



REGIONAL MUNICIPALITY OF NIAGARA POLICE SERVICES BOARD

BY-LAW 384-2019

A By-law to Regulate Financial Reporting, Control and
Procurement of Goods and Services
in the Niagara Regional Police Service

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BY-LAW NO. 384-2019

**A BY-LAW TO REGULATE FINANCIAL REPORTING, CONTROL
AND PROCUREMENT OF GOODS AND SERVICES
IN THE NIAGARA REGIONAL POLICE SERVICE**

1. PREAMBLE

- 1.1 WHEREAS subsection 31(1)(c) of the *Police Services Act* requires that the Police Services Board establish policies for the effective management of the police service;
- 1.2 AND whereas subsection 31(6) of the *Police Services Act* provides that the Board may, by by-law, make rules for the effective management of the police service;
- 1.3 AND whereas subsection 39(1) of the *Police Services Act* requires the Board to submit operating and capital estimates to the municipal council that will show, separately, the amounts that will be required to maintain the police service and provide it with equipment and facilities, and pay the expenses of the Board's operation other than the remuneration of Board members;
- 1.4 AND whereas the Ministry of Solicitor General Policing Standards Manual contains guidelines directing the Board as to an accounting system to ensure appropriate control of monies received and disbursed by the police service;
- 1.5 AND whereas the Police Services Board deems it expedient to pass such a by-law to regulate financial reporting, control and procurement of goods and services in the Niagara Regional Police Service:

NOW THEREFORE THE REGIONAL MUNICIPALITY OF NIAGARA POLICE SERVICES BOARD ENACTS AS FOLLOWS:

2. LEGISLATIVE AUTHORITY

2.1 Introduction

The respective roles and responsibilities of both the Regional Municipality of Niagara Police Services Board (the "Board") and the Chief of Police are set out in detail in the *Police Services Act*, R.S.O., 1990 c. P.15. In general terms, the division of responsibilities between the Board and the Chief of Police is based on the distinction between policy decisions on the one hand and operational and administrative decisions on the other. The Board has the authority to make policy decisions and the Chief of Police has the authority to render all operational and administrative decisions.

3. INTERPRETATIONS

For the purposes of this By-law the following is a list of organizational definitions and financial terms:

Organizational Definitions

- 3.1 *Board* means the Regional Municipality of Niagara Police Services Board;
- 3.2 *Chief* means the Chief of Police of the Niagara Regional Police Service;
- 3.3 *Deputy Chief* means the Deputy Chief of Police of the Niagara Regional Police Service;
- 3.4 *Director* means a Director of the Niagara Regional Police Service;
- 3.5 *Executive Director* means the person who has been appointed to the Executive Director position by the Board;
- 3.6 *Executive Management* means the Chief of Police, Deputy Chiefs of Police, Superintendents and Directors of the Niagara Regional Police Service;
- 3.7 *Finance Manager* means the Finance Manager of the Niagara Regional Police Service;
- 3.8 *Program Manager* means an Inspector or higher rank, a civilian Manager or position above responsible for the budget and financial operations of a specific Program or Division and includes the Executive Director of the Board;
- 3.9 *Department Leads* means a Coordinator/Supervisor, or rank of Sergeant or Staff Sergeant, under the direction of the Program Manager, delegated responsibility for administering financial operations of a specific cost centre;
- 3.10 *Region* means the Regional Municipality of Niagara;
- 3.11 *Regional Council* means the Council of the Regional Municipality of Niagara;
- 3.12 *Service* means the Niagara Regional Police Service;

Financial Terms

- 3.12 *Account* means a classification of expenditures or revenues for which a cost centre budget line is prepared and transactions recorded;
- 3.13 *Authorized Strength* means the total complement of uniform and civilian personnel as approved by the Board;
- 3.14 *Bid* means an offer or submission subject to acceptance or rejection received from a vendor, contractor or consultant in response to a request or tender for goods or services;
- 3.15 *Budget Adjustment* means the reallocation of approved budget amounts between cost centres and/or accounts;
- 3.16 *Capital Assets* means durable facilities or equipment and other tangible assets that have a useful life extending beyond one year;
- 3.17 *Capital Budget* means the total estimated expenditures and offsetting sources of financing for a capital project;

- 3.18 “*Capital Program*” means a combination of capital projects to be incurred in a particular year;
- 3.19 “*Capital Project*” means a discrete unit of work that occurs with a defined timeframe and involves incurring expenditures and result in the creation or acquisition of a capital asset;
- 3.20 “*Competitive Method*” means an acquisition method where vendors are given an equal opportunity to submit bids;
- 3.21 “*Contract*” means a binding agreement between two or more parties;
- 3.22 “*Cost Centre*” means a Unit responsible for the delivery of services for which a separate budget and accountable program manager is assigned;
- 3.23 “*Current Operating Budget*” means estimated operating expenditures (including personnel costs for authorized strength) and revenues to be incurred for a specific calendar year;
- 3.24 “*Disposal*” means the selling, trading, assignment and/or scrapping of surplus assets;
- 3.25 “*Emergency*” means an unforeseen situation of an urgent nature, presenting an unacceptable risk to the health and safety of persons or to property, requiring an immediate expenditure of funds to prevent serious delays, further damage or restore minimum service;
- 3.26 “*Forecast*” means an estimate of the operating results for the year based on a comparison of budgeted annual amounts to actual year-to-date results and a projection for the balance of the year based on available information;
- 3.27 “*Goods and Services*” includes all materials, commodities, equipment and all work to be performed or services rendered by other than Police Service employees;
- 3.28 “*Negotiation Method*” means an acquisition method whereby the Board, Chief or designee confers directly with one or more vendors and awards a contract without using competitive acquisition methods;
- 3.29 “*Procurement*” means the process for acquiring goods and services;
- 3.30 “*Program*” means the sum of activities involved in the attainment of a specific objective that is represented by a cost centre or group of cost centres and includes the Police Services Board;
- 3.31 “*Purchase*” means to acquire goods and services by purchase, rental, lease or trade, including construction.
- 3.32 “*Purchase Order*” means a written offer to purchase or a written acceptance of an offer on prescribed forms;
- 3.33 “*Proposal*” means an offer to provide for goods or services to the Service where the requirements cannot be definitely specified and may be subject to further negotiation;
- 3.34 “*Reserve*” means an allocation of accumulated net revenue set aside by the Board for a specific purpose but which, at the discretion of the Board, may be used for a specific purpose or for any other legal purpose;
- 3.35 “*Reserve Fund*” means an obligatory fund that is segregated and restricted to meet a specific purpose. Reserve Funds are required by legislation which stipulates that certain contributions received for special purposes be segregated from the general reserves of

