



Audit Topic 2 – Report 4 (January, 2016)



LOCAL GOVERNMENT
PERFORMANCE IN
MANAGING POLICING
AGREEMENTS AND
POLICE BUDGET
OVERSIGHT

City of New Westminster

A Performance Audit carried out by the Auditor General
for Local Government of British Columbia

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MESSAGE FROM THE AUDITOR GENERAL FOR LOCAL GOVERNMENT



2.4.1 I am pleased to present this performance audit report on the operations of the City of New Westminster, covering the topic “*Local Government Performance in Managing Police Agreements and Police Budget Oversight.*”

2.4.2 I want to thank the City of New Westminster for its cooperation during the performance audit process and the positive response to our findings and recommendations.

2.4.3 The office of the Auditor General for Local Government was established to strengthen British Columbians’ confidence in their local governments’ stewardship of public assets and the achievement of value for money in their operations. One of the ways we do this is by conducting performance audits of local government operations.

2.4.4 Our performance audits are independent, unbiased assessments, carried out in accordance with professional standards. They aim to determine the extent to which the area being examined has been managed with due regard to economy, efficiency and effectiveness.

2.4.5 This report outlines our findings in assessing the City of New Westminster’s oversight of its police services and budget. As such, it is an audit of the City’s utilization of the provisions set out within the *Police Act* and guidance contained within the *B.C. Police Board Handbook*. The report is not an audit of the New Westminster Police Department’s operations or decisions taken by the New Westminster Police Board.

2.4.6 We have addressed policing performance measurement separately through an AGLG Perspectives booklet aimed at providing all local governments with tools and advice on policing services performance measurement. This is intended to help them assess and – where necessary – improve their oversight of policing services and their management of police agreements and police budget oversight.

2.4.7 Our hope is that this audit report, along with the AGLG Perspectives booklet, will assist the City of New Westminster in enhancing the work it already does with regard to policing provided to the City.

A handwritten signature in black ink, appearing to read 'Gordon Ruth', written in a cursive style.

Gordon Ruth, FCPA, FCGA
Auditor General for Local Government

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EXECUTIVE SUMMARY

Policing is a complex enterprise that continues to increase in complexity and it is important for it to demonstrate fiscal and program accountability.

2.4.8 We undertook performance audits on local government management of police agreements and police budget oversight because police service expenditures are a major expense for all local governments in British Columbia. We selected the City of New Westminster as one of six local governments to audit on this topic because we sought to include a cross-section of local governments with various locations, sizes and other circumstances. The number of local governments to be audited was later reduced to five with the City of Victoria's implementation of a new policing agreement in April 2014, which effectively surpassed our planned review.

2.4.9 Policing is a critical, essential service that municipalities over 5,000 people must provide for their residents and is also one of the most expensive items in most municipal budgets. For these reasons, it is important for municipalities to pay special attention to their oversight of policing and policing costs. By exercising proper oversight over policing, a local government can be satisfied that its police service priorities are aligned with the community's and that the police service is carrying out its operations knowing it has the confidence of local residents, through their elected representatives.

2.4.10 Many of the larger police departments across Canada have faced significant expenditure increases over recent years, rising at a much faster pace than inflation, in spite of a long-term trend of declining rates of crime and serious motor vehicle accidents.

2.4.11 Policing is a complex enterprise that continues to increase in complexity, and it is important for it to demonstrate fiscal and program accountability. Local governments expect their police service to justify expenditures of public money, seek efficiencies, and provide accurate and timely budget reporting.

2.4.12 This report is the fourth in our series of five audits of local government's oversight and management of their policing services. It is the only one of these audits to involve an independent police department and a police board. As such, our audit criteria considered roles and responsibilities of police boards as well as governance and accountability requirements set forth in the *Police Act* and *B.C. Police Board Handbook*.

2.4.13 As a city that has elected to have policing provided through a municipal police force, a separate police board has been established in accordance with the *Police Act*. The role of the local government is different from those local governments who use RCMP services in that the responsibility for direct oversight sits with the police board rather than council.

2.4.14 Our report does not examine the linkage between policing and crime, whether RCMP contract policing or independent policing is the best model, whether the City of New Westminster has enough police officers, or what the right number of officers may be for the City of New Westminster.

EXECUTIVE SUMMARY

We expect local governments to ensure sound governance and effective budget practices related to their policing services.

Our Expectations

2.4.15 We expect local governments to ensure sound governance and effective budget practices related to their policing services. This requires that the local government understand and be actively involved in several key areas, consistent with the authorities provided to them through the *British Columbia Police Act*.

2.4.16 Municipal police boards are mandated to perform the following main functions in BC:

- Priority-setting;
- Oversight;
- Effectiveness;
- Cost-control; and,
- Performance assessment.

2.4.17 These responsibilities entail establishing sound management practices, including monitoring of budgets, establishing cost containment objectives and setting service levels to receive appropriate policing services, while respecting the independence of policing operations.

2.4.18 The need for local governments to respect police independence is important. The relationship between government and police is complex within a democratic system of government. Police departments are not under the direct control of elected officials because they must be able to conduct investigations and maintain order independently, without political or other influence, and be able to exercise authority to preserve the peace, protect the public and enforce the law effectively.

2.4.19 However, police independence is balanced against accountability to the public and to civilian authority through the *Police Act*, RCMP policing agreements (where applicable) and other legal frameworks.

What We Examined

2.4.20 Our objective was to determine whether the City of New Westminster effectively oversaw its policing services consistent with their authority under the *Police Act* and conducted effective police budget oversight.

2.4.21 We assessed the City of New Westminster's oversight of its policing services between 2010 and 2013. We substantially completed our audit work in July 2014.

What We Found

2.4.22 With public governance, there is an interrelationship between oversight, accountability and performance management.

2.4.23 In New Westminster, we found this interrelationship to be relatively strong. Overall, we found that accountabilities of key players were clear and the City paid close attention to both financial and operational results. This focus has moved the City toward a results-based approach to the delivery of policing services in New Westminster.

EXECUTIVE SUMMARY

The City of New Westminster provided an appropriate level of oversight of the police service. Robust strategic and financial planning practices were in place.

2.4.24 We found that the City of New Westminster provided an appropriate level of oversight of the police service. Robust strategic and financial planning practices were in place, which enabled alignment and continuous monitoring of police performance and the results of policing initiatives, although there may be opportunities to enhance the performance metrics used by the police department.

2.4.25 The City set police resourcing levels based on sound analysis and rationale, used reasonable financial controls and paid close attention to cost drivers that were within its control, as well as opportunities for cost containment and cost recovery. The City experienced policing services budget surpluses throughout the period covered by the audit.

2.4.26 Overall, our report is quite positive. Our recommendations to the City of New Westminster are largely enhancements to existing practices and processes.

EXHIBIT 1: Summary of Recommendations

ISSUES	RECOMMENDATIONS
Oversight	The City of New Westminster should consider working with the Province to develop board member transition guidelines that stagger the terms of members, for inclusion within the Police Board Governance Manual.
Planning	The City of New Westminster should consider identifying a combination of financial and operational measures and targets linked to strategic priorities that include longer term outcomes.
Managing Costs	The City of New Westminster should separate training costs from salary and benefit costs in police expenditure reporting.

INTRODUCTION

Policing is a major expense for all local governments in B.C. Effective management of police agreements and oversight of police budgets may provide local governments with opportunities to contain costs.

2.4.27 This report presents the results of a performance audit conducted by the Auditor General for Local Government of British Columbia (AGLG) under the authority of the *Auditor General for Local Government Act*.

2.4.28 We conducted this audit under two of the six audit themes outlined in our 2013/14 – 2015/16 Service Plan: “Fiscal and Sustainability Planning, Capacity and Internal Operations” and “Emergency Management and Protective Services”.

2.4.29 Following our identification of audit themes we selected specific audit topics during 2013/14, including the topic of this performance audit: “Local Government Performance in Managing Police Agreements and Police Budget Oversight.”

2.4.30 We identified this topic as a priority because policing is a major expense for all local governments in British Columbia with populations exceeding 5,000 people and effective management of police agreements and oversight of police budgets may provide local governments with opportunities to contain costs.

2.4.31 We selected six local governments to audit on this topic and work began on all six simultaneously. This was later reduced to five with the City of Victoria’s implementation of a new policing agreement in April 2014, which effectively surpassed our planned review.

Section **3(1)** and **(2)** of the *Auditor General for Local Government Act*:

3 (1) The purpose of the auditor general is to conduct performance audits of the operations (design and implementation of the programs, services, policies or systems of a local government and related policies) of local governments in order to provide local governments with objective information and relevant advice that will assist them in their accountability to their communities for the stewardship of public assets and the achievement of value for money in their operations.

3 (2) A performance audit conducted under this Act by the auditor general consists of

(a) a review of the operations of a local government, as the operations relate to a matter or subject specified by the auditor general, to evaluate the extent to which

(i) the operations are undertaken economically, efficiently and effectively,

(ii) financial, human and other resources are used in relation to the operations with due regard to economy and efficiency,

(iii) the operations are effective in achieving their intended results, or

(iv) procedures established by the local government are sufficient for the local government to monitor the economy, efficiency and effectiveness of those operations, and

(b) recommendations to the local government arising from the review referred to in paragraph (a).

EXHIBIT 2:
Excerpt from the *Auditor General for Local Government Act*

INTRODUCTION

History of Police Services

2.4.32 The first police departments in British Columbia were established by the colonies of Vancouver Island and B.C. in 1858. When the two colonies united in 1866, the two police departments were amalgamated. B.C. entered Confederation in 1871, after which time the police department became the British Columbia Constabulary and came under the authority of the Attorney General. In 1895, under the new *Provincial Police Act*, the British Columbia Constabulary was renamed the British Columbia Provincial Police.

2.4.33 In 1950, the provincial police department was dissolved and the Province entered into a contract with the Government of Canada to have policing services provided by the Royal Canadian Mounted Police (RCMP). The RCMP has been providing contract policing across much of B.C. since then.

