

April 25, 2014

Vancouver Police Department 2013 Financial Statement

At the request of the Vancouver Police Board (VPB) Finance Committee, we have reviewed the Statement of Revenues and Expenses as at December 31, 2013. The financial information presented in the Statement of Revenues and Expenditures is the responsibility of the management of the Vancouver Police Department (VPD). The preparation of periodic financial information necessarily includes some amounts which are based on management's judgement and best estimates with respect to future financial transactions.

The engagement is performed based on the following specifically agreed upon procedures:

- Agreed the financial information to the records and accounts in the general ledger of the City of Vancouver (City);
- Reviewed the working papers prepared by VPD management for any reclassifications;
- Discussed with VPD management and analyzed financial information for reasonableness and consistency with City accounting policies;
- Performed variance analysis based on the Council approved budgets and obtained explanations from VPD management where appropriate;
- Inquired as to the accounting, budget and other internal controls of VPD to obtain reasonable assurance that transactions are properly authorized and accurately recorded, and that assets of the VPD are properly safeguarded and accounted for to maintain the integrity of financial records; and
- Made inquiries and obtained written representation from the VPD management to identify any deviations from accounting policies and procedures that would affect the integrity of the Statement of Revenues and Expenses.

These procedures are not designed to detect fraud. Accordingly there should be no such reliance.

Reconciliation of the Statement of Revenues and Expenses to the City's general ledger resulted in a difference of \$1.9 Million in revenues and expenses related to secondment overtime and Traffic Authority costs. As identified in prior VPD financial reviews, the difference arises in the reporting of expenses net of cost recoveries for management reporting purposes. This differs from the City financial statements where gross recovery and expense amounts are reported. Management has disclosed details of the recovered and expensed amounts in the 2013 preliminary variance report to the VPB Finance Committee. Internal Audit recommends this full disclosure be continued.

Based on the results of the above procedures, we found that the Statement of Revenues and Expenses was prepared, in all material respects, consistently with the City's corporate accounting policies and with the information in the City's general ledger.

Submitted by:

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Chief of Internal Audit

VANCOUVER POLICE DEPARTMENT
STATEMENT OF REVENUE AND EXPENSES FOR THE PERIOD ENDING
December 31, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
RECOVERIES				
Federal Government	(\$359,671)	(\$139,100)	\$220,571	
Provincial Government	(140,912)	(120,000)	20,912	
Secondments	(9,861,546)	(9,135,740)	725,806	
Other Local Governments	(525,614)	(138,700)	386,914	
Fees	(1,663,700)	(1,071,200)	592,500	
Grants & Donations	(593,491)	(180,200)	413,291	
Unclaimed Cash	(88,876)	(200,000)	(111,124)	
Other Recoveries	(3,444,000)	(2,488,528)	955,472	
TOTAL RECOVERIES	(\$16,677,811)	(\$13,473,468)	\$3,204,343	23.8%
EXPENSES				
PAYROLL				
Sworn Salaries	\$132,844,547	\$135,276,184	\$2,431,637	
Sworn Overtime	7,557,202	6,481,030	(1,076,172)	
Overtime Recoveries	(607,989)	0	607,989	
Sworn Overtime – Court	990,400	1,387,090	396,690	
Statutory Holidays	4,657,032	5,390,911	733,879	
Liquor Callouts	995,234	839,470	(155,764)	
	146,436,425	149,374,685	2,938,260	2.0%
Civilian Salaries	20,362,612	20,281,976	(80,636)	
Casual & Temp Salaries	2,414,195	2,284,479	(129,716)	
Civilian Overtime	373,999	235,000	(138,999)	
	23,150,805	22,801,455	(349,350)	-1.5%
Fringe Benefits	34,087,057	32,780,392	(1,306,665)	-4.0%
TOTAL PAYROLL	203,674,287	204,956,532	1,282,245	0.6%
Fleet Operations And Maintenance	9,291,943	9,427,273	135,330	
Building Maintenance	575,083	389,239	(185,844)	
Legal	235,284	682,500	447,216	
Criminal Investigation Fund	4,725,113	3,052,035	(1,673,077)	
Less Recoveries	(927,994)	0	927,994	
Telephones	338,473	460,963	122,489	
Uniforms And Equipment	6,439,431	5,676,906	(762,525)	
Travel & Training	1,930,948	1,509,986	(420,961)	
Community Police Centres	954,820	1,032,349	77,529	
Other Operating Costs	6,383,852	6,833,299	449,447	
	29,946,952	29,064,550	(882,402)	-3.0%
TOTAL OPERATING COSTS	233,621,239	234,021,082	399,843	0.2%
Reserve Adjustments	2,204,807	(779,021)	(2,983,828)	
TOTAL EXPENSES	235,826,046	233,242,061	(2,583,985)	-1.1%
NET POSITION	\$219,148,235	\$219,768,593	\$620,358	0.28%