the Board;

- 3.36 "Requisition" means a written request to purchase on an approved form;
- 3.37 "Single Source" means where a non-competitive procurement process was utilized.
- 3.38 "Significant Variance" means an occurrence where the magnitude of the variance is such that the individual responsible for the expenditure would reasonably be expected to know the reason for the variance and take corrective measures. No absolute dollar value is provided to define significance because the significance of a variance is largely a matter of judgment;
- 3.39 "Variance" means a situation where actual recorded results differ from budgeted amounts;
- 3.40 "Variance Analysis" means the process of periodically identifying and assessing the impact of variances on the achievement of the annual budget.

4. BOARD POLICY

- 4.1 The purpose of this policy is to ensure that adequate processes, authority and controls are in place throughout the entire fiscal cycle.
- 4.2 The budget reflects a plan approved by the Police Services Board and Regional Council. Therefore, it is necessary to control all activities to ensure that service is provided within the framework of the approved budget. This control is attained through the regular review and reporting of the status of expenditures to-date in comparison to budgeted amounts by Executive Management.
- 4.3 The Board recognizes that appropriate financial management of police resources are crucial to ensure that adequate processes, authority and controls are in place throughout the entire fiscal cycle, and it is therefore the policy of the Board that such management of police resources be dealt with in accordance with the procedures established by the Chief of Police as directed in this By-law.
- 4.4 The purpose of this policy is to establish regulations and guidelines to ensure that the most cost-effective methods are used to purchase and dispose of goods and services relating to police needs for all police operations, and secondly, to outline the authority for incurring these expenditures.

5. DIRECTION TO CHIEF

5.1 Procedures

The Board hereby directs the Chief of Police to implement and comply with these requirements in his/her administration and operation of the Niagara Regional Police Service in accordance with this By-law.

6. FINANCIAL PRINCIPLES

6.1 Financial Principles

The financial processes of the Service shall be conducted in accordance with the principles listed below. These are not presented in order of importance.

- 6.1.1 The financial policies and procedures of the Service shall be consistent with policies of the Region and with the *Police Services Act, Municipal Act*, and other relevant legislation, but may be more stringent in areas where deemed necessary by the Board and Chief of Police.
- 6.1.2 Financial processes shall be designed with the objective of providing efficient processes while maintaining the effectiveness of services provided and ensuring that the outputs satisfy customer expectations.
- 6.1.3 Financial processes shall include efficient and effective internal controls to prevent any financial risk to the Service.
- 6.1.4 Financial processes shall ensure compliance and disclosure in accordance with the provisions of the Public Sector Accounting Boards (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

6.2 **Transaction Processing**

- 6.2.1 The financial administration of payroll and benefits shall be conducted in a manner that is in compliance with government legislation and the effective collective agreements.
- 6.2.2 All transaction processing activities shall be conducted in a manner that ensures complements and accuracy of financial statements as prescribed by PSAB.
- 6.2.3 All transactions processed must be supported with proper documentation identifying all items purchased and must be properly authorized in accordance with the Authority Limits as described in this By-law.
- 6.2.4 A comprehensive record of the liabilities and commitments of the Service shall be maintained to facilitate the analysis of available financial resources.
- 6.2.5 The procurement of goods and services shall be conducted using methods which result in the greatest value for money and do not have a negative impact on the safety of members or efficiency and effectiveness of operations, in accordance with the Purchasing Principles of this By-law.

6.3 **Financial Control and Risk Management**

- 6.3.1 All Niagara Regional Police Service departments, and the Board, for which the Regional Municipality provides funding, shall annually prepare a current operating and capital budget and a current operating and capital forecast.
- 6.3.2 All current operating and capital budgets submitted to the Board, must first be reviewed by the Deputy Chiefs of Police and the Chief of Police.
- 6.3.3 The current operating and capital budgets shall be submitted annually to the Board and Regional Council for approval.
- 6.3.4 Executive Management together with their Program Managers, have the responsibility to provide the budgeted level of service approved by the Board, using the corresponding discretionary spending authority within the Council approved net current operating budget for the Cost Centre, subject to the following:
 - 6.3.4.1 Purchases shall be expensed in accordance with the Public Sector Accounting Board's accounting principles; and
 - 6.3.4.2 Unanticipated revenues (in year funding), up to \$150,000 may be spent

or committed without the approval of the Board, provided that the funding has stipulations which require expenditure. Expenditure or commitment of unanticipated revenues (in year funding), greater than \$150,000, require Board approval.

