ADMINISTRATIVE REPORT

Title: Delegation of Financial Authority

Critical Path: Standing Policy Committee on Finance

AUTHORIZATION

Author	Department Head	CFO	CAO
C. Kloepfer	C. Kloepfer	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

The Police Services Act S.M. 2009, c.32 ("PSA") was enacted in 2009 and provisions regarding police boards came into effect in 2012. Its transitional provisions required the City of Winnipeg to establish a police board by the end of 2012. Accordingly, the *Winnipeg Police Board By-law 148/2012* ("WPB Bylaw") was adopted by Council in November 2012.

The purpose of the Winnipeg Police Board (WPB) is to provide civilian governance respecting law enforcement, and the administrative direction and organization required to support adequate and effective police services. The WPB also acts as a liaison between the community and the Winnipeg Police Service (WPS) and is responsible for approving and presenting WPS budget estimates, quarterly financial reports and over expenditure requests to Council or its committees.

Relevant legislation, policies and procedures that inform the financial authority of the parties include the PSA, *The City of Winnipeg Charter S.M. 2002, c.39* ("Charter"), *City Organization Bylaw 7100/97* ("Org Bylaw"), WPB By-law, *Manitoba Police Boards: Policy and Procedure (Manitoba Police Commission, 2018)* ("MPCPP"), the *Winnipeg Police Board Rules of Practice and Procedure* ("RPP").

Financial authorities of Council and the WPB with respect to the annual budget, financial reporting, and additional appropriations (commonly called "over-expenditures") are briefly summarized below. Additional information is provided in the History section of this report.

Budget

- The Chief Administrative Officer (CAO) is responsible for coordinating the preparation of the annual operating and capital budgets of the City [Section 26(14) Org Bylaw]. The Chief Financial Officer (CFO) reports to the CAO and has the responsibility to provide advice on fiscal policy and strategy to the Standing Policy Committee on Finance, the CAO and through the CAO, to Council and EPC [Section 33 Org Bylaw].
- The WPB works with the WPS, and the CFO, to develop and submit annual operating and capital budget estimates to Council for approval in accordance with the budget development process [Section 75(3)-(7) RPP, Section 7.1 Procedure No.1 and 4 MPCPP, PSA 29(1), Section 19(1) WPB By-law].

- EPC provides recommendations to Council on the budget [Section 4(1) Org Bylaw].
- Council is responsible for adopting an annual operating budget, an annual capital budget and five year forecast which includes policing services [Section 284(1), (2) Charter, Section 3(1)(b) Org Bylaw].
- The WPB allocates the budget to the WPS after Council approval [Section 29(3) PSA, 75(9) RPP, Section 7.1 Policy No. 2 MPCPP]. The WPS Chief has the authority to expend budgeted operating funds, unless suspended by the WPB [Section 77(5) RPP, Section 7.1, Policy No. 6 MPCPP].

Financial Reporting

- WPS prepares, and WPB provides, quarterly updates on the WPS budget to the Standing Policy Committee (SPC) on Finance for information [Section 24 WPB Bylaw, Section 9(e) Org Bylaw].
- Annual audited financial statements for the WPB Budget and the WPS Budget are submitted to Council for information through the Standing Policy Committee on Protection, Community Services and Parks [Section 23 WPB Bylaw, Section 78(2) RPP].
- Quarterly reports on capital budget projects, including the WPS, with a budget greater than $24 million are provided to SPC Finance by the Department of Assets and Project Management for information purposes only.

Over-expenditures

- WPB is required to provide a report to SPC Finance requesting approval of additional operating expenditures, together with any contingency plans and information that SPC may require to properly assess the request [Section 9.1 Org Bylaw, Section 77(7) RRP].
- SPC Finance may approve proposed additional operating expenditures pursuant to authority delegated by Council [Section 9.1 Org Bylaw].

RECOMMENDATIONS

That this report be received as information.

REASON FOR THE REPORT

On November 12, 2021, The Standing Policy Committee on Finance requested that in consultation with the Winnipeg Police Service and Winnipeg Police Board, the Chief Financial Officer review delegation of financial authority and provide a report to the Standing Policy Committee on Finance within 90 days.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no implications arising as this report is for information only.

HISTORY/DISCUSSION

Background

The Police Services Act S.M. 2009, c.32 ("PSA") was enacted in 2009 and provisions regarding police boards came into effect in 2012. Its transitional provisions required the City of Winnipeg to establish a police board by the end of 2012. Accordingly, the *Winnipeg Police Board By-law 148/2012* ("WPB Bylaw") was adopted by Council in November 2012.

The purpose of the Winnipeg Police Board (WPB) is to provide civilian governance respecting law enforcement, and the administrative direction and organization required to support adequate and effective police services. The WPB also acts as a liaison between the community and the Winnipeg Police Service (WPS) and is responsible for approving and presenting WPS budget estimates, quarterly financial reports and over expenditure requests to Council or its committees.

