



REGULAR

REPORT DATE: March 20, 2023

BOARD MEETING DATE: March 29, 2023

BOARD REPORT # 2023-FIN002

TO: Surrey Police Board

FROM: Finance Committee

FILE: 60540-20-04

SUBJECT: Year-End Report: 2022 Expenditures

RECOMMENDATION

The Finance Committee recommends that the Surrey Police Board receive this report for information.

PURPOSE

This report presents a summary of expenditures incurred during the fiscal year ended December 31st, 2022. Please note that the City’s year-end audit is currently underway. The financial information presented below are subject to change during the audit process as SPS’s annual financial statements are consolidated with the City’s.

At the time of writing, City staff have not released December expenditure data on the one-time policing transition fund to us, therefore the related financial statements/content are not included in this report.

BACKGROUND

The Five-Year Financial Plan 2022 – 2026 adopted by City Council in December 2021 provided the 2022 budget allocations for policing services, which included the annual budget for SPS.

The City’s 2022 – 2026 operating budgets for policing is presented in the following table (in thousands):

	2022	2023	2024	2025	2026
SUMMARY	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
Policing Services Operating Budget	\$ 194,807	\$ 202,465	\$ 211,015	\$ 216,160	\$ 221,459

For 2022, \$72.53M was distributed to SPS; \$96.66M for the RCMP and \$25.62M for City Police Support Services. SPS’s budget is summarized as follows:

	<u>2022 Budget</u>
Remunerations, Salaries and Benefits	\$48,862,320
Other Expenditures	25,587,666
Federal Subsidy	(4,200,000)
2022 Capital	<u>2,275,000</u>
	\$72,524,986
2021 Capital Carry Forward/Reserve	<u>\$ 2,275,000</u>
Total Available	\$74,799,986

DISCUSSION

For the fiscal year ended December 31, 2022, net expenditures (operating and capital) were \$10.43M favourable compared to budget; SPS incurred net expenditures of \$64.37M compared to \$74.80M available, presented in the following table:

Year-to-Date Expenditures Summary (Budget vs. Actual)

As of December 31, 2022

	YTD BUDGET	YTD ACTUAL	VARIANCE
<i>SPS Operations</i>			
Board Remunerations	180,000	118,778	61,222
Salaries and Benefits	48,682,000	47,085,350	1,596,650
Lower Mainland Integrated Teams	16,603,537	13,874,140	2,729,397
Other Expenditures	8,984,449	3,810,301	5,174,148
Total SPS Operations	<u>\$ 74,449,986</u>	<u>\$ 64,888,569</u>	<u>\$ 9,561,417</u>
Capital Expenditures**	<u>\$ 4,550,000</u>	<u>\$ 1,313,018</u>	<u>\$ 3,236,982</u>
TOTAL SPS EXPENDITURES	<u>\$ 78,999,986</u>	<u>\$ 66,201,587</u>	<u>\$ 12,798,399</u>
Recovery - Federal/RCMP Subsidy	(4,200,000)	(1,834,496)	(2,365,504)
NET EXPENDITURES	<u>\$ 74,799,986</u>	<u>\$ 64,367,091</u>	<u>\$ 10,432,895</u>

** Capital Expenditures include a \$2.275M unused reserve carry forward from 2021 and an additional \$2.275M budgeted for 2022. Amortization not included.

During 2022, SPS expended \$119K for board remuneration, \$47.09M for employee salaries and benefits, \$1.31M of capital expenditures, \$3.81M of other operating expenditures, and contributed \$13.87M to Lower Mainland Integrated Teams. (Appendix I provides a breakdown of expenditures by Bureau.)

Lower Mainland Integrated Teams (LMIT) are funded by each jurisdiction within the region for their services, including:

- Integrated Homicide Investigation Team (IHIT)
- Emergency Response Team (ERT)
- Integrated Forensic Identification Services (IFIS)
- Integrated Police Dog Services (IPDS)
- Integrated Collision Analysis and Reconstruction Service (ICARS)

The LMIT budget and expenses also include contributions to the Real Time Intelligence Centre (RTIC) and the Independent Investigations office (IIO).

At the end of the year, there were a total of 386 active SPS employees (326 sworn members and 60 civilians). Of these employees, 29 were assigned to temporary recruitment, security clearance, and various other positions required for the policing transition project; their salaries and benefits are allocated to the One-time Policing Transition Project fund.