- 6.3.5 Service reports with financial implications submitted to the Board for approval must first be reviewed by the Director of Business Services to ensure availability of financing sources and compliance with Board financial by-laws and then shall be reviewed by the Chief of Police.
- 6.3.6 The Board shall be informed of any variance between the approved current operating and capital budgets and actual expenditures, actual revenues, or actual service levels, where such variance is deemed to be material by the Chief of Police, including a written status report on each such variance.
- 6.3.7 No capital project which has not received the Board's approval and Council's approval shall commence prior to the approval by the Board and Council of that capital project within the capital budget unless approval is granted by the Board and Council via a report outside of the budget process.
- 6.3.8 The Chief of Police may cause a previously active capital project which has become inactive for one year or more to be closed out.
- 6.3.9 Capital project financing sources shall be authorized by Council resolution or Council by-law. Where external long-term debt financing is prescribed, it shall be obtained in accordance with current provincial legislation.
- 6.3.10 Capital projects approved by the Board and Council must be resubmitted by the Chief of Police to the Board and Council in the event that the expenditure requirements for the capital project appear reasonably likely to increase substantially. An increase in the expenditure requirements for a capital project shall be deemed to be "substantial" where, by reason of a scope change to the service to be rendered by the capital project or otherwise, it appears to be reasonably likely that an increase in the net capital project budget which is greater than the lesser of 10% of the Council approved net project budget or \$150,000 will be required.
- 6.3.11 No commitment shall be made to make expenditures upon capital projects which exceed the Council approved net project budget unless such expenditures are pre-approved in accordance with the provisions of this By-law.
- 6.3.12 A plan for continuity of services shall be maintained by developing multi-year current operating and capital budgets to quantify costs for operating expenditures as well as the acquisition and replacement of capital assets used in the provision of services.
- 6.3.13 Budgets must be developed in a manner that is sustainable, meaning that the financial impact of decisions made should be affordable both in the current year as well as in future years affected.
- 6.3.14 Budgets of individual programs should be prepared with the objective of maximizing efficiencies while maintaining program effectiveness.
- 6.3.15 Budgets should be used as a financial guideline and at times it may be necessary for the Chief of Police, in consultation with the Board and/or Executive Management to redirect resources as operational issues arise and priorities change.
- 6.3.16 The Board and Council may authorize the creation of a reserve or reserve fund by means of a resolution in accordance with the Region's Reserve and Reserve Fund Policy.

- 6.3.17 Reserves and reserve funds should be established and contributions to the funds should be included in the operating budget as part of the overall financial plan for addressing the liabilities of the Service.
- 6.3.18 Service reports submitted to the Board and Council for approval which seek authority for the contribution or withdrawal of funds to or from reserves and reserve funds must first be reviewed by the Deputy Chiefs of Police and Chief of Police to ensure availability of financing sources and compliance with Board and Regional financial by-laws.
- 6.3.19 As part of the year-end financial report the Chief of Police shall provide the Board with a status report on the reserves and reserve funds that includes:
- (i) The balance of each reserve and reserve fund at the reporting date, as well as any inflows to and outflows from each reserve and reserve fund that have taken place year during the year, including those that were not approved as part of the annual budget; and
 - (ii) Any funds that have been committed through prior budget approval but have yet to be withdrawn from the reserve or reserve fund.
- 6.3.20 All contributions to and all withdrawals from reserves and reserve funds shall require advance approval by the Board and Council either as part current operating and capital budget approval process or by means of a resolution.
- 6.3.21 The Chief of Police shall undertake a review of this By-law not less frequently than once every five (5) years and report to the Board the results of such review.

6.4 **Decision Support**

- 6.4.1 User fees shall be established and applied to cover the costs of services provided as applicable.
- 6.4.2 Financial analyses should include quantification of all impacts on financial operating statements of the decision(s) being contemplated as well as projections of future impacts to ensure accountability and good stewardship to all stakeholders.
- 6.4.3 Financial statements and analysis shall be prepared in a manner that takes into account the objective of the presentation and stakeholder requirements.
- 6.4.4 Financial statements and analysis shall be prepared with the objective of deriving a comprehensive cost for the provision of policing services to the community by the Service.

7. **ROLES AND RESPONSIBILITIES**

7.1 **Regional Municipality**

Under subsection 4(1) of the *Police Services Act*, the municipality is required to provide adequate and effective police services in accordance with its needs. Standards concerning adequacy and effectiveness are regulated by the Lieutenant Governor in Council. The municipality discharges its responsibility by establishing or contracting for a police service and providing the necessary infrastructure and funding.

7.2 **Police Services Board**

The Board has the authority to establish the objective and priorities of the Police Service. In accordance with subsection 41(2) of the *Police Services Act*, the Chief of Police is required to report to the Board and to obey its lawful orders and directions. The practical effect of these legislative authorities is that the Board determines overall policies, which would include various priorities and objectives and the Chief of Police selects the methods and means of attaining these goals. The Board also possesses the power to determine the Police Service budget by deciding the personnel, equipment and facilities

that are required in order to provide adequate and effective policing services to the citizens within its jurisdiction. After having made this determination, the Board is required to submit its budgetary estimates to Regional Council for approval.

7.3 **Chief of Police**

The Chief of Police has general authority to make the operational and administrative decisions required to operate the Police Service. The Chief of Police's specific role and duties are set out in Section 41 of the *Police Services Act*.

7.4 **Executive Management**

The members of Executive Management are responsible for the delivery of services and achievement of objectives for all units within their functional areas. These responsibilities include:

- a) Co-ordinating the development and preparation of budget submissions to support the achievement of unit objectives;
- b) Ensuring that appropriate approvals for all current and capital expenditures are obtained; and
- c) Overseeing the process of reviewing financial operating statements and reporting of any material financial variances.