The members of the WPB are appointed by the municipal council and the province and include two (2) representatives from Council. A majority of the board must be persons who are not members of Council or municipal employees.

The role and responsibilities of the WPS and WPB in relation to financial reporting and the annual budget are set out in the PSA, the *Manitoba Police Boards: Policy and Procedure (Manitoba Police Commission, 2018)* ("MPCPP"), the *Winnipeg Police Board Rules of Practice and Procedure* ("RPP"), and the WPB By-law. The WPB is bound to City policies, procedures, standards and guidelines [Section 28, WPB Bylaw].

The roles and responsibilities of the City in relation to financial reporting and the annual budget are set out in the PSA, *The City of Winnipeg Charter S.M. 2002, c.39* ("Charter"), *City Organization Bylaw 7100/97* ("Org Bylaw"), and the WPB By-law.

The reporting relationship between the WPS and WPB is summarized as follows:

- The WPS Chief is responsible to the WPB for the financial planning, control, administration and management of the WPS operational and capital budgets [Section 7.1 Policy No. 3 MPCPP] and, in practice, prepares the preliminary budget estimates and reporting documents to be submitted to Council by the WPB.
- To ensure that the independence of the WPB is not diminished, the WPS Chief is required to ensure that all information tabled with Council or its committees with respect to the budget or other financial matters of the WPS are first approved by the WPB [Section 7.2, Policy No. 3 MPCPP].
- The WPS Chief will be accompanied by the WPB Chairperson or designate in any appearance before Council or its committees, unless otherwise authorized by the WPB, or the WPS Chief is there for an administrative matter, or is in attendance to monitor Council or a Committee's discussions on police related matters [Section 7.2, Policy No. 3 MPCPP].

Budget

The budget development process is summarized in Appendix A to this report.

Prior to June 1 of each year, the WPS Chief submits a report to the WPB for consideration and approval, setting out:

(a) information respecting implementation of new initiatives prioritized in the WPB's strategic plan for the police service;
(b) information respecting opportunities for cost reductions and improved efficiencies for the police service;
(c) information respecting any other proposed changes in the organization and operations of the police service that may have material budgetary implications;
(d) operating and capital estimates that show the amounts that will be required to operate and maintain the police service and provide it with equipment and facilities, in the next three fiscal years for the operating estimates, and in the next five fiscal years for the capital estimates;
(e) a proposed allocation of the required funds that will enable the police service to provide adequate and effective policing services and to meet its strategic goals and objectives;
(f) any additional information that the committee considers necessary to enable it
    i. to assess the financial requirements of the police service, and
    ii. to ensure the proposed budget is aligned with the strategic plan for the police service. [Section 75(2) RPP, Section 7.1 Procedure No. 3 MPCPP]

The WPB considers the proposed budget estimates and related information in a private meeting and determines the preliminary estimates of operating and capital costs required to operate and maintain the WPS that it will recommend to the CFO for analysis and consolidation with the estimates of other City departments, in accordance with City budget procedures and CFO authority [Section 75(3)-(5) RPP, Section 33 Org Bylaw, Section 7.1 Procedure No.4 MPCPP, Section 34(3) PSA].

The WPB and the WPS meet with the CFO to discuss the preliminary budget estimates. The WPS, together with the WPB, gives a presentation to the CFO and the City internal budget team. The CFO provides the preliminary budget estimates to the Budget Working Group (BWG), as appointed by the Mayor in accordance with the Multi-Year Budget Process, who considers, asks questions, considers public input from the annual citizen survey, and requests additional information as needed. The outcomes of that process are communicated by the CFO to the WPB through budget decisions. The WPB further consults with the WPS, as needed, following this review and re-submits revised preliminary budget estimates, prepared by the WPS and approved by the WPB, to the CFO.

After the internal city budget review process is complete, and after consideration of any preliminary budget decisions and corresponding updates or revisions have been completed, the WPS presents the preliminary budget estimates for consideration and approval of the WPB at a public meeting.

Following WPB approval at the public meeting, WPB submits its recommendation for the WPS operating and capital estimates to Council (via EPC) in accordance with City budget timelines and procedures with sufficient information for Council to determine the financing requirements of the WPS, and is responsible to present the proposed budget and answer any additional questions the Council may need answered to adopt the budget [Section 75(6), 75(8) RPP, Section 7.1 Procedure No. 5 MPCPP]. In practice, there is no formal presentation of the budget by the WPB.

"Sufficient information to determine the financing requirements of the WPS" is described in the WPB Bylaw as strategic plans, variance reports, capital plans and variance analysis, if directed by Council [Section 20 WPB Bylaw]. The PSA includes a similar requirement that to assist the Council in developing municipal budget, the WPB must provide any additional information that the Council considers necessary to assess the financial requirements of the WPS.

