

April 15, 2015

Vancouver Police Department 2014 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, 2014. 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 \$2.6 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 2014 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 (see Appendix 1) 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

APPENDIX 1**VANCOUVER POLICE DEPARTMENT****STATEMENT OF RECOVERIES AND EXPENSES FOR THE PERIOD ENDING
December 31, 2014**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
RECOVERIES				
Federal Government	(\$645,288)	(\$339,100)	\$306,188	
Provincial Government	(132,741)	(120,000)	12,741	
Secondments	(12,948,295)	(9,064,104)	3,884,191	
Other Local Governments	(617,539)	(138,700)	478,839	
Fees	(1,831,352)	(1,171,200)	660,152	
Grants & Donations	(1,274,184)	(180,200)	1,093,984	
Unclaimed Cash	(101,891)	(200,000)	(98,109)	
Other Recoveries	(3,803,816)	(2,638,520)	1,165,296	
TOTAL RECOVERIES	(\$21,355,106)	(\$13,851,824)	\$7,503,282	54.2%
EXPENSES				
PAYROLL				
Sworn Salaries	\$136,466,001	\$137,049,599	\$583,598	
Sworn Overtime	11,304,849	7,157,430	(4,147,419)	
Overtime Recoveries	(705,809)	0	705,809	
Sworn Overtime – Court	917,541	1,241,086	323,545	
Statutory Holidays	5,311,231	5,390,960	79,729	
Liquor Callouts	1,084,205	877,654	(206,551)	
	<u>154,378,018</u>	<u>151,716,730</u>	<u>(2,661,288)</u>	-1.8%
Civilian Salaries	20,403,539	20,252,110	(151,429)	
Casual & Temp Salaries	4,141,221	4,191,815	50,594	
Civilian Overtime	475,522	239,100	(236,422)	
	<u>25,020,283</u>	<u>24,683,025</u>	<u>(337,258)</u>	-1.4%
Benefits	37,117,258	35,869,647	(1,247,612)	-3.5%
TOTAL PAYROLL	216,515,559	212,269,401	(4,246,158)	-2.0%
Fleet Operations And Maintenance	9,314,813	9,110,065	(204,748)	
Building Maintenance	693,038	368,539	(324,499)	
Legal	263,117	682,500	419,383	
Criminal Investigation Fund	3,800,096	2,790,120	(1,009,976)	
Less Recoveries	0	0	0	
Telephones	551,247	459,812	(91,435)	
Uniforms And Equipment	5,583,870	5,807,619	223,749	
Travel & Training	1,964,968	1,539,773	(425,195)	
Community Police Centres	992,589	1,032,349	39,760	
Other Operating Costs	6,700,466	7,223,151	522,685	
	<u>29,864,203</u>	<u>29,013,928</u>	<u>(850,275)</u>	-2.9%
TOTAL OPERATING COSTS	246,379,762	241,283,329	(5,096,433)	-2.1%
Reserve Adjustments	631,240	(1,299,788)	(1,931,028)	
TOTAL EXPENSES	247,011,002	239,983,541	(7,027,461)	-2.9%
NET POSITION	\$225,655,896	\$226,131,717	\$475,821	0.2%