7.5 **Program Managers**

Program Managers are accountable for the development of budgets and the achievement of the net expenditure budget for their area of responsibility for service delivery. In conjunction with executing their operational responsibilities, they shall obtain appropriate approvals for expenditures incurred. As expenditures and revenues are incurred in the execution of programs, they assess actual performance against budgeted approvals, redirect resources under their responsibility as necessary and report on any potential remaining sources of deficits or surpluses.

7.6 **Department Leads**

Department Leads are delegated authority to purchase goods and services on behalf of the Program Manager for a specific cost centre up to their level of authority. In conjunction with their operational responsibilities, they shall obtain appropriate approvals for expenditures incurred.

7.7 **Director of Business Services**

The Director of Business Services is responsible for ensuring that a framework is in place to integrate policy, statutory and fiscal accountabilities within the Service. He/she ensures that both short and long term financial strategies are developed to ensure resources are in place to maintain continuity of service delivery.

7.8 **Finance Manager**

The Finance Manager establishes procedures and controls for all financial processes of the Service. He/she ensures that a periodic review of internal controls over financial processes is conducted to ensure efficiency and effectiveness. The Finance Manager is responsible for the co-ordination, preparation, consolidation and reporting for current operating and capital budgets and quarterly operating statement variances.

8. BUDGETING

8.1 **Budget Objectives**

8.1.1 The budget objectives of this By-law are:

- (i) *Maintain accountability and transparency to the public*
The Chief of Police is accountable to the Board to demonstrate fiscal prudence

and the Board, as a trustee of the public's interest, is accountable to the community for the financial disposition of the Police Service.

(ii) *Ensure financial commitment to the Strategic Plan*

In seeking Council's approval of the annual budget, the Board has the responsibility to clearly identify how the funds will be distributed for the provision of policing services.

(iii) *Ensure efficient use of police funds*

The Board must also ensure the allocation funds to support police operational programs and initiatives to achieve expected results.

8.1.2 The Board, in consultation with the Chief, will establish priorities for the Service for the preparation of the current operating and capital budgets.

8.1.3 The current operating and capital budgets shall be prepared as a financial plan to ensure that the required resources are in place to facilitate achievement of the goals and objectives for the Service established by the Board, in consultation with the Chief, which in turn are linked to the organizational Strategic Plan.

8.2 **Current Operating Budget Preparation and Approval**

8.2.1 The Board endorses program based budgeting as the method of preparing current operating budgets for presentation and approval, and hereby directs the Chief of Police to ensure that such method is implemented in the budget process annually.

8.2.2 At the commencement of each budget cycle, the Chief or designate shall submit a budget preparation timetable and budget guidelines for submission to the Board for approval.

8.2.3 Every effort shall be made to utilize a budget preparation timetable and format of reports for submission to Regional Council in a manner that is consistent with that of Regional departments.

8.2.4 Budget guidelines shall be developed to facilitate the compilation of all estimated expenditures and revenues for each Program of the Service that are recommended to be incurred to ensure that goals and objective are achieved, taking into account the needs of the Service, the financial implications of provincial and federal initiatives, the financial implications of other external influences, and any budget guidelines received from the Region.

8.2.5 Once approved by the Board and Regional Council, the current operating budget will be used as a component of the development of a multi-year forecast. The multi-year forecast will incorporate key impacts and indicators as well as the organizational Strategic Plan to develop an estimate of the financial resources required for providing policing services within a three-year rolling timeframe.

8.3 **Capital Budget and Forecast Preparation and Approval**

8.3.1 The capital budget and forecast documents a long-term strategy for acquiring assets that are utilized to provide services over a number of years. Each year, the forecast of capital expenditures and financing strategy should be updated based on any new information to maintain accuracy and ensure that a plan for continuity of services is maintained. The capital forecast should include the replacement of existing assets based on available information regarding useful life and rate of utilization.

8.3.2 **Capital Budget Approval**

In conjunction with its budgetary deliberations, the Board will conduct its responsibility for detailed budget review by assessing the business case for each capital project contained within the proposed capital program for the upcoming capital budget.

8.4 **Capital Financing**

8.4.1 **Capital Financing Strategy**

Police Service capital projects are funded by either the issuance of debenture debt or via capital reserves. A capital financing strategy shall be developed for the upcoming capital budget as well as for each of the nine capital forecast years. The objective of the capital financing strategy is to achieve an acceptable balance between the level of debenture debt and the operating budget impact of debt charges and capital reserve contributions for funding capital programs.

Each year, the source of financing for the individual projects that comprise the upcoming capital program are approved by the Board. The financing strategies for the additional years within the forecast timeframe are utilized as guidelines for the development of future plans.

8.4.2 **Debenture Debt**

Debenture debt should not be used as a source of funding for capital projects with budgeted expenditures below \$250,000. The term to maturity of debenture financing issued should reflect the estimated useful life of the asset(s) being acquired and should be consistent with the Region's capital management policy. The Capital Financing Strategy shall include an estimate of debt charges for unfunded debt as though issued in the year approved to provide an indicator of total committed resources for capital projects.

8.4.3 **Capital Reserves**

The Police Service has two capital reserves that can be used as a source of financing for capital projects – the Capital Levy Reserve and the Vehicles and Equipment Replacement Reserve Fund.

(i) **Capital Levy Reserve**

The capital levy reserve will be used to finance police capital projects with costs of less than \$250,000 or projects, which due to their nature or shorter useful life, would make reserve funds or capital levy the preferred method of financing.