Included in SPS Operations are salaries and benefits of \$47.09M, with 357 employees (315 sworn members and 42 civilians) currently active. These employees are engaged in activities, such as:

- Community policing
- Community engagement
- Develop and maintain policies and procedures
- Develop and manage training programs, including operational and leadership skills
- Occupational health and safety development and organization
- Procurement (equipment, uniforms, firearms, etc.)
- Staffing coordination and financial planning
- Tri-lateral coordination (human resources, asset transfer, facilities, etc.)

Other operating expenditures of \$3.81M included: \$1.55M for supplies and materials; \$574K paid to JIBC for recruit training; \$231K of communications related expenses; \$200K for training; \$985K for outsourced services; \$18K for insurance; \$17K for publications and reference materials; \$24K for memberships and professional dues; \$198K of travel expenses; \$4K for recruiting activities/events; \$9K for lease and rentals.

CONCLUSION

Total annual expenditures supporting SPS's operations and capital acquisitions were within the available funding for 2022 and per the Board approved budget.



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Chair, Finance Committee

Appendix I - Surrey Police Service Year-to-Date Expenditures – December 31, 2022 (Budget vs. Actual)

APPENDIX I

Surrey Police Service
Year-to-Date Expenditures - December 31, 2022
(Budget vs. Actual)

	YTD BUDGET	YTD ACTUAL	VARIANCE
<i>Surrey Police Board</i>			
Board Remunerations	180,000	118,778	61,222
Salaries and Benefits	346,000	344,661	1,339
Other Expenditures	279,000	72,574	206,426
Surrey Police Board	\$ 805,000	\$ 536,013	\$ 268,987
<i>Office of the Chief Constable</i>			
Salaries and Benefits	2,538,000	2,666,650	(128,650)
Other Expenditures	395,904	236,701	159,203
Office of the Chief Constable	\$ 2,933,904	\$ 2,903,351	\$ 30,553
<i>Community Policing Bureau</i>			
Salaries and Benefits	27,263,000	28,885,986	(1,622,986)
Lower Mainland Integrated Teams	16,603,537	13,874,140	2,729,397
Other Expenditures	1,913,294	222,006	1,691,288
Community Policing Bureau	\$ 45,779,831	\$ 42,982,132	\$ 2,797,699
<i>Investigative Services Bureau</i>			
Salaries and Benefits	6,310,000	3,337,146	2,972,854
Other Expenditures	681,299	96,715	584,584
Investigative Services Bureau	\$ 6,991,299	\$ 3,433,861	\$ 3,557,438
<i>Support Services Bureau</i>			
Salaries and Benefits	12,225,000	11,850,907	374,093
Other Expenditures	5,714,952	3,182,305	2,532,647
Support Services Bureau	\$ 17,939,952	\$ 15,033,212	\$ 2,906,740
Total Operation Expenditures	\$ 74,449,986	\$ 64,888,569	\$ 9,561,417
Capital Expenditures**	\$ 4,550,000	\$ 1,313,018	\$ 3,236,982
TOTAL SPS EXPENDITURES	\$ 78,999,986	\$ 66,201,587	\$ 12,798,399
Recovery - Federal/RCMP Subsidy	(4,200,000)	(1,834,496)	(2,365,504)
NET EXPENDITURES	\$ 74,799,986	\$ 64,367,091	\$ 10,432,895

** Capital Expenditures include a \$2.275M unused reserve carry forward from 2021 and an additional \$2.275M budgeted for 2022. Amortization not included.

Variance Analysis

While overall expenditures had a favourable budget variance, Appendix I shows unfavourable variances in three areas:

- 1) Salaries and benefits within the Office of the Chief Constable was \$129K higher than budgeted due to the need to hire two more Finance positions during the year. The original budget had one position planned which was not sustainable in supporting an organization as large as SPS, undergoing rapid growth. This over expenditure was risk managed during the year by reprioritizing our civilian hiring, to ensure there would be an offsetting favourable budget variance in other Bureaus.
- 2) Salaries and benefits within the Community Policing Bureau appears \$1.62M higher than budgeted due to the accounting treatment of the costs related to deployed Investigative Services members, which are aggregated with deployed Community Policing members. To support the City's need to specifically track the total staffing cost of all deployed members, their salaries and benefits are recorded/consolidated within the Community Policing Bureau for ease of reporting. (This is also the reason the Investigative Services Bureau shows a large/offsetting favourable budget variance.)
- 3) The calculations and collection of the federal/RCMP subsidy is discussed between the City and the RCMP; SPS has limited information on this matter and the related unfavourable variance (\$2.37M).