2.4.34 At this time, there are 12 municipalities in B.C. that are served by independent (non-RCMP) police departments. The remainder receive contract policing through the RCMP.

Authorized strength means the maximum number of positions a police department has been authorized to fill. This number includes the number of sworn members and sworn civilian members assigned to a detachment or department. It does not include civilian support staff, bylaw enforcement officers, and auxiliary or reserve police officers.

Crime rate means the number of Criminal Code offences reported for every 1,000 permanent residents.

Criminal Code offences means property, violent and other crimes (excludes drug and traffic offences based on B.C. Ministry of Justice data). This represents the number of crimes reported to or discovered by police; it does not represent the number of charges laid, prosecutions conducted, information sworn or convictions.

Case load means the number of Criminal Code offences divided by the authorized strength of local police. It is considered to be a useful indicator of demand for police services.

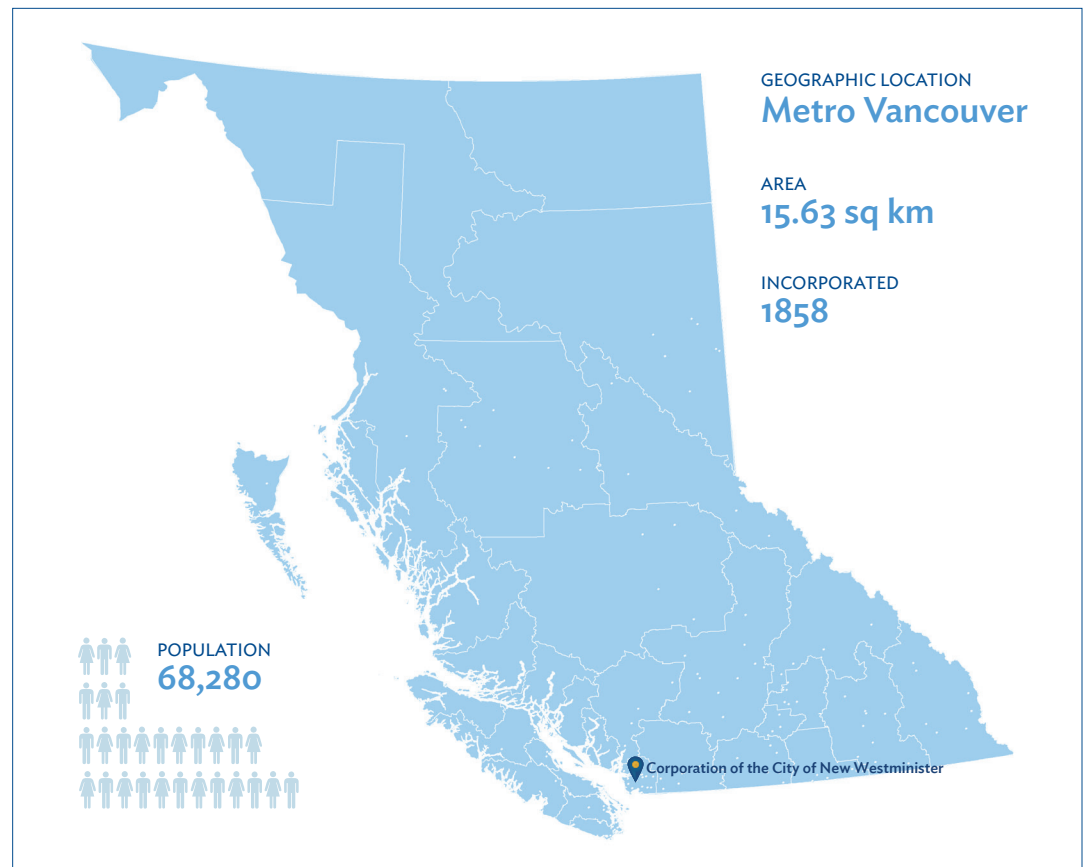
EXHIBIT 3: Definitions of Key Terms

CONTEXT

2.4.35 The City of New Westminster was founded as the capital of the Colony of British Columbia in 1858 and continued in that role until the mainland and Vancouver Island colonies were merged in 1866. New Westminster was the mainland's most populous city from that year until the first decade of the 20th century, when it was surpassed by Vancouver.

2.4.36 New Westminster is located on the Burrard Peninsula, on the north bank of the Fraser River. It is 19 kilometers (12 miles) southeast of the City of Vancouver, adjacent to Burnaby and Coquitlam and across the Fraser River from Surrey. A portion of New Westminster, called Queensborough, is located on the eastern tip of Lulu Island, adjacent to Richmond.

EXHIBIT 4:
City of New Westminster Visual Facts



Source: Elections BC and BC Statistics

CONTEXT

2.4.37 New Westminster experienced population growth of 2.3 per cent between 2010 and 2013, while B.C.'s overall population increased by 2.6 per cent, as shown in Exhibit 5. Population growth places increased demands on police services. The police department's authorized strength also increased by two per cent over this period.

2.4.38 New Westminster is characterized by a relatively young population, as shown in Exhibit 6. The city has a higher proportion of people who are in the 20 – 49 age category than does B.C. as a whole.

2.4.39 New Westminster has several bridges connecting the City to Surrey: the Queensborough Bridge, the Pattullo Bridge and the Skybridge. According to a 2013 IPSOS survey, the number one complaint of the City's residents concerned traffic and bridge congestion (identified by 51 per cent of respondents). The number of bridges also contributes to policing costs, as police members are deployed to monitor traffic and accidents.

2.4.40 New Westminster, with an area of 15.63 square kilometers, has five Translink stations: Braid, Sapperton, Columbia, New Westminster and 22nd Street. This compares to the City of Surrey (316.41 square kilometers) with four stations. The number of stations may increase the number of commuters travelling through the city and can place additional demands on policing.

2.4.41 The City is undertaking a number of infrastructure projects, including the addition of green spaces and community centres. These types of assets help attract and retain businesses and residents and contribute to stable neighborhoods

EXHIBIT 5: Population Growth in New Westminster Relative to B.C., 2010-2013

TOTAL POPULATION	2010	2011	2012	2013	% CHANGE
New Westminster	66,722	67,755	68,459	68,280	2.3%
B.C.	4,465,924	4,499,139	4,543,308	4,581,978	2.6%
Population of New Westminster as % of Population of B.C.	1.49%	1.51%	1.51%	1.49%	(0.3%)

Source: BC Statistics

EXHIBIT 6: Age of New Westminster's Population

AGE	NEW WESTMINSTER	B.C.
< 1-19	18%	21%
20-49	49%	42%
50-79	30%	30%
80-90+	4%	4%

Source: BC Statistics

and strong communities. In addition, such initiatives can have a positive impact on policing costs as access to public parks and recreational facilities has been strongly linked to reduced crime and, in particular, reduced juvenile delinquency.

2.4.42 The Appendix provides additional contextual details on policing services in B.C. and the City of New Westminster, including key crime statistics, policing costs and demographic characteristics.

FINDINGS

Overall, we found that the City of New Westminster carried out sound strategic and financial oversight of policing services.

2.4.43 Our findings are based on our review of the City of New Westminster's oversight of its policing services and budget. We reviewed the City's systems, practices and policies. We also reviewed relevant documentation such as business cases submitted to the New Westminster Police Board and the City for consideration and decision making and held discussions with key management and staff. Please see the section entitled [ABOUT THE AUDIT](#) for further information on the audit scope and approach.

2.4.44 Overall, we found that the City of New Westminster carried out sound strategic and financial oversight of policing services in New Westminster, supported by strong governance practices and a high level of awareness and understanding of the requirements set forth in the *Police Act*.

2.4.45 We also found a highly collaborative and integrated approach in the setting of strategic directions, priorities and operational strategies for policing as well as the resources required for their implementation. This led to strong alignment between objectives, strategies and reporting of results. And, we found a consistent and structured means of soliciting community input into planning related to policing.

2.4.46 We further found the City and the police department monitor the results of strategic objectives, although the City should consider identifying and tracking a mix of financial and operational performance measures as a means of moving towards a more balanced annual reporting process.

2.4.47 In addition, we found that police staffing levels were based principally on the ability of the department to address operational priorities with consideration given to the strategic deployment of members.

2.4.48 Finally, we found that a reasonable set of financial controls was in place for budget forecasting, budget monitoring and cost management and the City paid attention to cost containment and cost recovery. The City's per capita policing cost were comparable to other B.C. municipalities with independent police departments and the City experienced a police department budget surplus throughout the period covered by the audit.

Independent Police Governance

2.4.49 In British Columbia, independent municipal police services are required to have oversight by an independent municipal police board comprised of community members. This police board derives its power from the *Police Act*. The Board's principal role is to provide general direction to the police department as set out in the *Police Act*.

2.4.50 The *Police Act* provides the framework for the relationship between the local government and the police department. Under the *Police Act*, municipal police boards are mandated to perform four main governance functions:

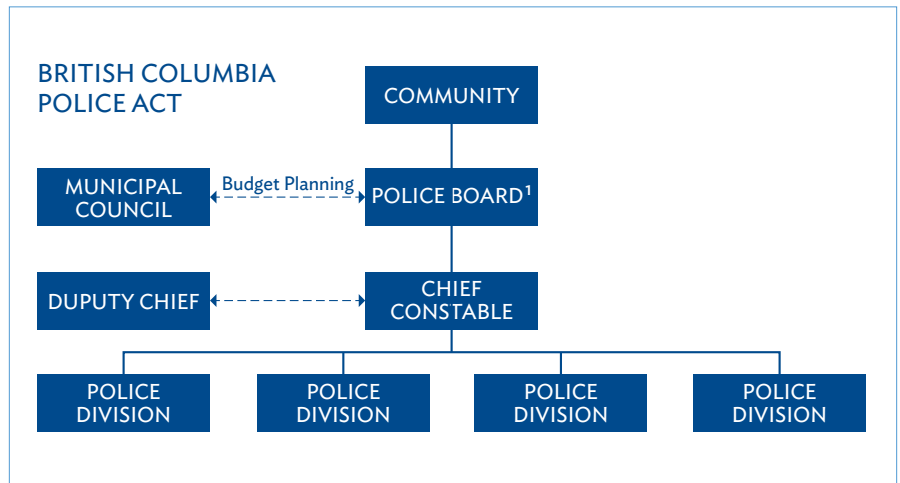
- Employing an adequate number of sworn and civilian staff.