The target minimum balance for the capital levy reserve is \$200,000 to provide a source of financing for unanticipated expenditures and as an alternate to the issuance of debenture debt. When the Board approves transfers or expenditures that reduce the capital levy reserve balance below the target minimum, the subsequent operating budget of the Service shall include a contribution to the capital levy to resort the target minimum balance.

(ii) **Vehicles and Equipment Replacement Reserve Fund**

The vehicles and equipment replacement reserve fund shall be used to fund the purchase of new vehicles and associated equipment for the Service as well as replacement vehicles based on the projected replacement cycle. There is no target minimum balance for this reserve fund. The projection of contributions to and withdrawals from the vehicles and equipment reserve fund should be made with the objective of mitigating fluctuations in the impact on the annual current operating budget.

The target minimum balance for the vehicle and equipment replacement reserve is \$200,000 to provide a source of financing for unanticipated expenditures. When the Board approves transfers or expenditures that reduce the vehicle and equipment replacement levy reserve balance below the target minimum, the subsequent operating budget of the Service shall include a contribution to the capital levy to resort the target minimum balance.

8.4.4 Funds withdrawn from a reserve or reserve fund that are ultimately not required for the purpose that they were withdrawn shall be returned to their original source.

8.5 **Budget Amendments**

8.5.1 Capital and operating budget amendments and/or adjustments will be made in accordance with Region's Budget Control By-Law.

9. **CURRENT OPERATING BUDGET AND EXPENDITURES**

9.1 **Budgeted Expenditures and Revenues**

9.1.1 Each Program Manger is responsible for approving expenditures and reviewing individual budget line items in conjunction with the quarterly variance analysis process for their assigned programs. Due to the fact that a line-by-line budget is a guideline for the financial operations of a program, it may be necessary to reprioritize between budgeted line items during the year in order to achieve the overall net expenditure budget for a particular cost centre.

9.1.2 The authority to reprioritize expenditures between line items shall be governed by the spending authority limits as established in Section 11.2.

9.1.3 Prior to budget approval by the Board and Regional Council, the total of all expenditures shall not exceed 50% of the previous year's approved budget unless otherwise approved by the Board.

9.2 **Budget Transfers**

9.2.1 In recognition of the fact that operational issues may generate a need to reprioritize the allocation of finite resources, Service management is authorized to redeploy resources to address these operational exigencies.

9.2.2 The Chief shall have the authority to make all deployment decisions with regards to personnel including redeployment to address operational issues.

9.2.3 In the event that the operational issues to be addressed prompt a need to reallocate budget provisions for expenditures between two or more programs, the requested budget transfer must be approved by the Deputy Chief of Police.

9.2.4 Notwithstanding the above, redeployments which materially change the budgeted objectives or service levels with an impact of more than \$150,000 or require additional resources to authorized complement staff levels or approved budget estimates shall require Board approval.

9.2.5 All budget adjustments are included in the quarterly report to the Region's Corporate Services Committee in accordance with Region policy.

9.3 **Contributions to Reserves and Reserve Funds**

9.3.1 Contributions to reserves and reserve funds for funding future anticipated events or liabilities of the Service shall be included in the current operating budget of the Service.

- 9.3.2 Unbudgeted transfers to or from reserves or reserve funds shall be approved by the Board and subject to the approval of Regional Council.
- 9.3.3 The use of unbudgeted reserves or debt for capital is not permitted without a budget amendment and necessary public notice as per Region's Budget Control By-Law.

9.4 **Variance Analysis and Reporting**

- 9.4.1 The purpose of variance analysis and reporting is to detect significant departures from plans early enough to take corrective action to avoid a deficit by year-end. Each quarter, Program Managers shall complete a variance analysis report for the cost centre(s) for which they have responsibility.
- 9.4.2 Significant unfavourable variances should be detected and reported early in the year with plenty of time to address the situation prior to year-end. Conversely, every effort should be made to avoid reporting them so late in the year that it precludes corrective action to avoid a deficit by year-end.
- 9.4.3 The Board and Council shall be informed of any material variance between planned current operating budgets and actual expenditures, actual revenues, or actual service level quality and/or quantity performance deliveries and receive written quarterly status reports.

10. **CAPITAL BUDGET OPERATIONS**

10.1 **Budgeted Capital Expenditures and Revenues**

Policies and procedures applicable to purchasing as outlined in Section 11.1 shall be applicable to capital expenditures.

10.2 **Variance Reporting for Capital Programs**

Service management shall conduct a periodic review of all active projects of the Service and the status of projects reported to the Board as part of the variance reporting process of the Service.

10.3 **Capital Budget Transfers**

When a Service management review of capital projects results in a request to transfer capital budget and financing allocations between projects, the following guidelines shall be applied:

- 10.3.1 Transfers of budget allocations between projects for amounts up to \$150,000 require approval of the Chief of Police, unless the funding source is the issuance of debenture debt.
- 10.3.2 Budgeted transfers between projects for amounts greater than \$150,000 must be approved by the Board.
- 10.3.3 All budget transfers where debentures are the designated source of financing must be approved by the Board, subject to approval by Regional Council.

10.4 **Project Closures**

- 10.4.1 Recommendations to close capital projects should be made as soon as all work on the project has been completed and all applicable expenditures and revenues recorded. Requests for project closures shall include recommendations concerning any additional requirements or surplus capital financing.

- 10.4.2 The Chief of Police will ensure an annual review of all capital accounts is performed to ensure that capital accounts are closed out as soon as possible.
- 10.4.3 The annual review will be summarized in a written information report to the Board and Regional Council showing capital projects that are being closed out.

