

TORONTO POLICE SERVICES BOARD

BY-LAW No. 162

FINANCIAL MANAGEMENT AND CONTROL BY-LAW

Part I

PURPOSE AND INTERPRETATION

1. Purpose

This by-law sets out the parameters of financial management and control for the Service and the Board including the establishment of governing principles, procedures, and authorities.

2. Applicability

The provisions of this by-law shall apply to all members and employees of the Service and the Board.

3. Policies and Procedures

The Chief is authorized to establish the policies and procedures as part of the service governance framework to supplement this by-law.

4. By-law Review

This by-law shall be reviewed and evaluated for effectiveness at least every five (5) years from the date of its enactment.

5. Legislative Obligations

5.1 This by-law sets out the accounting standards used for managing and reporting on the budget. The Board's financial processes are managed in accordance with Canadian Generally Accepted Accounting Principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada ("P.S.A.B."), on a full accrual basis for all assets and liabilities.

5.2 A full accrual basis means that revenues are recognized in the accounting period the events giving rise to the revenues occurred and are earned; while expenditures are recognized in the accounting period in which the events giving rise to the expenses occur and there is a legal or constructive obligation to pay.

5.3 T.P.S. management is responsible for the integrity, objectivity, accuracy and completeness of financial information.

6. Definitions

6.1. The following terms shall have the meanings indicated:

- (a) “ACCOUNT” - A financial liability of the Board arising from a Contract as shown by any invoice, pay sheet, receipt or other document indicating payment is due for the Goods or Services specified in the account.
- (b) “ACT” - The Police Services Act, or its successor legislation, as it may be amended from time to time.
- (c) “APPROPRIATION” - The Board and the Service annual net operating budgets.
- (d) “BOARD” - The Toronto Police Services Board.
- (e) “BUDGET” - The annual operating and capital budgets established by Council after consideration of the Estimates.
- (f) “C.A.O.” - The person holding the position of Chief Administrative Officer of the Service or a similar successor position.
- (g) “CAPITAL ACCOUNT” - The fund allocated by the Board for a particular Capital Project in the Capital Program.
- (h) “CAPITAL PROJECT” - An undertaking in respect of which an expenditure is incurred to acquire, improve and maintain land, buildings, engineering structures, machinery or equipment, including installation of computer hardware, development and/or installation of software and other technology and is the level at which the Board approves funding in the Capital Program.
- (i) “CAPITAL PROGRAM” - The multi-year plan adopted by the Board and Council respecting intended expenditures for Capital Projects.
- (j) “CHAIR” - The person holding the position of Chair of the Board or a similar successor position.
- (k) “CHIEF” - The person holding the position of Chief of Police of the Service or a similar successor position.
- (l) “CITY” - The City of Toronto.
- (m) “CITY SOLICITOR” - The person responsible for the operation of the Legal Services Division of the City.

- (n) "CONTRACT" – An Agreement between the Board and a vendor for the procurement of Goods or Services
- (o) "COUNCIL" – City of Toronto Council.
- (p) "DIRECTOR" - The person holding that position in the Service Finance and Business Management Pillar, or a similar successor position.
- (q) "ESTIMATES" - The estimates the Board submits to Council for adoption pursuant to section 39 of the Act or a similar provision under its successor legislation.
- (r) "GOODS" - All forms of personal property, both tangible and intangible.
- (s) "MANAGER" – The person holding the position of Manager, Accounting Services within the TPS Finance and Business Management Unit or designate.
- (t) "NET EXPENDITURE" - Total actual costs less total revenues earned.
- (u) "OVER-EXPENDITURE" - Net Expenditure that exceeds the approved Budget.
- (v) "PETTY CASH" – An amount of cash fund kept by the Service for expenditures on small items.
- (w) "PROCEDURES" – The procedures developed within the Service's governance framework consistent with the requirements of this by-law and approved by the Chief or their delegate.
- (x) "SERVICE" – The Toronto Police Service. "TPS" shall have the same meaning as the Service.
- (y) "SERVICES" - Any matter in respect of which the Board may incur a financial obligation other than Goods, excluding real property.
- (z) "UNIT" – A section of the Service headed by a Unit Commander.
- (aa) "UNIT COMMANDER" – The member assigned to head a unit, either temporarily or permanently, according to the organizational chart approved by the Board.