FINDINGS

- Setting policy and direction and approving the department’s strategic plan.
- Overseeing annual budget preparation and monitoring financial results.
- Serving as the discipline authority for policy and service complaints against the department, with the chair of the board responsible for discipline matters related to the chief constable and deputy chief constable.

2.4.51 Exhibit 7 illustrates the relationship between the community, the police board, council and the chief constable for a local government that uses an independent policing model, such as New Westminster.

EXHIBIT 7: Independent Municipal Police Structure



¹ According to the *Police Act*, the Police Board consists of the Mayor, 1 member appointed by the Municipal Council and up to 5 members appointed by the Lieutenant Governor in Council.

Oversight, Clarity of Roles and Communication

2.4.52 New Westminster is governed by seven elected officials, including a mayor and six councillors, while the New Westminster Police Board consists of four community members and the mayor who serves as chair. Three of the board’s members are appointed by the B.C. Lieutenant Governor after consultation with the director of the B.C. Ministry of Justice’s Police Services Division, while the fourth is appointed by the City. Board member selection falls under the provincial government’s Board Resourcing and Development Office guidelines and practices, which help ensure transparent and merit-based appointments. The Chief Constable of the New Westminster Police Department reports to the Police Board.

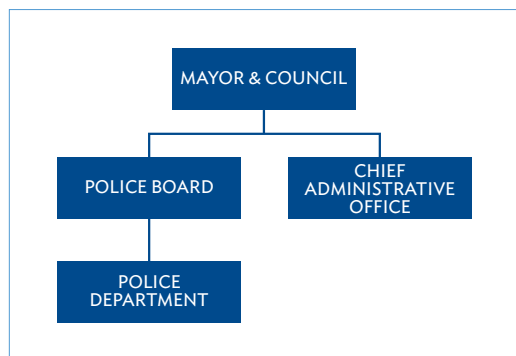


EXHIBIT 8: Organizational Chart

Source: City of New Westminster - 2012 Community Report

2.4.53 Exhibit 8 presents an organizational chart showing the high-level structure for the City of New Westminster, including the police board and the police department.

FINDINGS

We found the key players were clear on their respective roles and responsibilities and engaged in purposeful communication.

Key Players

2.4.54 Key players with responsibility for the New Westminster Police Department include the Police Board and mayor, the police department's senior management team and the chief constable. The chief constable and the senior management team are responsible for the day-to-day management and operation of the New Westminster Police Department within the parameters of the *Police Act*, strategic and operating plans and budgets, as well as policies approved by the Police Board. The chief constable's main role is to set in motion the strategies approved by the Police Board, oversee day-to-day operations and financial administration of the department, and monitor the quality and level of policing services provided to the community.

2.4.55 Overall, we found the key players had an understanding of the *Police Act*, were clear on their respective roles and responsibilities and engaged in purposeful communication, which contributed to appropriate levels of financial and operational oversight.

Police Board

2.4.56 The New Westminster Police Board is a professional board made up of community members with complementary skills sets, knowledge and experience that strengthens their oversight capability. The Police Board works closely with the chief constable and the senior management team, resulting in a highly integrated strategic plan with defined objectives, along with an annual operating plan, budget and policies.

2.4.57 We found the Police Board was aware of the requirements in the *Police Act* and understood and utilized its authority as outlined in the *Act*.

2.4.58 The Police Board was supported by a governance manual that clearly defined its roles and responsibilities, including accountabilities for strategic planning and performance reporting. The manual encouraged training to support a high functioning, knowledgeable board.

2.4.59 The manual also documented oversight responsibilities for risk management as a means of ensuring that key policing services risks are identified, assessed and addressed. In addition, key responsibilities such as approving the department's organizational structure, staffing levels, policing policies and procedures and handling of police complaints were clearly laid out. The manual also outlined a set of policing "goals" that mirrored the department's strategic directions, thus ensuring clear alignment between strategic priorities and greater accountability of key players.

2.4.60 The manual was comprehensive and consistent with statutory requirements set out in the *Police Act* and *B.C. Police Board Handbook*. The manual is indicative of an active and informed Police Board that makes strategic, operational and financial decisions based on sound information. Overall, Police Board practices and processes supported effective governance, oversight and accountability of policing services in New Westminster.

FINDINGS

2.4.61 We noted that the Board Governance Manual was silent on the process of board transition, creating the risk of excessive turnover where most or all of the members' terms could end at the same time, potentially resulting in an inexperienced board. While we recognize the Province is ultimately responsible for the appointment of police board members, in order to address this risk and ensure board continuity and effectiveness, the Police Board, working with the provincial Police Services Division, should request that the Province consider adding board transition guidelines that stagger the terms of Police Board members. For example, guidelines could limit the turnover of members to no more than two members every three years. Subsequent to this audit, we were advised that the Police Board has been developing such guidelines.

Communication

2.4.62 We found that communication and reporting between the City, Police Board and chief constable were frequent and appropriate. Communication consisted of verbal updates and financial updates. Operational statistics aligned with Police Board direction and priorities. In addition, a Community Police Committee made up of key stakeholders met monthly to share information and members of the public were invited to attend Police Board meetings several times a year.

2.4.63 These practices helped ensure public engagement in policing operations and supported accountability of the New Westminster Police Department to its citizens.

Community Policing Plans, Priorities and Services

2.4.64 Under the *Police Act*, municipal police boards must determine the priorities, goals and objectives of the municipal police department. In order to ensure accountability to the citizens they serve, well-functioning police boards should take steps to acquire information and input from the community on policing issues, police performance and effectiveness and services required to address community concerns and needs.

Importance of Local Priority Setting

2.4.65 It is important for community stakeholders and residents to have opportunities to provide input into policing priorities and feedback on the performance of their police service. This is also a matter of taxpayer fairness, as citizens expect and deserve the opportunity to provide input into the services they pay for. In the absence of such input, community stakeholders may become dissatisfied with the services provided, or they may become disconnected with their police department. The result may be that key community priorities related to public safety may not be addressed.

FINDINGS

The City of New Westminster had an effective, inclusive approach to strategic and annual planning and priority-setting.

Planning and Priority-Setting

2.4.66 Overall, we found the City of New Westminster had an effective, inclusive approach to strategic and annual planning and priority-setting where community input was considered, activities were monitored, and results of policing activities informed subsequent decision-making. In addition, we found the annual operating budget for New Westminster Police Department was based on the identified strategies and the department's ability to achieve them.

2.4.67 The Police Board, in concert with the senior management team and chief constable, defined a vision, mission and strategic direction for the police department. In addition, the Police Board approved an annual plan with supporting strategies and resources and received information related to planning, budgeting and monitoring on a monthly basis.

2.4.68 We found the Police Department was managed similarly to other municipal departments, which promoted focused and timely communication between police and municipal staff and resulted in practical strategies intended to address real-time issues.

2.4.69 Further, on a quarterly basis, the performance of New Westminster Police Department was measured against the strategic plan and annual operating budget. These monitoring and reporting practices allowed for effective oversight of the police department.

Citizen Surveys

2.4.70 We found that the City and the police department were active in seeking feedback from the community. This resulted in community-based policing strategies founded on an understanding of the safety needs of the community and acceptable annual increases in property tax and utility rates.

2.4.71 The City of New Westminster carried out a range of surveys or consultations to help identify the community's priorities regarding safety. Examples of these tools were as follows:

- General survey of residents about the quality of life in New Westminster and level of satisfaction with City services.
- Ipsos Reid Citizen Satisfaction survey is conducted every 2-3 years (the surveys were conducted in 2006, 2008, 2010 and 2013).
- A budget survey was conducted in mid-2012 to support the development of the 2013 budget.
- Annual Mayor Budget Focus Group sessions initiated to discuss quality of life, key community issues, City services and required funding.
- Online surveys conducted during the City's budget consultation process.

2.4.72 In addition to the municipality's consultation with the community, the New Westminster Police Department conducted its own survey, held meetings and implemented other initiatives including the use of social media such as Facebook and Twitter as open communications outlets and discussion platforms. In addition, a new police department website was launched in 2012, and a Reserve Constables program was reintroduced in 2012. The program

FINDINGS

We found the City of New Westminster had a sound approach to measuring policing performance and results were used for decision-making.

is an important part of the relationship between the community and its police department.

Strategic Plan

2.4.73 We found that the New Westminster Police Department's Strategic Plan (2012-16) was a practical, relevant and measurable planning document. It provided specific and measurable goals and intended outcomes for a five-year period, which should facilitate measurement of the department's success in achieving those outcomes. The strategic plan included three strategic directions:

- Reduce crime and enhance safety.
- Improve communications and strengthen relations.
- Optimize the use of department resources.

2.4.74 The Police Board and senior management team worked through strategic planning workshops in establishing the strategic plan. The plan was a result of an inclusive and reflective process that drew on the insights of citizens, community groups, business representatives and elected officials, as well as the knowledge and expertise of the police department.

2.4.75 We also found that operational information from other City departments was used in the formulation of policing strategies resulting in an integrated approach to policing. For example, public nuisance and disturbance issues led to the identification of problematic business licensees, which were then dealt with by the appropriate municipal department. As another example, a large volume of mental health related calls, and the length of time and resources being used to respond to them, led to the

creation of a dedicated Mental Health Liaison Officer position, working in close partnership with local case workers.

Performance Measurement and Reporting

2.4.76 We found the City of New Westminster had a sound approach to measuring policing performance and results were used for decision-making, however there were opportunities to enhance performance reporting.