11. PURCHASING/PROCUREMENT OF GOODS AND SERVICES

11.1 Purchasing Principles

In the procurement of goods and services for use by the Police Service, the following principles shall apply:

To promote the most effective use of funds allocated by the Board and Regional Council for the purchase of goods and services by achieving the optimum quality, quantity, price, delivery, performance, guarantees, sureties, and all other material terms and conditions as may be prudent in the circumstances.

- 11.1.1 To encourage open, competitive bidding on all acquisition and disposal of goods and services where practical.
- 11.1.3 That the methods of acquisition and disposal which achieve the most competitive and responsive offers, terms and conditions from the most responsible vendors shall be used wherever possible.
- 11.1.4 To use responsive and responsible vendors who comply with the provisions of the bid solicitation, including specifications, contractual terms and conditions and who can be expected to provide satisfactory performance on the proposed contract based on reputation references, performance and previous contracts and sufficiency of financial and other resources.
- 11.1.5 To consider value for money by evaluating the total cost of acquisition, repairs, staff training, operation and disposal rather than only the lowest bid price.
- 11.1.6 To give consideration to purchasing from vendors who supply goods made by a method resulting in the least damage to the environment and to encourage vendors to supply goods incorporating recycled materials where practical and based on the business practice of the vendor.
- 11.1.7 To purchase Canadian goods and services where it is reasonably practical and cost-effective and not prohibited by law. No goods or services shall be purchased in a manner inconsistent with an applicable trade agreement that supersedes and is in conflict with this By-law. The trade agreement shall take precedence.
- 11.1.8 To join with other units of government/police services in co-operative purchasing plans, when the best interest of the Police Service would be served.
- 11.1.9 To authorize purchasing decisions to be made as efficiently as possible through the delegation of authority and empowerment of staff while at all times having regard for the other objectives of this By-law.
- 11.1.10 To operate a purchasing program or disposal methods that promotes the most efficient and effective procurement processes and decisions.

- 11.1.11 To clearly establish that the accountability and authority for the administration of the purchasing processes rests with the Chief of Police.
- 11.1.12 To facilitate financial controls, which meet the requirements of the Region of Niagara's Purchasing By-law and to ensure that those responsible for requisitioning and purchasing goods and services are held accountable for their decisions.
- 11.1.13 To promote procurement processes and decisions, which are consistent with the strategic objectives established for the Board and Police Service as amended from time to time.

11.2 Purchasing Methods and Purchasing Authority

Unless otherwise specifically provided in accordance with this By-law, all purchases shall be made using the competitive bid solicitation processes identified in Schedule A to this By-law; authorized in accordance with the Purchasing Authorities set out in Schedule A and all Contracts shall be signed in accordance with the Document Execution Authorities set out in Schedule A.

For the purposes of this By-law all bid solicitation processes identified in Schedule A shall have the same meaning as the same term in Niagara Region Procurement By-law as amended from time to time and implementation shall follow the same rules in the Niagara Region Procurement By-law.

11.3 Signing Authority

- 11.3.1 The delegation of execution of authority to purchase requirements as outlined in Schedule A shall include the delegation of the authority to execute contracts and any other related documents on behalf of the Board.
- 11.3.2 The authority thresholds as outlined in Schedule A shall be based on annual expenditure limits for multi-year contracts.
- 11.3.3 Any delegated authority who submits his/her resignation, as a result of a retirement or other reasons, shall immediately upon notice be restricted from encumbering future funds on behalf of the Service. All authority will be delegated to the position's immediate Supervisor or at such time when an Acting Rank capacity is assigned.

11.4 Receiving Goods and/or Services

The receiving of goods on a Purchase Order shall be delegated to a specific person within a Unit or where goods are received at a central location, the Service will authorize a designate to receive goods.

In the receipt of purchased services, the Service will delegate the authority to release the invoice for payment with the following approval limits:

Invoice Approval Limit	Authority/Signing Limit
Less than \$50,000 (per invoice)	Program Manager
Greater than \$50,000	Superintendents or Directors

11.5 Purchasing Card

A purchasing card is the Niagara Region's Visa card that allows goods and services to be procured without using a traditional purchasing process.

The Chief of Police may designate the Police Services staff who are authorized to use a

purchasing card. The Finance Unit will issue the Region's Purchasing Card Policy for the use of the purchasing card and authorized users will adhere to these guidelines.

11.6 **Emergency Purchases**

In an emergency situation that requires an immediate purchase, it will be the responsibility of the Chief of Police to secure the necessary supplies and services. For emergency expenditures with a value greater than \$250,000 a detailed report shall be submitted to the Board by the Chief of Police in consultation with the Director of Business Services.

11.7 **Competitive Bid Method**

- (i) The Service shall make every effort to source goods and services using a competitive bid process through formal quotation, request for proposal, request for tender or co-operative purchasing programs and comply with the authorities as outlined in Schedule A of this By-Law.
- (ii) Notwithstanding subsection (i), in circumstances where a competitive bid process was conducted for contracts exceeding \$150,000 and where only one proposal was received in response to a call for proposals then the Board shall have the authority to accept and award the proposal.

11.8 **Cooperative Purchasing Programs**

In accordance to the authorities as outlined in Schedule A, the Service may enter into arrangements with any government body, ministry, agency, board or municipality on a co-operative or joint basis for the acquisition of goods or services where there are economic advantages and the method of acquisition to be used is a public and competitive method.