6.2 Monetary references

All references to this by-law to dollar amounts are to Canadian dollars and are exclusive of taxes unless otherwise provided.

- 6.3 In this by-law, any reference to a person includes another person who has been designated in writing by that person in a manner acceptable to the C.A.O. and any reference to a position includes a person acting in that position.

Part II BUDGETS

7. Interim Operating Budget

Prior to Council's adoption of an annual operating Budget for the Service and the Board, the Service and the Board will expend funds in accordance with the annual interim operating budget adopted by Council in accordance with Chapter 71, Financial Control, of the City of Toronto Municipal Code, for the period from the first day of January in each year until the adoption of the Budget for such year.

8. Operating and Capital Budgets

- 8.1 The Chief shall prepare the annual operating Estimates and the annual capital Estimates for submission to the Board, that show the amounts required to maintain the Service and provide it with equipment and facilities in order to provide adequate and effective policing, in such format and at such time as determined by Council and the Board.
- 8.2 The Chair shall prepare the annual operating Estimates for submission to the Board that show the amounts required to pay the expenses of the operation of the Board, in such format and at such time as determined by Council and the Board.
- 8.3 As part of the preparation and submission of the annual capital Estimates, the Chief shall prepare and submit the Capital Program identifying the Capital Projects intended to be undertaken for that year and the following nine years or such other multi-year period as requested by the Board or Council.
- 8.4 Each Capital Project and its funding must be individually approved by the Board as part of the Capital Program.

9. Submission of Estimates to Council

After adopting the operating and capital Estimates, the Board shall submit the Estimates to Council in accordance with the requirements of section 39 of the Act or a similar provision under its successor legislation.

10. Operating Budget Spending Authority

- 10.1 (a) The operating Budget adopted by Council and the Board establishes the spending authority for the Service and the Board. The Chief shall operate within

the approved Budget and ensure that the Service's Net Expenditures do not exceed the approved Budget.

(b) The Chief shall report any anticipated over-expenditure to the Board as soon as such potential over-expenditure is known, but not less than quarterly, and, where possible, shall advise on how best to address the over-expenditure.

10.2 Any expenditure that would result in the net operating Budget being exceeded requires the Board's approval prior to incurring such expenditure.

10.3 The obligations of the Chief identified in this section also apply to the Chair in respect to the Budget required to pay the expenses of the operation of the Board.

11. Capital Budget Spending Authority

11.1 (a) The capital Budget adopted by Council and the Board establishes the spending authority for the Capital Program in the Budget year. The Chief shall ensure that the Service's Net Expenditures do not exceed the approved Budget.

(b) The Chief shall report any anticipated over-expenditure to the Board as soon as such potential over-expenditure is known.

(c) No expenditure shall be made for a Capital Project in excess of the funding approved for such project in the Capital Budget without the approval of the Board.

(d) The Board must approve any reallocation of funds between Capital Projects for which funds have been allocated within the Capital Program and advise the City Budget Committee of such reallocation.

(e) The Board and the City Budget Committee must approve any reallocation of funds between Capital Projects within the Capital Program for which funds have not yet been allocated.

11.2 In preparing the annual capital Estimates, the Chief shall include a cash flow forecast which indicates the entire capital expenditure for each Capital Project, including those Capital Projects approved in previous years.

11.3 Any Capital Project approved in a previous year for which a cash flow forecast is not included in subsequent capital Estimates shall be considered to be completed and may be closed by the C.A.O. after consultation with the Chief.