2.4.77 The use of a performance dashboard was introduced in 2012. Performance measures and targets that supported each strategic initiative were detailed in the dashboard report and progress was monitored to indicate the extent to which the target had been reached. All initiatives deemed to be behind schedule were highlighted in the report and discussed in detail during monthly meetings, in addition to year over year comparisons. The dashboard was used internally by the City, the New Westminster Police Department and the Police Board.

2.4.78 Performance reporting also included a Police Department Annual Report, which was highly operational and output-based. The report was essentially a statistical summary of criminal activity that occurred during the reporting period and did not explicitly link the information back to the strategic directions and targeted outcomes outlined in the Department's strategic plan.

FINDINGS

To enhance policing performance measurement, the City should consider identifying a combination of financial and operational measures and targets linked to strategic priorities.

2.4.79 To enhance policing performance measurement, the City should consider identifying a combination of financial and operational measures and targets linked to strategic priorities, including longer term outcomes from two to four years. Such a balanced scorecard approach would allow the City to assess the effectiveness of the Department across a range of parameters, success in achieving its strategic priorities, as well as its ability to further the City's longer term corporate goals and objectives.

2.4.80 We note that an established and broadly-accepted set of performance metrics for local governments to use in evaluating their policing services does not exist at this time. This is recognized as a complex topic. Several organizations and government agencies are working to establish such metrics. We plan to address this gap in a future AGLG Perspectives series booklet. As new measures are developed and evolved, they should be considered as part of the City of New Westminster performance measurement process.

Police Resource Levels and Mix

2.4.81 The number of police department employees and their associated costs, including salaries and benefits, account for a high proportion of the overall cost of policing. In addition to managing the number of employees, prudent assignment of policing resources can have an impact on effectiveness and overall costs.

2.4.82 For example, there may be some administrative tasks that can be performed more cost-effectively by civilian support staff than by sworn officers. As a result, ensuring an appropriate number and mix of employees, including sworn officers and other staff, can have an impact on the overall cost and effectiveness of a police service.

Approaches Used to Determine the Appropriate Resource Levels

2.4.83 Every community is unique. As a result, levels of policing from one community to another differ based on a range of factors, including geography, demographics, type of crime, community expectations and available resources.

2.4.84 Determining the most appropriate level of policing is a complex exercise that can have a major bearing on policing costs and effectiveness. There are several parameters that a municipality should be aware of that could be examined in order to enhance oversight and stewardship roles including the following:

FINDINGS

- Community conditions, including variations in crime levels across the region, needs and expectations;
- Budget allocation, although not necessarily setting authorized strength as the benchmark;
- Minimum staffing levels for officer safety;
- Workload intensity, demand and drivers;
- Utilization of civilian staff for corporate services duties and other non-police work;
- Performance objectives;
- How members spend their time and the quality of that time;
- Average vacancy rates;
- Officer shift scheduling practices to ensure maximum efficiency; and,
- Minimize extra shift/overtime requirements.

2.4.85 In addition, there are six main methods used in determining the appropriate level of police resources for a community or region. These are highlighted in Exhibit 9.

EXHIBIT 9: Six Main Methods for Determining Police Resource Levels

Historical levels/budget room approach – This incremental approach takes the current level of police resources as the starting point and then adds resources as budgets permit. While it is straightforward, this method does not link level of resources with an analysis of need or police effectiveness and does not relate to any sort of benchmark.

Per capita approach – This approach determines an appropriate number of officers per capita based on a comparison with other communities. This method is also straightforward and does relate to a benchmark, but it does not take into account the specific circumstances of the community, police effectiveness or an analysis of needs.

Minimum staffing approach – This approach estimates the staffing level necessary to maintain officer safety and provide adequate protection to the public. However, there are no objective standards for determining minimum staffing levels and this approach does not take into account workload differences at different times of the day, week or year. As a result, use of this method could result in excess resources at some times and insufficient resources at others.

Authorized level approach – This approach calculates staffing levels based on available budget. While it provides the police agency with control over its allocation of resources, it is not necessarily linked to need or workload considerations and can result in the establishment of an artificial benchmark similar to the historical levels/budget room approach.

Workload-based approach – This approach uses actual demand-for-service data to help determine appropriate staffing levels. Using a computer model, it takes information on calls for service, response times, performance objectives and other data to estimate the appropriate level of staffing. More complex than other methods, it is most useful in determining scheduling and has difficulty accounting for the complexity of larger urban communities.

Coverage-based approach – This approach uses geographic coverage and targeted response times within the area to guide the number of officers hired and the number deployed to particular areas. It is well suited to more disparate rural areas where travel time to respond to calls may vary widely due to distance. Since it is based on response time, it is subjective, as there are no benchmarks for the appropriate number of police per square kilometer or desired response times

FINDINGS

Planning for appropriate levels of policing is important given the impact staffing can have on policing effectiveness and on overall expenses.

2.4.86 In larger urban communities, policing levels are determined in various ways, employing one of the six approaches noted in the exhibit. Some municipalities purchase tools/software programs to assist them in determining policing levels.

2.4.87 We found the City of New Westminster sets the strength of its police department following a generally accepted and sound workload-based approach, where staffing levels have historically been set in response to criminal activity and the ability to effectively address and reduce pressing crime issues. We also found the size of the Department during the period covered by the audit was set below the strength of 111 members that was deployed in the late 1990s.

Ensuring Appropriate Policing Levels

2.4.88 Planning for appropriate levels of policing is important given the impact staffing can have on policing effectiveness and on overall expenses. Salaries and benefits typically comprise the majority of total policing costs.

2.4.89 Overall, we found that New Westminster police resourcing levels were subject to appropriate oversight and analysis and were set based principally on the ability to address the Department’s strategic priorities.

2.4.90 We also found the City, the Police Board and the Department communicated on a regular basis on authorized strength and increases to strength. The City and the Department continuously assessed policing levels through regular workload assessments and analysis of the use of shared resources with the goal of optimal utilization of resources.

Vacancy Rates

2.4.91 The City of New Westminster paid close attention to vacancies in its police department and the Department maintained a low vacancy rate during the period covered by the audit. The average vacancy rate was 0.9 per cent, which is lower than the average national level of 3.4 per cent in 2013. As shown in Exhibit 10, there were no unplanned vacancies in the Department in 2010 and 2011. The City hired two more police officers than planned in 2012, while in 2013, the vacancy rate jumped to 3.6 per cent due to unplanned leave.

EXHIBIT 10: City of New Westminster Police Department Vacancy Rates

	2010	2011	2012	2013	AVERAGE
Authorized Strength	108	108	108	110	108.5
Actual Strength *	108	108	110	106	108.0
Vacancy Rate	0%	0%	0%	3.6%	0.9%

Source: Police Resources in Canada 2010-2013 & City internal records

* Note: The actual strength represents the strength reported in May each year and may not be the average in the year

FINDINGS

Civilian Strength

2.4.92 In 2012, civilian support staff accounted for 27 per cent of total personnel in New Westminster Police Department, which is lower than the 29 per cent national average that year.

Managing Policing Costs

2.4.93 A key responsibility of municipal police boards as set out in the *Police Act* is the requirement to prepare and submit to the city council for approval an annual provisional budget for policing. Police boards should estimate the resources required in relation to established policing priorities, goals and objectives and should consider both operating expenses and capital requirements. Police boards are also responsible for ensuring that sound financial management controls are in place through the implementation of financial strategies, policies and procedures.

2.4.94 Overall, we found that reasonable cost management controls were in place in New Westminster, although the separate tracking of significant cost drivers could increase the clarity of financial information. We also found a range of existing and potential cost recovery and cost containment initiatives used to offset policing costs.

Cost Drivers and Controllable Costs

2.4.95 We found that key policing cost drivers for the City of New Westminster included:

- Population growth.
- Legislative and court-related requirements that have made police processes more complicated and time-consuming.
- Inflation in police salaries and benefits.
- Increases to the employer portion of pensions and changes regarding severance allowance rules.
- Increasing costs of integrated teams.
- Facility and equipment requirements in support of the delivery of police services.

2.4.96 Policing services have two main types of costs:

- **Direct Costs** include expenses pertaining to police department employees such as payroll, training, travel, freight, legal services, leasing, communications, stationery, house furnishing, transport supplies, computer equipment, office machines, other subsidies and permits, among others.
- **Indirect Costs** include other expenses pertaining to police department employees such as pensions, Canada Pension Plan contributions, departmental administration, recruit training, severance and shared services agency costs.

FINDINGS

Overall, we found the City of New Westminster's annual budgeting process for its policing services was in accordance with legislative requirements and the *Police Board Governance Manual*.

Budget Process

2.4.97 Overall, we found the City of New Westminster's annual budgeting process for its policing services was in accordance with legislative requirements and the *Police Board Governance Manual*. The process incorporated public input and reflected adequate oversight by the Police Board ensuring appropriate resources were allocated to achieve operational priorities.

2.4.98 We also found that the City took a conservative forecasting approach for salaries and benefits, which contributed to annual budget surpluses.

2.4.99 In accordance with section 26 of the *Police Act*, the Police Board gave New Westminster Police Department guidance on the priorities, goals and objectives for police planning and budget preparation. Two major items for the Police Board to approve as part of this guidance were the number of full time employees and the composition of the vehicle fleet.

2.4.100 In collaboration with the City's Finance Department, the Department was responsible for preparing a provisional budget request, which was expected to align with municipal strategic goals and priorities. The Department documented all budget assumptions leading to this provisional budget request. The Police Board reviewed the budget request along with other supporting materials such as business cases, evaluations and case studies.

2.4.101 Key budget assumptions were discussed and challenged during Police Board meetings, focusing mainly on how the budget aligned with strategic priorities within the Department's funding capabilities. Questions regarding strategic focus and derived initiatives were addressed to the chief constable.

2.4.102 After the Police Board's review, the policing budget was subject to public consultation as part of the City's annual budget process. Council considered public input on the policing budget, as part of approving the City's Annual Five-year Financial Plan.