11.9 **Single Source / Direct Negotiation**

Unless otherwise provided in accordance with this By-law, goods and services may be purchased using the direct negotiation method only if one or more of the following conditions apply:

- 11.9.1 The required goods and services are reasonably available from only one source by reason of the scarcity of supply in the market or the existence of exclusive rights held by any supplier or the need for compatibility with goods and services previously acquired and there are no reasonable alternatives or substitutes.
- 11.9.2 The required goods and services will be additional to similar goods and services being supplied under an existing contract (i.e. contract extension or renewal) and contract extension or renewal best fulfills the Purchasing Principles set forth in section 11.1 of this By-law including but not restricted to subsections 11.1.1 and 11.1.5 of this By-law.
- 11.9.3 An attempt to purchase the required goods and services has been made in good faith using a method set forth in Schedule A, other than direct negotiation which has failed to identify a successful supplier and it is not reasonable or desirable that a further attempt to purchase the goods and services be made using a method other than direct negotiation.
- 11.9.4 The goods and services are required as a result of an emergency, which would not reasonably permit the use of a method other than direct negotiation.
- 11.9.5 The required goods and services are to be supplied by a particular vendor or supplier having special knowledge, skills, expertise or experience.
- 11.9.6 The required goods and services are to be delivered confidentially.
- 11.9.7 The goods and services have a value of less than \$10,000 and it can be demonstrated that the purchases are made at Fair Market Value.

11.10

Exceptions from Formal Bid Solicitation

Notwithstanding any other provisions of this By-law, the acquisition of the following goods and services are exempted from the formal bid solicitation methods set forth in Schedule A but shall be subject to the applicable policies and procedures established from time to time:

- (i) training, education and staff development;
- (ii) professional memberships;
- (iii) subscriptions to magazines and periodicals;
- (iv) refundable employee expenses;
- (v) employer's general personnel costs
- (vi) utilities;
- (vii) purchase of vehicles for Intelligence and Street Crime Units; or
- (viii) petty cash purchases, which shall be conducted in accordance with the petty cash policy.

11.11

Prohibitions and Compliance

11.11.1

All persons involved in the acquisition of goods and services provided for in this By-law, shall act in a manner consistent with the requirements and objectives of this By-law.

11.11.2

All persons involved in the acquisition of goods and services provided for in this By-law shall not engage in any activity that creates, or appears to create, a conflict of interest.

11.11.3

No purchase of goods and services or disposal of goods and services shall be made where quantity or delivery is divided or in any other manner arranged so that the price or value of goods and services to be acquired or the individual estimated value of goods to be disposed is artificially reduced. Without limiting the foregoing, where goods and services of the same kind or type are required in connection with one project, all of those goods and services shall be included in determining the price or value for the purposes of the By-law.

11.11.4

No goods and services shall be requisitioned under this By-law by any person unless:

- (i) The goods and services are legitimately required for police purposes;
- (ii) To the best of that person's knowledge and belief, the funds for the purchase are available within an approved budget or the requisition is expressly made subject to funding approval;
- (iii) No goods and services shall be purchased from an employee of the Police Service or by Member or staff of the Police Services Board;
- (iv) No employee of the Police Service or member and staff of the Police Services Board shall be permitted to purchase any surplus goods to be disposed of except by successfully bidding on the same at a public auction but in no case if the duties of that employee include making decisions regarding the disposal of such goods or activities relating to the conduct of the auction.
- (v) Employees of the Police Services or members and staff of the Board shall not knowingly cause or permit anything to be done or communicated to anyone which is likely to cause any potential supplier or contractor to have an unfair advantage or disadvantage in obtaining a contract for the supply of goods and services to the Police Service, Board or Region or public body involved in the purchase of goods and services either jointly or in co-operation with the Region.

- (vi) No employee of the Police Service or member and staff of the Board shall knowingly cause or permit anything to be done which will jeopardize the legal validity or fairness of any purchase under this By-law or which is likely to subject the Police Service or Board to any claim, demand, action or proceeding as a result of such act or omission.

11.9.5 To the extent the Niagara Region's Procurement By-law as amended or replaced by the Niagara Region from time to time, includes provisions that are more restrictive than the contents of this By-law, no person involved in the acquisition of goods and services shall engage in any activity that would be a violation of said Niagara Region By-law if that By-law applied to the activity in question. Provided this provision does not apply to differences between the by-laws governing Signing Authorities and Execution Authorities set forth in sections 11.2 and 11.3 of the By-law which is intentionally a variance or unless the activity is expressly authorized by this By-law.

ASSET MANAGEMENT

12.1 The Chief of Police shall ensure that assets are protected, adequately maintained, and not unnecessarily risked beyond a level required in the normal course of business. Accordingly, the Chief shall ensure:

12.1.1 The Service is insured against major casualty losses to replacement value and against liability assigned to Board members, staff or the organization itself in an amount consistent with the coverage of the Region of Niagara.

12.1.2 Facilities and equipment are not subjected to improper wear and tear or insufficient maintenance.

12.1.3 The Service, its Board or staff, are not exposed unnecessarily to claims of liability.

12.1.4 Funds are received, processed or disbursed under controls that are sufficient to meet the normal standard of an external auditor.

12.1.5 Real property is not acquired, encumbered or disposed of, as all real assets are owned and maintained by the Region of Niagara.

12.1.6 Evidence (information, files and physical goods) and recovered property are protected from loss or significant damage prior to the return to the lawful owner or authorized disposal.

- (i) Where no owner can be located for evidence or recovered property, authorized disposal will be by public auction. No asset will be converted to operational police use or sold directly to the Service or Board members and staff.

- (ii) A registry of property shall be maintained recording the full particulars of the asset and its ultimate disposal.