Council is required to adopt the annual operating budget by March 31 of each year and the capital budget by December 31 of that year [Charter section 284(1), (2)] and, through the adoption of the annual City budget, provides the WPB with a total budget amount [PSA 29(2)].

The WPB allocates the budget to the WPS after Council approval [Section 29(3) PSA, 75(9) RPP, Section 7.1 Policy No. 2 MPCPP]. The WPS Chief has the authority to expend budgeted operating funds, unless suspended by the WPB [Section 77(5) RPP, Section 7.1, Policy No. 6 MPCPP].

Financial Reporting

The WPS Chief is required to provide monthly and quarterly budget updates to the WPB that sets out the budgeted and actual expenditures for the previous month/quarter and year-to-date, and projected expenditures to the end of the year [Section 76(1), (2) RPP, Section 7.2 Policy No. 1 MPCPP].

The quarterly financial report provides a summary explanation of variance between budgeted and projected expenditures to the end of the year and risk factors affecting those projections [Section 76(2) RPP]. The quarterly report is submitted to SPC Finance for information following WPB approval [Section 76(4) RPP, Section 24 WPB Bylaw, Section 7.2 Policy No. 2 and 3(i) MPCPP].

Annual audited financial statements for the WPB Budget and the WPS budget are submitted to Council for information through the SPC on Protection, Community Services and Parks [Section 23 WPB Bylaw, Section 78(2) RPP].

Council has the authority to request Records in order to assess the effectiveness and efficiency of the WPS in respect of the funds provided by Council and the Board is required to provide them. Records are defined to include quotations, contracts, correspondence, invoices, vouchers, timesheets, and any other documents that support actions taken by the Board. Council may also direct the City Auditor or external auditors to audit any Records provided [Section 25 WPB Bylaw, Section 7.2 Policy No.4 MPCPP].

Quarterly reports on capital budget projects for all departments, including the WPS, with a budget greater than $24 million are provided to SPC Finance by the Department of Assets and Project Management for information purposes only[1].

Additional Budget Appropriations / Over-expenditures

[1] At its June 11, 2021 meeting, the Standing Policy Committee on Finance concurred in the recommendation by the Public Service to provide a reporting schedule on all major capital projects on a quarterly basis. Per Appendix 1 in the Supplement to the 2021 Preliminary /budget, approved by Council on December 16, 2020, the threshold for 2021 is $24 million (See Appendix A). The SPC Finance may, at its discretion request projects below this threshold to report to the committee.

Council has delegated its authority to approve additional operating budget appropriations to SPC Finance [Section 9.1 Org Bylaw]. These appropriations are commonly referred to as "over-expenditure" requests.

The WPB and the WPS Chief must ensure that WPS expenditures do not exceed the allocated budget without prior approval of Council [Section 7.1 Policy No. 4 MPCPP, Section 77(4) RPP].

If amounts exceed the approved budget due to unanticipated expenditure requirements or reduced revenues, the WPS Chief must submit a report to the WPB that specifies the amount of the shortfall, the reasons additional funding is needed and alternatives for funding the requirements from within the allocated budget [Section 77(6) RPP].

If the WPB is satisfied, after considering the WPS report, that no viable funding alternatives within the allocated budget are available, the WPB may submit a request to SPC Finance for supplementary funding together with any contingency plans and information that Council may require to properly assess the request [Section 77(7)].

The information that may be required to "properly assess" the request is not specifically defined and is a broad provision similar to the requirement found in section 29(1) of the PSA. The language of the section does not specify who determines what information may be required.

While Council retains the authority for all capital budget appropriations, allocations for approved capital projects included in the WPS budget are managed by the WPB within the adopted capital budget envelope. [Section 10 (l) Org Bylaw].

FINANCIAL IMPACT

Financial Impact Statement

Date: January 19, 2022

Project Name:

Delegation of Financial Authority

COMMENTS:

There are no financial implications to receiving this report as information.

(Approved electronically by J. Peters)
Jocelyn Peters, CPA, CGA
Manager of Finance & Administration (Campus)

CONSULTATION

This Report has been prepared in consultation with:

- City Clerk
- Legal Services (as to legal issues)
- Winnipeg Police Board
- Winnipeg Police Service

OURWINNIPEG POLICY ALIGNMENT

Alignment with OurWinnipeg 2045 (awaiting third reading):

- 1.1 Organizational Alignment
- 1.3 Integrated Service Planning and Outcomes
- 1.4 Integrated Knowledge and Resources

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

N/A

SUBMITTED BY

Department: Office of the Chief Financial Officer
Division: Office of the Chief Administrative Officer
Prepared by: Catherine Kloepfer
Date: January 19, 2022
File No:
Attachments:

Appendix A - Budget Development Process

Appendix A.pdf