Cost Monitoring

2.4.103 Overall, we found that New Westminster had financial policies and procedures in place to monitor and manage policing expenditures including significant variances from budget. Cost monitoring by the City and the conservative budget forecasting approach mentioned earlier, contributed to annual surpluses ranging from two to four per cent throughout the four-year period covered by the audit.

Policies and Procedures

2.4.104 City staff prepared a quarterly *Police Department Expenditure Review Report* comparing year-to-date and projected annual expenditures with the budget. This report detailed police service expenditures and was presented to the Police Board for review during open meetings; Board meeting minutes did not provide details regarding the budget discussion.

FINDINGS

Separating training cost from salaries and benefits in expenditure reporting would provide more accurate financial information for timely monitoring and future budget forecasting purposes.

2.4.105 In addition, the chief constable issued an annual memorandum to the Police Board in which he provided the Department's year-end financial position. This memorandum included budget-to-actual variance analysis.

2.4.106 The Department expenditure review was also presented to Council as part of the City's *Tri-annual Budget Variance Report*, which highlighted variances over the previous three years, including explanations of significant or unusual variances.

Annual Surpluses

2.4.107 The City's policing expenditures came in under budget for three out of the four years covered by the audit, as shown in Exhibit 11. However, the 2010 budget did not include an adjustment for tangible capital assets as required by the then-new Public Sector Accounting Standards (PSAB) 3150, such as amortization and loss/gain on disposal of tangible capital assets. The adjustment would have resulted in an annual surplus in 2010. Therefore, after the adjustment the City would have delivered its policing services consistently under budget for all four years in the review period.

2.4.108 Annual salaries, benefits and training costs ranged from two to seven per cent under budget from 2010 to 2013. These costs were the primary contributors to the surpluses during the review period. Based on the annual surpluses, we found the Finance Department took a conservative approach to forecasting and typically budgeted 100 per cent of members' salaries, rather than 97 per cent as other City departments did.

2.4.109 City staff told us this was because the Police Board serves as the employer of Department staff and the process of requesting additional funding during the course of a fiscal year was more complicated and onerous than for other City departments. In the City's view, the conservative budgeting approach served to limit the need for budget increases by avoiding it in the first place.

2.4.110 We also found the City's tri-annual policing expenditure reviews blended salaries and benefits with training costs into one cost category. Therefore, it was unclear how much was actually spent quarterly or year-to-date on either payroll or training and their respective impacts on budget variances.

2.4.111 Separating training cost from salaries and benefits in expenditure reporting would provide more accurate financial information for timely monitoring and future budget forecasting purposes.

FINDINGS

EXHIBIT 11: City of New Westminster Budget Vs Actual 2010-2013

POLICE DEPARTMENT	2010			2011		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Salaries/Benefits/Training	\$ 18,349,400	\$ 18,044,227	\$ 305,173	\$ 19,052,200	\$ 18,251,212	\$ 800,988
Contracted Services	\$ 1,666,200	\$ 1,658,766	\$ 7,435	\$ 1,683,200	\$ 1,572,766	\$ 110,434
Supplies and Materials	\$ 1,104,100	\$ 958,380	\$ 145,720	\$ 1,150,500	\$ 1,017,313	\$ 133,187
Amortization	-	\$ 658,879	\$ (658,879)	\$ 1,023,065	\$ 1,012,873	\$ 10,192
Grants	\$ 26,000	\$ 25,949	\$ 51	\$ 26,000	\$ 34,310	\$ (8,310)
Capital Loss	-	\$ 124,410	\$ (124,410)	-	\$ (1,764)	\$ 1,764
Interest and Bank Charges	\$ 1,500	\$ 1,451	\$ 49	-	-	-
Expense Total	\$ 21,147,200	\$ 21,472,062	\$ (324,862)	\$ 22,934,965	\$ 21,886,711	\$ 1,048,254
Net Internal Charges	\$ 1,255,985	\$ 966,684	\$ 289,301	\$ 1,241,076	\$ 1,208,617	\$ 32,459
Grand Total	\$ 22,403,185	\$ 22,438,746	\$ (35,561)	\$ 24,176,041	\$ 23,095,327	\$ 1,080,714
	2012			2013		
Salaries/Benefits/Training	\$ 19,433,500	\$ 18,675,175	\$ 758,326	\$ 19,751,216	\$ 18,325,880	\$ 1,425,336
Contracted Services	\$ 1,848,200	\$ 1,708,147	\$ 140,054	\$ 1,884,500	\$ 2,359,631	\$ (475,131)
Supplies and Materials	\$ 1,177,500	\$ 1,027,155	\$ 150,344	\$ 1,189,500	\$ 1,081,563	\$ 107,937
Amortization	\$ 1,035,000	\$ 1,019,708	\$ 15,292	\$ 1,025,000	\$ 1,020,794	\$ 4,206
Grants	\$ 26,000	\$ 22,807	\$ 3,193	\$ 26,000	\$ 20,158	\$ 5,842
Capital Loss	-	\$ 62,611	\$ (62,611)	-	\$ 28,152	\$ (28,152)
Interest and Bank Charges	-	-	-	-	-	-
Expense Total	\$ 23,520,200	\$ 22,515,603	\$ 1,004,598	\$ 23,876,216	\$ 22,836,178	\$ 1,040,038
Net Internal Charges	\$ 1,276,923	\$ 1,234,293	\$ 42,630	\$ 1,294,830	\$ 1,226,089	\$ 68,741
Grand Total	\$ 24,797,123	\$ 23,749,895	\$ 1,047,228	\$ 25,171,046	\$ 24,062,267	\$ 1,108,779

FINDINGS

Overtime Pay

2.4.112 As indicated in Exhibit 12, the City’s expenditures on policing overtime costs remained at six to seven per cent of the Department’s payroll costs during the four year period covered by the audit, however actual costs compared to budgeted costs varied considerably from year to year. While City staff told us they reviewed reports on policing costs, including a breakdown on overtime pay, a significant portion of police overtime is the result of officers seconded to regional integrated policing operations such as the Integrated Homicide Investigation Team (IHIT). These overtime costs are fully recoverable from the integrated policing unit.

Total Policing Costs

2.4.113 The City’s total policing costs increased by six per cent during 2010 to 2013, which was roughly proportionate to the combination of Consumer Price Index growth during this period (three per cent) and population growth (two per cent) during the period. As shown in Exhibit 11, the growth of expenditures on contracted service costs contributed most significantly to the overall policing cost increase.

EXHIBIT 12: Police Department Overtime Pay

	2010	2011	2012	2013
Budgeted Overtime Pay	\$ 1,219,700	\$ 1,227,900	\$ 1,229,984	\$ 1,137,359
Actual Overtime Pay	\$ 1,336,297	\$ 1,020,080	\$ 1,137,359	\$ 1,231,548
OT Budget Variance	\$ (116,597)	\$ 207,820	\$ 92,625	\$ (94,189)
OT Budget Variance in %	(10%)	17%	8%	(8%)
Actual Salaries & Benefits	\$ 18,044,227	\$ 18,251,212	\$ 18,675,175	\$ 18,325,880
OT/Total Salaries & Benefits	7%	6%	6%	7%

FINDINGS

Per Capita Comparators

2.4.114 We found the City’s per capita policing cost of \$325 in 2013 was similar to seven other B.C. municipalities with independent police departments, as shown in Exhibit 13. We also found the City’s percentage increase over the four-year period at seven per cent was approximately half of the average of these municipalities, which was 12 per cent.

	2013 POPULATION	AUTHORIZED STRENGTH IN 2013	POPULATION PER OFFICER	POLICING COSTS PER CAPITA					% INCREASE 2010-2013
				2010	2011	2012	2013		
Abbotsford	139,005	216	644	\$ 266	\$ 283	\$ 293	\$ 294	11%	
Delta	102,711	170	604	\$ 293	\$ 305	\$ 319	\$ 314	7%	
New Westminster	68,280	108	632	\$ 304	\$ 310	\$ 316	\$ 325	7%	
Port Moody	34,479	50	690	\$ 217	\$ 260	\$ 295	\$ 271	25%	
Saanich	110,879	156	711	\$ 214	\$ 223	\$ 239	\$ 263	23%	
Vancouver	642,676	1,327	484	\$ 356	\$ 361	\$ 366	\$ 390	10%	
Victoria	99,348	243	409	\$ 419	\$ 419	\$ 429	\$ 455	9%	
West Vancouver	45,089	81	557	\$ 271	\$ 266	\$ 270	\$ 288	6%	
Average	155,308	294	591	\$ 293	\$ 303	\$ 316	\$ 325	12%	

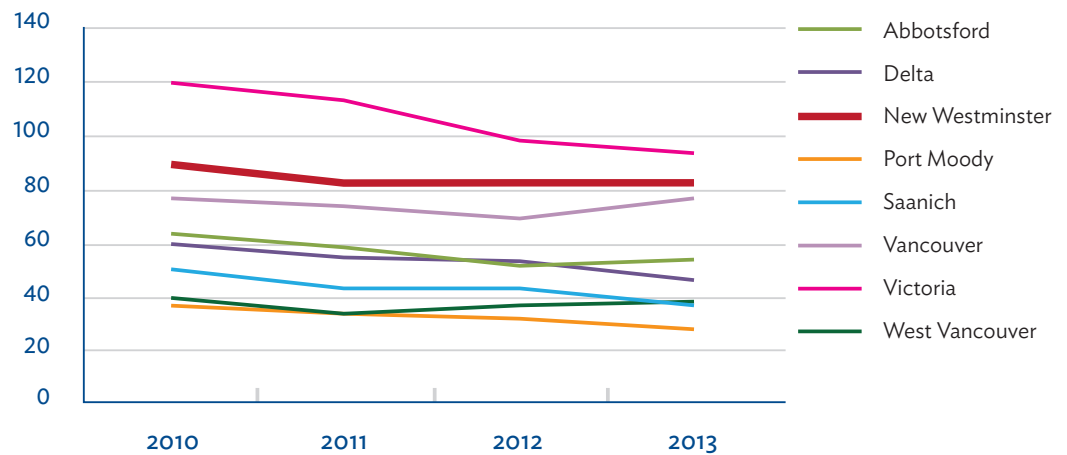
EXHIBIT 13:
Per Capita Policing Cost
Comparison

Source: Policing Resource in B.C. 2010-2013

FINDINGS

2.4.115 As shown in Exhibit 14, we also compared the City’s crime rates to the same seven B.C. municipalities and found crime rates in the City remained in the relatively high range of 84 to 90 Criminal Code offences per 1,000 residents over the four year period covered by the audit.