- (iii) Any unclaimed firearms are to be destroyed promptly, sent to the Centre for Forensic Sciences if deemed to be historic, or another organization deemed acceptable by the Solicitor General.

12.1.7 Intellectual property, information and files are protected from loss or significant damage.

13. RETENTION OF FINANCIAL RECORDS

13.1 The retention and destruction of all financial records within the control of members of the Service shall be conducted in accordance with the Records Retention Policy of the Service.

13.2 For those records under the control of an external party, Executive staff shall ensure that appropriate service agreements are obtained to ensure compliance with the Records Retention Policy of the Service.

14. IMPLEMENTATION

14.1 The Chief of Police or his/her designate shall prepare and approve General Order(s) to outline the procedures and forms for administering the provisions of this By-law.

14.2 Executive Management shall ensure that all present and future members of the Service are instructed as to the requirements of this By-law and related General Order(s).

14.3 The Executive Director of the Board shall ensure that all present and future employees of the Board are instructed as to the contents of this By-law.

15. ENACTMENT

15.1 By-law No. 289-2009, 309-2011, and 375-2018 as amended, and all other By-laws, sections of By-laws and financial policies of the Board inconsistent with the provisions of this By-law are hereby repealed.

15.2 This By-law shall come into force on the date of its enactment.

ENACTED AND PASSED this 28th day of November, 2019.

THE REGIONAL MUNICIPALITY OF NIAGARA POLICE SERVICES BOARD

Chair _____

Executive Director _____

**SCHEDULE "A" TO BY-LAW 384-2019
OF THE REGIONAL MUNICIPALITY OF NIAGARA POLICE SERVICES BOARD**

Table of Purchasing Methods and Purchasing Authorities Under Section 11.2, 11.3, 11.5, 11.7, 11.8 and 11.9

Method of Procurement	Dollar Value*	Purchasing Authority	Document Execution Authority	Type of Agreement with Supplier
Low Value (for routine purchases or low dollar value)	Up to \$10,000 (per item)	Program Managers	Department Leads	Cash, purchase order, or purchasing card
Informal Quotation (obtain 3 written quotations for goods and services; single source justification required if quotations not available)	Greater than \$10,000 but not greater than \$50,000	Superintendents or Directors or Board Executive Director	Superintendents or Directors or Board Executive Director	Purchase order or legally executed agreement
Request for Quotation (request for quotation to obtain quotations from at least 3 suppliers)	Greater than \$50,000 but not greater than \$100,000	Deputy Chief of Police Board Chair	Deputy Chief of Police Board Chair	Purchase order or legally executed agreement
	Greater than \$100,000 but not greater than \$250,000	Chief of Police Police Services Board	Chief of Police Police Services Board	Purchase order or legally executed agreement
Request for Proposal (for obtaining unique proposals designed to address a complex problem or need for which there is no clear or single solution)	Greater than \$50,000 but not greater than \$100,000	Deputy Chief of Police or Board Chair	Deputy Chief of Police or Board Chair	Purchase order or legally executed agreement
	Greater than \$100,000 but not greater than \$250,000	Chief of Police	Chief of Police	
	Greater than \$250,000	Police Services Board	Board Chair and Executive Director	
	Greater than \$5,000,000	Police Services Board & Regional Council	Board Chair and Executive Director	
Request for Tender (for obtaining competitive bids based on precisely defined requirements)	Greater than \$250,000	Police Services Board	Board Chair and Executive Director <i>(or Chief of Police if directly designated by way of Board motion)</i>	Purchase order or legally executed agreement
	Greater than \$5,000,000	Police Services Board & Regional Council		

*Dollar value is exclusive of taxes, freight and delivery charges.

Method of Procurement	Dollar Value*	Purchasing Authority	Document Execution Authority	Type of Agreement with Supplier
Cooperative Purchasing Programs (for purchase of goods or services from a Board or Region approved co-operative purchasing program)	Greater than \$10,000 but not greater than \$50,000	Superintendents, Directors or Board Executive Director	Superintendents, Directors or Board Executive Director	Purchase order or legally executed agreement
	Greater than \$50,000 but not greater than \$100,000	Deputy Chief of Police or Board Chair	Deputy Chief of Police or Board Chair	
	Greater than \$100,000 but not greater than \$250,000	Chief of Police	Chief of Police	
	Greater than \$250,000	Police Services Board	Board Chair and Executive Director	
	Greater than \$5,000,000	Police Services Board & Regional Council	Board Chair and Executive Director	
Special Circumstance/ Emergencies (for purchase of goods or services necessary to respond to an emergency)	Up to \$150,000	Chief of Police <i>(with detailed report submitted to Police Services Board)</i>	Chief of Police	Cash, purchase order, purchasing card or legally executed agreement
	Greater than \$150,000	Police Services Board	Board Chair and Executive Director	
	Greater than \$1,000,000	Police Services Board & Regional Council	Board Chair and Executive Director	
Sole Source/Direct Negotiation (for purchase of goods or services from a particular supplier, rather than through a bid solicitation)	Greater than \$10,000 but not greater than \$25,000	Superintendents, Directors or Board Executive Director	Superintendents, Directors or Board Executive Director	Purchase order or legally executed agreement
	Greater than \$25,000 but not greater than \$50,000	Deputy Chief of Police or Board Chair	Deputy Chief of Police or Board Chair	
	Greater than \$50,000 but not greater than \$150,000	Chief of Police	Chief of Police	
	Greater than \$150,000	Police Services Board	Board Chair and Executive Director	
	Greater than \$1,000,000	Police Services Board & Regional Council	Board Chair and Executive Director	

*Dollar value is exclusive of taxes, freight and delivery charges.