11.4 The C.A.O. shall close any Capital Project that is considered to be complete and shall report on such closure to the Board for subsequent submission by the Board to the City's Chief Financial Officer.

**Part III
PETTY CASH**

12. Petty Cash

- 12.1 The Director may establish petty cash funds in an amount he or she considers appropriate having regard to the operational requirements of the Service and the Board.
- 12.2 Unit Commanders are authorized to dispense money from the petty cash fund for their respective Units upon delivery of receipts and such other documentation as required by Procedures established by the Director.
- 12.3 Petty cash payments for any individual purchase shall not exceed \$200, except as may otherwise be permitted by any applicable Procedures.

**Part IV
AUTHORITY**

13. Award and Contract Authorities

No Contract shall be made, no debt shall be incurred, no expenditure shall be made and no Account shall be paid by or on behalf of the Board, except with Board approval or in accordance with the provisions of this by-law, the Purchasing By-law and in compliance with any other legal requirements.

14. Authority to Pay Certain Accounts

Despite any other provision in this by-law or any provision of the Purchasing By-law, the C.A.O. is authorized to pay the accounts and expenditures set out in Schedule A of the Purchasing By-law without the issuance of a purchase order if funds are available in the Budget for that purpose.

**Part V
PAYMENTS**

15. Advance Payments

Within the limits of their respective Award and Contract authority identified in the Purchasing By-law, the Chief, the C.A.O., the Director or the Chair may agree to payment of an account prior to Goods or Services being supplied or rendered, provided such payment is required to secure such agreed upon Goods and Services to the Service or Board and making such payment does not place the Service or Board at undue financial risk.

**Part VI
WRITE-OFFS**

16. Authority for Write-Offs

- 16.1 The Director is authorized to write-off as uncollectible outstanding amounts of \$10,000 or less owing to the Board provided reasonable efforts have been made to collect the outstanding amount and such write-offs are reported to the C.A.O.
- 16.2 The C.A.O. is authorized to write-off as uncollectible outstanding amounts of \$25,000 or less owing to the Board provided reasonable efforts have been made to collect the outstanding amount and such write-offs are reported to the Chief.
- 16.3 The Chief is authorized to write-off as uncollectible outstanding amounts of \$50,000 or less owing to the Board provided reasonable efforts have been made to collect the outstanding amount.
- 16.4 The Chief shall submit an annual report to the Board identifying all individual amounts in excess of \$1,000 written off pursuant to this Part in the previous calendar year and the reasons for such write-offs.

**Part VII
ADMINISTRATION****17. Forms**

The C.A.O. shall approve all necessary forms and other documentation for recording and substantiating the Accounts of the Service and the Board.

18. Controls

The Chief shall direct that reviews, audits and inquiries are undertaken, as appropriate, to ensure that the Service and the Board maintain satisfactory internal control practices, and that all officials duly carry out the terms of this by-law and the Purchasing By-law, and shall also carry out such reviews, audits and inquiries as are requested by the Board.

19. Delegation of Authority

The Chief shall create and maintain a current schedule specifying the delegation of any authority conferred on members of the Service under this by-law, including Award and Contract authorities, change control procedures and the authority levels for each such delegation. The schedule shall be signed by the Chief and a copy of the schedule, shall be maintained by the Director.

**Part VIII
MISCELLANEOUS****20. Repeal**

20.1 Board By-law No. 147, a by-law “To confer certain authorities and responsibilities with respect to the commitment of funds by and the payment of accounts of the Toronto Police Services Board, and other related matters”, and all amendments thereto, are hereby repealed.

20.2 Despite subsection 20.1, the provisions of Board By-law No. 147, as amended, shall continue to apply to Calls, Requests and Contract made prior to the date of enactment of this by-law.

21. Title

The short title of this by-law is the Board Financial Control By-law.

22. Effective Date

This by-law shall come into force on the day that it is adopted by the Board.

Approved and adopted by the Board on this 30th day of May 2019.

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line and a small flourish.

Chair