029 – Police Vacation Liability Reserve**

The purpose of this reserve is to finance potential vacation payouts over budgeted amounts owed to employees upon cessation of employment from the Service. It should be noted that vacation taken in the current year is the vacation owed to the employee from the previous year. Therefore, a liability exists for the vacation owed to the employee for the current year. This liability varies each year subject to: 1) the number of members who retire/resign, 2) their vacation entitlement under the Collective Agreements, when the cessation occurs during the year, and 3) if any vacation time was taken prior to their cessation date.

This reserve was established in 2005 and the source of funding is contributions from Operating Budget via approved budgeted allocation and/or annual operating budget surplus through Board Resolution. Other than interest earned, there has been no activity since 2006.

Command Recommendation – Maintain the current Reserve

Each year HPS faces numerous retirements and/or resignations. The potential exists for the transfer of funds from this Reserve to offset any possible over-expenditure in budgeted vacation pay-outs each year. Though the need has not existed for the last several years due to operating budget surplus, the exposure exists and, therefore, it is recommended to maintain the reserve for its intended use.

112210 – Police Vacation Liability Reserve

The purpose of this reserve is to cover potential unbudgeted legal expenses incurred by HPS.

The Reserve was established in 1986 and was funded through contributions from Operating fund via approved budgeted allocation and/or annual operating budget surplus through Board resolution.

Command Recommendation – Close to Police Tax Stabilization Reserve

Other than interest earned each year, there has not been any activity in this Reserve since 2002. Therefore, we are in agreement to close this Reserve and transfer the funds to the Police Tax Stabilization Reserve. Any future legal expenditure beyond the annual budgeted amounts may be funded through the Police Tax Stabilization Reserve upon Board resolution.

112220 – Police Special Events

The purpose of this Reserve is to set aside funds for use by the Hamilton Police Service Board at its discretion.

This Reserve was established in 1978 from proceeds from the sale of unclaimed property. It has the same functionality as the Auction account.

In 2000, Hamilton Police held the Canadian Association of Chiefs of Police conference and the net proceeds and expenditures were recorded in this Reserve. In addition, in 2009 through Board resolution (PSB 09-041) funds were allocated for sponsorship of the FBINAA Conference held in Hamilton. Other than interest earned each year, there has not been activity since then.

Command Recommendation – Close to Police Tax Stabilization Reserve

As there has been no activity since 2009, we are in agreement to close this Reserve and transfer funds to the Police Tax Stabilization Reserve.

Conclusion

Based on findings and recommendations of the Performance Audit Report, AUD17011, we are in agreement for the closure of the Provision for Police Litigation Reserve and the Police Special Events Reserve while maintaining the Police Provision for Vacation Liability Reserve separately as intended for its use.

EG: J. Randazzo

Attachments: *Appendix A – Summary of Reserve Balances*

*Appendix B – City of Hamilton, Audit, Finance and Administration - (AUD 17011)*

cc John Randazzo, Chief Accountant, Finance

# Hamilton Police Service Summary of Reserve Balances 2016 Reserve Activity

Appendix A

Reserve Number	Reserve Name	Balance Dec 31/2015	Transfers To(+)	Interest Earned(+)	Transfers From (-)	Balance Dec 31/2016
104055	Tax Stabilization - Police	4,050,315	76,986	44,402	(1) 3,680,948	490,755
104056	Police ISD Forensic Building	2,137,136 (2)	4,412,736	90,026	(3) 637	6,639,261
110020	Police Vehicle Replacement	1,517,125 (4)	1,557,400	42,221	(8) 1,515,244	1,601,502
110065	Police Capital Expenses	1,159,904 (9)	30,481	23,307	(10) 113,500	1,100,192
110066	Conducted Energy Weapons	207,194		1,912	(5) 209,107	-
112029	Vacation Liability Reserve	1,438,035		28,894	-	1,466,930
112030	Sick Leave Police	5,989,248		120,341	-	6,109,589
112210	Provision Police Litigation	254,733		5,118	-	259,851
112220	Police Special Events	111,252		2,235	-	113,487
112225	Rewards - Police Board	167,983 (6)	10,000	3,526	-	181,509
22218-000100	OMERS Type III (see note below)	462,839 (7)	85,466	10,588	-	558,893
<b>TOTAL RESERVES</b>		<b>\$ 17,495,766</b>	<b>\$ 6,173,070</b>	<b>\$ 372,570</b>	<b>\$ 5,519,435</b>	<b>\$ 18,521,970</b>

- (1) - transfer to ISD Reserve and Police Expenditure Capital per Board approval, PSB 16-068
- (2) - approved allocation of 2015 surplus per PSB 16-068 and Mountain Station construction recovery
- (3) - closing of capital project - land acquisition
- (4) - to fund Vehicle purchases, as per approved 2016 Budget
- (5) - transfer funds for CEW purchase
- (6) - transfer reward for unsolved homicide per PSB 15-062
- (7) - transfer funds back to OMERS Type III for CEW funding posted twice
- (8) - transfer funds to capital project to fund vehicle purchases
- (9) - transfer excess funds back to reserve for completed capital projects
- (10) - funds transferred to Operating Budget to fund one-time backup server and support license as approved by the PSB for the 2016 Budget

Note - OMERS Type III account represents the unused portion plus accumulated interest of the OMERS Type III surplus that was divided with the Hamilton Police Association, Senior Officers Association, the Chief and Deputies in 1997. These funds must be used in accordance with the agreement signed by the parties stated above. The monies must be used for specific improvements for the service and / or front line staff.



**CITY OF HAMILTON**  
**CITY MANAGER'S OFFICE**  
**Audit Services Division**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	May 8, 2017
<b>SUBJECT/REPORT NO:</b>	Performance Audit Report 2017-01 – Reserves (AUD17011) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Charles Brown CPA, CA, CPA (Illinois) 905-546-2424 x4469
<b>SUBMITTED BY:</b>	Charles Brown CPA, CA, CPA (Illinois) Director, Audit Services City Manager's Office
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the Management Action Plans as detailed in Appendix "A" of Report AUD17011 be approved; and
- (b) That the General Manager of Finance and Corporate Services be directed to instruct the appropriate staff to have the Management Action Plans (attached as Appendix "A" to Report AUD17011) implemented.

**EXECUTIVE SUMMARY**

Reserves are a financial tool used by municipalities to respond to uneven revenues and expenditures, and support financial flexibility. Good financial management includes a planned utilization of reserves. The 2015 Reserves Report reflected \$924.7 million in reserves, of which \$660.8 million are discretionary reserves mandated by Council.

The 2016-2018 Audit Services Work Plan approved by Council included a Value for Money Audit of Reserves. The audit focused on management practices in relation to reserve activity for the year ended December 31, 2015, and considered trend analysis for five years from 2011 to 2015.

Effectiveness and efficiency of the reserves activity, as well as sustainability and sufficiency of reserve balances was investigated. Compliance with corporate policies and accounting standards (PSAB) was assessed. Strategic direction was reviewed for alignment with Corporate objectives. Reporting of reserve activity was evaluated for understandability and transparency.