EXHIBIT 14:
Crime Rates Comparison
2010-2013



Source: Policing Resource in B.C. 2010-2013

Cost Recovery and Cost Containment

2.4.116 We found that as part of its integrated efforts with the Municipal Police Board, the City assessed its policing operational efficiencies on an ongoing basis, and identified cost recovery and containment opportunities during and following the period covered by the audit.

Cost Recovery

2.4.117 The City had cost recoveries that ranged between 14 and 18 per cent of total policing costs from 2010 to 2013, totalling approximately \$3.5 million to \$4 million annually. These revenue sources included:

FINDINGS

The City's cost recovery and cost containment efforts involved good practices and good results and the City should continue to take advantage of these potential opportunities.

- Custodial services;
- Grants (revenue sharing);
- False alarm fines;
- Auction proceeds; and,
- Merchandise sales.

2.4.118 We found that several potential revenue-generating or cost recovery initiatives were under review by the City, including:

- Compensation from the appropriate jurisdiction for patrolling transportation lines; there were several transportation routes running through the City for which other transportation authorities were responsible for providing security.
- Potential revenues (bylaw) from truck traffic control; the Department and Police Board were looking at whether they could create a new level of special constable to enhance safety and perform truck enforcement, and thereby generating additional revenue for the municipality.
- Developing a policy on the growth of the medical marijuana industry in the city; the growth of this industry will likely require additional police services, which the City should consider when developing licensing costs for related businesses.

Cost Containment

2.4.119 We found a continuous effort by the City to assess and identify cost containment initiatives through operational reviews, resourcing reviews and best practice studies. We also found ongoing efforts to assess staffing needs with the goal of increasing efficiency and cost savings. These efforts included a *Workload Assessment of the Victim Assistance Unit* and a

Strategic Staffing Report 2012-2016.

2.4.120 In 2012, the Department recommended to the Police Board the hiring of an additional civilian information technology (IT) employee to support efficiencies and cost savings on IT services, which resulted in the recruitment of an IT supervisor subsequent to the review period. While there will be additional salary costs, the Department anticipated that there would be net benefits from improving existing IT programs as well as from additional IT programs and projects.

2.4.121 In 2013, the Department engaged a local university to assist with a best practice study to identify policing-related cost savings. As a result of that study, the Department initiated a pilot study after the period covered by the audit to examine the feasibility of serving subpoenas by electronic means, resulting in a reduction of 35 per cent in the number of subpoenas issued by the Department. This initiative translated into increased efficiency for patrol constables who could focus more time on crime detection and prevention duties.

2.4.122 The same best practice study also recommended recruiting an electronic file administrator to help relieve sworn officers of administrative tasks.

2.4.123 The City's cost recovery and cost containment efforts involved good practices and good results and the City should continue to take advantage of these potential opportunities with the goal of optimizing the policing budget.

CONCLUSIONS

2.4.124 Overall, we found that the City of New Westminster carried out sound strategic and financial oversight of policing services in New Westminster supported by strong governance practices and a high level of awareness and understanding of the requirements set forth in the *Police Act*.

2.4.125 We also found a highly collaborative and integrated approach in the setting of strategic directions, priorities and operational strategies for policing as well as the resources required for their implementation. This led to strong alignment between objectives, strategies and reporting of results. Further, we found a consistent and structured means of soliciting community input into planning related to policing.

2.4.126 We further found the City and New Westminster Police Department monitor the results of strategic objectives, although the City should consider identifying and tracking a mix of financial and operational performance measures to move toward a more balanced annual reporting process.

2.4.127 In addition, we found that police staffing levels were based principally on the ability of the Department to address strategic priorities with consideration given to the strategic deployment of members.

2.4.128 Finally, we found that a reasonable set of financial controls was in place for budget forecasting, budget monitoring and cost management and attention was paid to cost containment and cost recovery. The City's per capita policing cost was comparable to that of other B.C. municipalities with independent police departments and the City experienced a police department budget surplus throughout the period covered by the audit.

RECOMMENDATIONS

Recommendation 1

The City of New Westminster should consider working with the Province to develop board member transition guidelines that stagger the terms of members, for inclusion within the *Police Board Governance Manual*.

Recommendation 2

The City of New Westminster should consider identifying a combination of financial and operational measures and targets linked to strategic priorities that include longer term outcomes.

Recommendation 3

The City of New Westminster should separate training costs from salary and benefit costs in police expenditure reporting.

SUMMARY OF LOCAL GOVERNMENT'S COMMENTS



Jonathan X. Côté
Mayor

December 1, 2015

Mr. Gordon Ruth
Auditor General for Local Government
201-10470 152nd Street
Surrey, British Columbia V3R 0Y3

Re: Proposed Final Audit Report for the City of New Westminster

Dear Mr. Ruth,

On the behalf of the City of New Westminster, thank you for the opportunity to provide comments on your Proposed Final Audit Report "*Local Government Performance in Managing Policing Agreements and Police Budget Oversight*". The report was presented to Mayor and Council and discussed with staff on Monday, November 30, 2015.

Overall, we are pleased with the audit's findings. We consider them to reflect positively on the City of New Westminster with respect to our governance and budget oversight and in relation to policing services provided to the citizens and businesses in our community. Furthermore, the three recommendations for enhancements included in the audit report are valid. The city is in the process of addressing the recommendations as set out in the attached "Action Plan".

The city made some observations throughout the audit process. Understanding that the AGLG's Office has been working through a transition process itself, we believe the overall timeframe of the audit could have been reduced. In addition, audit staff could have been more knowledgeable with respect to the governance and budget oversight responsibilities as related to municipal police operations.

In conclusion, we found the AGLG staff conducted themselves in a professional manner and feel that the proposed final audit report is balanced and fair, and we will continue working to ensure the recommendations provided are addressed.

Sincerely,

A handwritten signature in black ink, appearing to be "Jonathan Côté", written over a white background.

Jonathan Côté
MAYOR

ATTACHMENT

CITY OF NEW WESTMINSTER’S ACTION PLAN

AGLG RECOMMENDATION	MANAGEMENT RESPONSE AND NEXT STEPS	PERSON RESPONSIBLE	TIMEFRAME
<p>RECOMMENDATION 1</p> <p>The City of New Westminster should consider working with the Province to develop board member transition guidelines that stagger the terms of members, for inclusion within the <i>Police Board Governance Manual</i>.</p>	<p>The New Westminster Municipal Police Board is currently reviewing and working on including within their Governance Manual a section on “succession plans” for Board members.</p> <p>While the Police Board composition is currently one municipal appointee and three Provincial appointees, the Board will work with City Council to establish a best practices policy and guideline for inclusion within the New Westminster Police Board Governance Manual on board succession planning.</p>	<p>Mayor Jonathan Cote (Chair)</p>	<p>May 2016</p>
<p>RECOMMENDATION 2</p> <p>The City of New Westminster should consider identifying a combination of financial and operational measures and targets linked to strategic priorities that include longer term outcomes.</p>	<p>The New Westminster Police Department has recently completed their 2016-2019 Strategic Plan. Annual targets that include financial considerations and operational achievement progress I measurables are developed within the annual work plans and will examine longer term outcomes (dashboards).</p> <p>The New Westminster Police Department is also actively involved with two separate Provincial and National Committees examining police performance metrics and developing measurable standards. These committees include:</p> <p>British Columbia Chiefs of Police (BCACP) Police Performance Indicators Committee</p> <p>Canadian Association Chiefs of Police Police Information and Statistics (POLIS) Committee.</p> <p><i>This group supports progressive change in policing, in partnership with the Policing Services Program of the Canadian Centre for Justice Statistics, a Division of Statistics Canada, and other partners, through the development and communication of meaningful public safety information.</i></p> <p>As part of their mandate this groups objectives include Mandate/Objectives:</p> <ol style="list-style-type: none"> 1. Represent the police community in ensuring that emerging police issues, priorities and concerns are addressed by Statistics Canada surveys and products; 2. Facilitate the development of partnerships among governments and criminal justice agencies to further the integration of justice information systems; 3. Collaborate with Statistics Canada and police organizations in the development of standard police performance indicators; 	<p>Chief Constable David Jones</p>	<p>ongoing</p>

CITY OF NEW WESTMINSTER’S ACTION PLAN

AGLG RECOMMENDATION	MANAGEMENT RESPONSE AND NEXT STEPS	PERSON RESPONSIBLE	TIMEFRAME
<p>RECOMMENDATION 2 (cont’d)</p>	<ol style="list-style-type: none"> 4. Promote improved police management and decision making by identifying, developing and communicating best practices in the collection, analysis and application of statistical information; 5. Ensure that, in the development of new and ongoing surveys of crime and police resources, data can be provided by the police community in a standardized and cost-effective manner, minimizing respondent burden and costs; 6. Promote innovation in information systems, collection techniques and other matters that improve the production and utility of police information; 7. Review Statistics Canada reports before public release to ensure that appropriate context surrounding issues and trends is included to explain differences in local and regional comparisons, as well as to explain changes in trends; and 8. Cost-effective manner, minimizing respondent burden and costs. 		
<p>RECOMMENDATION 3</p> <p>The City of New Westminster should separate training costs from salary and benefit costs in police expenditure reporting.</p>	<p>The City acknowledges that in the Tri-Annual Budget Variance Reports that go to Council, training costs are included with salaries and benefits to provide a complete picture of staffing costs. Having said this, the City’s detailed budget documents and the finance reports presented to the Police Board do report training separately from salaries and benefits.</p> <p>Staff concurs that separating training costs from salaries and benefits in the Tri- Annual Budget Variance Report would provide more useful information for monitoring and future budget forecasting purposes. Staff will implement this change for future Budget Variance Reports.</p>	<p>Director of Finance and Information Technology</p>	<p>In time for the December 31, 2015 Budget Variance Report.</p>

ABOUT THE AUDIT

The work completed for this audit was conducted in accordance with Canadian Standards on Assurance Engagements.

Audit Objectives

2.4.129 The overall objective of the audit was to determine whether the City of New Westminster has effectively managed its responsibilities under the *Police Act* by establishing sound managerial oversight practices including monitoring budgets, cost containment objectives and service levels for policing services while respecting the independence of policing operations. In addition, we looked for examples of leading practices and tools that other local governments could use to support their management of police services and police budget oversight.

2.4.130 Our specific objectives were to assess the City of New Westminster's governance structure for policing, budgeting, forecasting and cost monitoring and reporting processes.

Period Covered by the Audit

2.4.131 The audit covered the four year period 2010 to 2013. Examination work was substantially completed in 2014.

Audit Scope and Approach

2.4.132 The audit included a review of the City of New Westminster's performance in two specific areas over the years 2010, 2011, 2012 and 2013:

- Corporate governance within the local government.
- Police budget management in accordance with the *Police Act*.

2.4.133 The audit dealt only with local government operations, so did not include the independent police's actual policing operations or its processes related to cost control and police detachment management.

2.4.134 In carrying out the audit, we interviewed City of New Westminster staff, including the Controller, and members of New Westminster City Council, as well as the New Westminster Chief Constable of Police.

2.4.135 The documentation we reviewed included agreements, plans and reports relating to policing in New Westminster.

ABOUT THE AUDIT

Audit Criteria

2.4.136 Performance audit criteria define the standards that were applied to assess the City of New Westminster's performance. We expressed these criteria as reasonable expectations for the City's management of its police services and police budget oversight to achieve expected results and outcomes.

2.4.137 Below are the criteria that were applied to gauge the City of New Westminster's performance. These criteria were defined in the audit program for this performance audit.

1. The local government has established a governance structure that is appropriate and allows for effective oversight of the police detachment.

- The local government understands its authorities under the *Police Act* and is positioned to exploit these authorities to contain policing costs.
- The local government has appropriate engagement with the Police Board and the Police Department.

2. The local government has established budgeting, forecasting and cost monitoring processes that are adequate and effective in directing resources to where they are needed.

- An annual priority-setting process exists within the local government to set priorities, goals and objectives for the Police Department as allowed by the *Police Act*.
- The process for setting the priorities, goals and objectives is defined and transparent and, through community input, reflects the community's safety and security priorities.
- The local government prepares a projected annual budget and projected budgets for the five-year financial

plan for the Police Department, in accordance with the *Police Act*, and reviews and discusses the budget with the Police Board and the Police Department.

- "Budget-to-actual" reports are received by the local government and variance analysis is performed in a timely manner; key cost drivers are identified and evaluated with regard to those that the government can and cannot influence; budget-to-actual variances are investigated on a regular basis.
- The local government requests data and information that allows the government to monitor the performance of the Police Department, particularly with regard to effectiveness.
- The local government:
 - > i. Identifies possible opportunities for cost containment, including new technologies and practices in other jurisdictions, and discusses these opportunities with the Police Board and the Police Department.
 - > ii. Monitors policing services provided in addition to law enforcement and 1) considers revenue-generating opportunities without impacting its public policing priorities; and, 2) uses its ability to recover costs related to additional policing requirements in a manner that is consistent with the *Police Act*.

ABOUT THE AUDIT

Performance Audit Process

2.4.138 At the beginning of the performance audit process, we shared key audit related documents with the City of New Westminster. These included a description of the audit background, focus, scope and criteria and an engagement protocol document describing the audit process and requirements. The process is summarized in Exhibit 15.

EXHIBIT 15: Performance Audit Process



APPENDIX – SUPPLEMENTARY INFORMATION ON POLICING SERVICES IN B.C. AND NEW WESTMINSTER

How Policing is Delivered in Canada

2.4.139 The federal, provincial/territorial and municipal governments share responsibility for policing in Canada. The *Constitution Act* of 1867 grants the federal government exclusive authority to enact legislation regarding criminal law and procedure. The federal government is responsible for providing a federal police department to enforce federal statutes and to protect national security.

2.4.140 The *Constitution Act* delegates responsibility for the administration of justice, which includes policing, to provincial governments. Each province has legislation that sets out the terms by which police are governed. Provincial governments, in turn, may delegate responsibility for policing to municipalities for policing duties that are within municipal boundaries.

How Policing is Delivered in B.C.

2.4.141 The Royal Canadian Mounted Police (RCMP) has been providing contract policing in British Columbia since 1950, when the province ceased to have its own police department.

2.4.142 The RCMP has policing models for municipal detachments, regional and integrated detachments and First Nations policing. The municipal detachment model is the only one of these that is relevant to this performance audit.

2.4.143 The *British Columbia Police Act* requires municipalities to pay for local police services if their population is 5,000 persons or more. Regional Districts do not have policing responsibilities. Municipalities with populations of under 5,000 receive police services from the RCMP, with the provincial government paying

70 per cent and the federal government paying the remaining 30 per cent of the policing cost base.

2.4.144 There are three options for municipalities with populations of 5,000 or more to meet their policing requirements:

- form their own municipal police department ;
- contract with an existing municipal police department; or,
- contract with the provincial government for RCMP municipal policing.

2.4.145 There are currently 74 municipalities in B.C. with populations of 5,000 or more. The number of municipalities by policing model is shown in Exhibit 16. A brief description of these models follows the table.

EXHIBIT 16: Number of Municipalities using RCMP or Independent Policing (2014)

POLICING MODEL	# OF MUNICIPALITIES
Independent department	12
Over 15,000 RCMP	31
5,000 – 15,000 RCMP	31
Total	74

2.4.146 A municipality that chooses to have its own independent police department pays 100 per cent of the costs and has a civilian police board to govern the police department. The police board works with the chief constable to set priorities, goals and objectives. These must be consistent with provincial laws and must be in response to community needs.

APPENDIX – SUPPLEMENTARY INFORMATION ON POLICING SERVICES IN B.C. AND NEW WESTMINSTER

2.4.147 A municipality that chooses to contract with the provincial government for RCMP municipal policing services enters into a Municipal Police Unit Agreement with the Province.

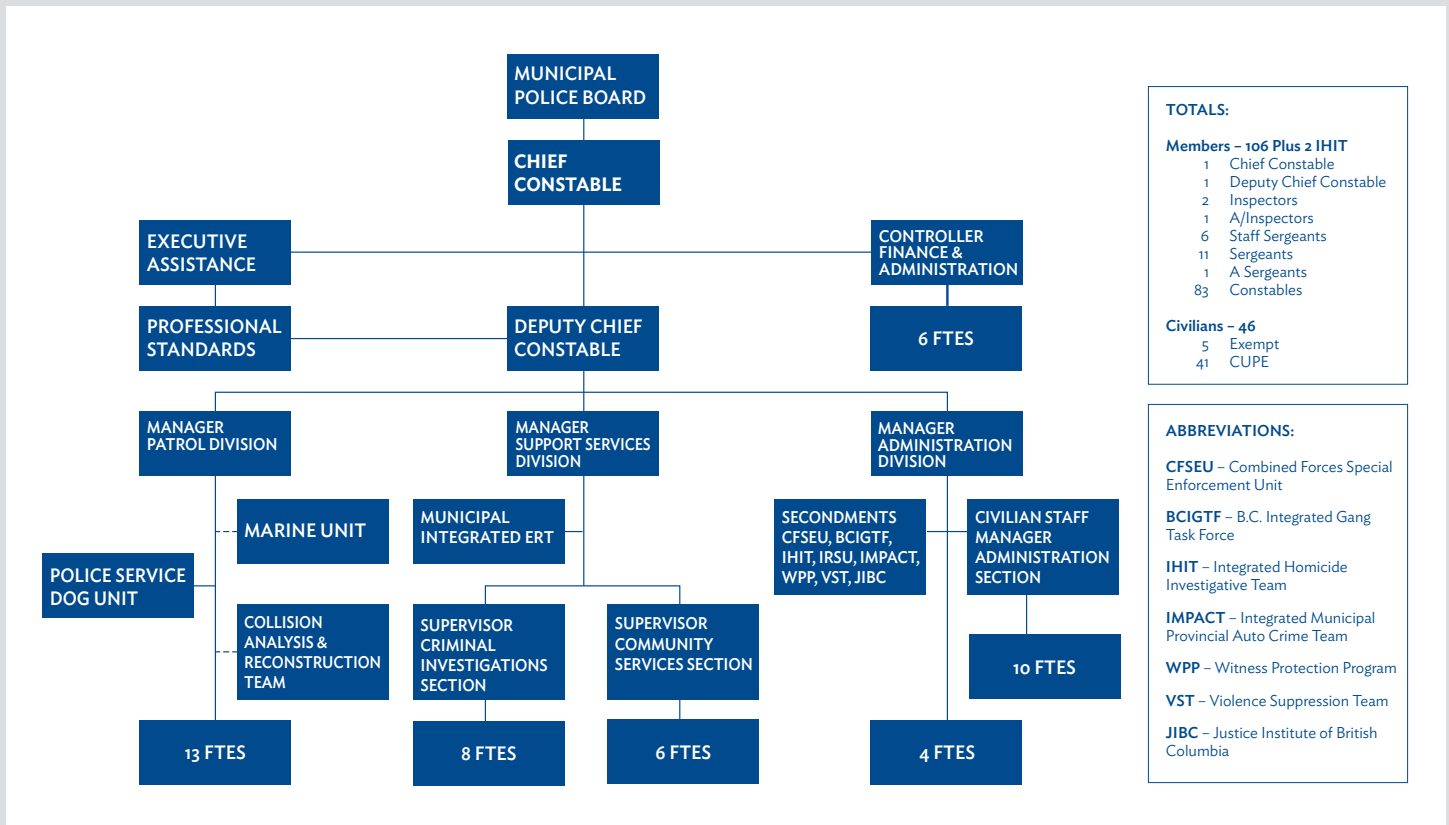
2.4.148 Municipalities with populations over 15,000 pay 90 per cent of the direct policing cost, with the federal government paying the remaining 10 per cent. Municipalities with populations between 5,000 and 15,000 pay 70 per cent, with the federal government paying 10 per cent and the Province paying the remaining 20 per cent. All municipalities that contract for RCMP services pay 100 per cent of certain costs, such as detachment accommodation and support staff.

Policing in New Westminster

2.4.149 New Westminster Police Department has an authorized strength of 110, a two per cent increase from 2010 to 2013, matching the rate of population growth over the same period.

2.4.150 Department staff are deployed across five organizational divisions: patrol, support services, administration, secondment and senior management. In 2011, the Department included 106 members, two IHIT members (Integrated Homicide Investigation Team, and 46 civilians (five exempt and 41 CUPE). This is shown in the organizational chart provided as Exhibit 17.

EXHIBIT 17: New Westminster Police Department Organizational Chart



APPENDIX – SUPPLEMENTARY INFORMATION ON POLICING SERVICES IN B.C. AND NEW WESTMINSTER

2.4.151 The Department’s strategic plan (2012 – 2016) cited the following priorities for policing operations:

- reduce crime and enhance safety;
- improve communications and strengthen relations; and,
- optimize the use of Department resources.

Crime Trends

2.4.152 While it is beyond the scope of this audit to examine causes of crime and any possible links between policing and levels and types of crime, we acknowledge that it is widely accepted that crime rates are influenced by a complex range of factors. While the media and the public often draw direct links between crime rates or individual high profile crimes and policing levels and methods, we do not assume any such links.

Crime Trends in Canada and B.C.

2.4.153 2.4.157 Crime rates have declined in Canada for the past 20 years and are at their lowest level since 1973. As Exhibit 18 indicates, this trend continued between 2010 and 2013.

EXHIBIT 18: Police-Reported Crime, Canada

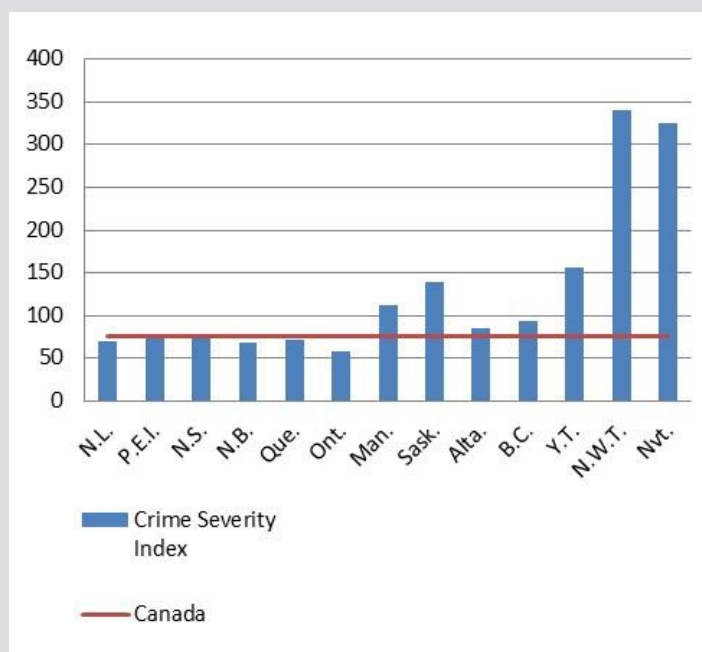
YEAR	# OF REPORTED CRIMES	CRIME REATE	% CHANGE
2010	2,094,338	6,159	-5%
2011	1,984,790	5,779	-6%
2012	1,957,227	5,632	-3%
2013	1,824,837	5,190	-8%

Source: Statistics Canada, Canadian Centre for Justice Statistics, Uniform Crime Reporting Survey

2.4.154 Across Canada, close to two million criminal incidents were reported to police services in 2012, about 36,000 fewer than in the previous year.

2.4.155 As indicated in Exhibit 19, for almost all provinces, the Crime Severity Index has remained low and is now the lowest it has been since 1998, the first year such a statistic was calculated. The index is calculated by assigning a weight to each type of offence based on sentences handed down by the courts. While the index for B.C. has declined in recent years, it remains higher than the Canadian average.

EXHIBIT 19: Crime Severity Index by Province and Territory, 2012



Source: <http://www.statcan.gc.ca/pub/85-002-x/2013001/article/11854/c-g/desc/desc05-eng.htm>, downloaded July 18, 2014

APPENDIX – SUPPLEMENTARY INFORMATION ON POLICING SERVICES IN B.C. AND NEW WESTMINSTER

Crime Trends in New Westminster

2.4.156 As shown in Exhibit 20, New Westminster experienced a decrease in crime rates in several areas from 2010 to 2013, most notably, motor vehicle offences (down by 37 per cent), administration of justice offences (down by 25 per cent), and violent offences (down by 11 per cent). Over the same period, the City's drug offences and other criminal code offences both increased by six per cent. Homicides increased from two in 2010 to three in 2013. The number of calls for service declined by eight per cent.

CITY OF NEW WESTMINSTER	2010	2011	2012	2013	% CHANGE
Criminal Code Offences (CCO)	6,024	5,689	5,854	5,809	(4%)
Crime Rate	90	84	85	85	(6%)
Violent Offences	1,122	939	1,016	1,000	(11%)
Property Offences	3,691	3,464	3,571	3,529	(4%)
Other Criminal Code Offences	1,211	1,286	1,267	1,280	6%
Homicide Offences	2	-	2	3	50%
Motor Vehicle Offences	341	275	206	216	(37%)
Administration of Justice Offences	332	352	300	250	(25%)
Drug Offences (CDSA)	415	500	396	441	6%
Number of Calls for Service	24,509	22,431	22,527	22,524	(8%)

EXHIBIT 20:
New Westminster Crime
Statistics 2010 to 2013

Source: <http://www.statcan.gc.ca/pub/85-002-x/2014001/article/11914/tbl/tblo4-eng.htm>; Downloaded on July 14th, 2015

APPENDIX – SUPPLEMENTARY INFORMATION ON POLICING SERVICES IN B.C. AND NEW WESTMINSTER

Policing Cost Trends

2.4.157 As Exhibit 21 shows, per capita policing costs across Canada increased by 7.5 per cent between 2010 and 2013, while policing costs per capita increased by four per cent. Total policing costs in B.C. increased by 4.9 per cent over this same period.

POLICING COST IN CANADA	2010	2011	2012	2013	% CHANGE
Total Policing Cost (000)	\$ 12,651,596	\$ 12,952,388	\$ 13,549,594	\$ 13,596,486	7.5%
Cost Per Capita	\$ 372	\$ 377	\$ 390	\$ 387	4.0%

EXHIBIT 21:
Policing Costs in Canada,
2010 – 2013

Source: <http://www.statcan.gc.ca/pub/85-002-x/2014001/article/11914/tbl/tbl11-eng.htm>, Downloaded June 11, 2015

2.4.158 Exhibit 22 shows that average per capita policing costs in Canada were slightly higher than New Westminster's over the four-year period. New Westminster paid \$50 to \$61 less per capita for policing over this period.

PER CAPITA POLICING COSTS	2010	2011	2012	2013	% CHANGE
Canada	\$ 372	\$ 377	\$ 390	\$ 387	4%
New Westminster	\$ 322	\$ 323	\$ 329	\$ 334	4%
Difference	\$ 50	\$ 54	\$ 61	\$ 53	5%

EXHIBIT 22:
Per Capita Policing Costs in
Canada and New Westminster

Sources: City of New Westminster and Statistics Canada

APPENDIX – SUPPLEMENTARY INFORMATION ON POLICING SERVICES IN B.C. AND NEW WESTMINSTER

2.4.159 As shown in Exhibit 23, policing costs in New Westminster increased by 6.4 per cent over the four year period covered by the audit. This is lower than the 7.5 per cent growth rate in policing costs across Canada and higher than the 4.9 per cent growth rate in policing costs across B.C. New Westminster's policing costs increased at a faster rate than population growth (2.3 per cent) and the Consumer Price Index (3.4 per cent).

POLICING COST	2010	2011	2012	2013	% Change
Total Policing Cost	\$ 21,472,062	\$ 21,886,711	\$ 22,515,603	\$ 22,836,178	6.4%
Population	66,722	67,755	68,459	68,280	2.3%
Total Policing Cost Per Capita	\$ 322	\$ 323	\$ 329	\$ 334	3.9%
Consumer Price Index Growth (BC)	114	117	118	118	3.4%

EXHIBIT 23:
Policing Costs in New Westminster Relative to Population and Inflation

Sources: City of New Westminster and Statistics Canada

2.4.160 Exhibit 24 shows that the City of New Westminster's total expenditures increased by 10.8 per cent from 2010 to 2013, which is considerably higher than the increase in policing costs of 6%. Policing costs as a percentage of overall local government expenditures decreased from 16 per cent in 2010 to 15 per cent in 2013.

TOTAL REVENUE AND EXPENSES	2010	2011	2012	2013	INCREASE/ (DECREASE) 2013/2010
Total Local Government Expenditures	\$ 134,335,635	\$ 138,979,944	\$ 143,687,254	\$ 148,814,725	10.8%
Policing Cost as a Percentage of Total Municipal Government Expenses	16%	16%	16%	15%	-

EXHIBIT 24:
Total Expenditures of Local Government

Source: City of New Westminster Financial Statements

AGLG CONTACT INFORMATION

The AGLG welcomes your feedback and comments. Contact us electronically using our website contact form on www.aglg.ca or email info@aglg.ca to share your questions or comments.

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