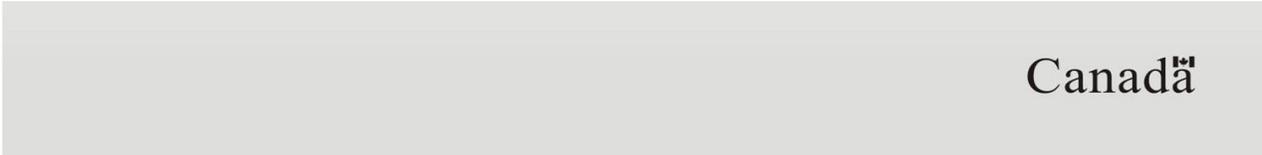


**Office of the Commissioner for
Federal Judicial Affairs Canada**

**Quarterly Financial Report
for the quarter ended
December 31, 2015**



Canada

Statement outlining results, risks, and significant changes in operations, personnel, and program

1. Introduction

This Quarterly Financial Report (QFR) has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board Accounting Standard 1.3. This QFR should be read in conjunction with the *Main Estimates* and *Supplementary Estimates*. It has not been subject to an external audit or review.

1.1 Mandate

The Office of the Commissioner for Federal Judicial Affairs (FJA) Canada was created in 1978 under the authority of the *Judges Act* to safeguard the independence of the Judiciary and to put federally appointed judges at arm's length from the administration of the Department of Justice. It exists to promote better administration of justice and focuses its efforts on providing a sound support role to the federal judiciary.

It administers three distinct and separate components that are funded from different sources. Statutory funding is allocated for the judges' salaries, allowances and annuities, and surviving beneficiaries' benefits. Voted appropriations are provided in two separate votes to support the administrative activities of FJA and the Canadian Judicial Council (CJC).

The administration of FJA is structured to reflect the distinctiveness of its role in supporting federal judicial activities. Under the Program Alignment Architecture, in addition to Internal Services, the organization is broken down into three programs: payments pursuant to the *Judges Act*, CJC, and FJA. FJA's organizational priorities are improved financial control framework, improved performance reporting, human resources and succession planning, and information management.

Further details about FJA's authority, mandate, and programs can be found below and in FJA's *Report on Plans and Priorities (RPP)*, *Main Estimates* and *Supplementary Estimates A* located on FJA's and the Treasury Board websites at www.fja-cmf.gc.ca and www.tbs-sct.gc.ca.

1.2 Basis of Presentation

This QFR has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes FJA's spending authorities granted by Parliament and those used by the department consistent with the *Main Estimates* and *Supplementary Estimates A* for both the 2014-15 and the 2015-16 fiscal years. This QFR has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

FJA uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

2. Highlights of fiscal quarter and fiscal year to date (YTD) results

FJA is financed by the Government through Parliamentary Appropriations (e.g. Statutory Votes for payments pursuant to the *Judges Act* and Employee Benefits Plans (EBP) and Budgetary Votes to support the administration of FJA and CJC).

Vote-netting is a means of funding selected programs or activities wherein Parliament authorizes FJA to apply revenues collected towards costs directly incurred for specific activities. FJA has the authority to spend revenues received during the year arising from the provision of administrative services.

Changes to Departmental Authorities

As at December 31, 2015 the total authorities provided to FJA increased by \$15.1 million compared with the same quarter last fiscal year. This net increase is comprised of:

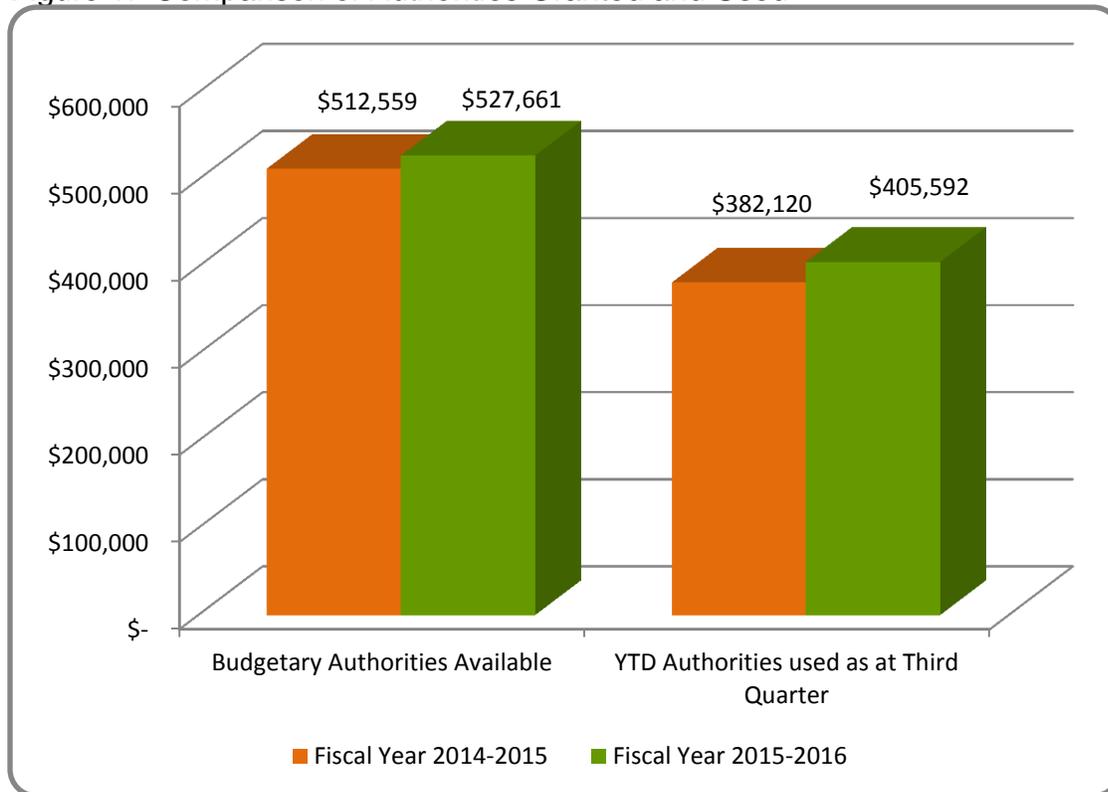
- An increase of \$13.5 million in statutory authorities for judges salaries, allowances and annuities;
- An increase in FJA's operating authorities of \$0.9 million pertaining to transitional funding to March 31, 2016, to cover unforeseeable legal fees for judges and expenses by deputy judges of the Supreme Courts of the Yukon and Northwest Territories;
- An increase in CJC's operating authorities of \$0.4 million pertaining to transitional funding to March 31, 2016 for the costs of complaints, investigations and inquiries under the Judges Act; and
- An increase in EBP statutory authorities of \$0.3 million.

Changes to Budgetary Expenditures

Overall, FJA's quarterly and year-to-date budgetary expenditures are consistent with that of the previous fiscal year. As at December 31, 2015 the department's total net budgetary expenditures increased by 6.1% (\$23.5 million) compared with the same quarter last fiscal year. This variance is comprised of:

- A year-to date net increase of 6.3% (\$22.6 million) in personnel expenditures (including EBP and judges' salaries, annuities, and surviving beneficiaries' benefits issued pursuant to the *Judges Act*); and
- An overall net increase of 3.4% (\$0.9 million) for all other non-salary expenditures.

Figure 1: Comparison of Authorities Granted and Used



The chart illustrates the variation in thousands of dollars of the annual budgetary authorities granted and used as at December 31, 2014 and 2015.

As at December 31, 2014 and 2015, FJA planned to spend \$512,559,074 in 2014-15 and \$527,661,533 in 2015-16. Authorities used as at the third quarter totalled \$382,120,376 in 2014-15 and \$405,592,285 in 2015-16.

3. Risks and Uncertainties

FJA's environment is complex due to the range of services it provides and the large number of clients served. Recognizing this context, FJA has developed a risk profile and actively monitors internal and external risks through its management team. Concise information about significant financial risks and uncertainties, the potential impact to FJA's 2015-16 financial plan and the strategies adopted to manage these financial risks and uncertainties are briefly outlined below. Further detail about FJA's internal and external risks can be found in FJA's 2015-16 RPP.

This QFR reflects the results of the current fiscal period in relation to the *Main Estimates* for which full supply was released on June 09, 2015, *Supplementary Estimates A* and the year end operating budget carry forward.

FJA continues to operate within its existing reference levels, which have remained relatively constant for several years. The lack of new funding and the focus on addressing gaps and deficiencies at the operating level has limited FJA's ability to make investments in new strategic priorities. FJA has responded to these challenges by reallocating internal resources and identifying efficiencies, however, the ability to continue to do so is limited.

4. Significant changes in relation to operations, personnel and programs

Two budgetary changes are expected in relation to operations, personnel and programs for the coming year. One change concerns the increased number of judicial appointments, pensioners, and statutory expenditures for judges' salaries. The second change concerns increased expenditures for legal obligations for which FJA received interim funding in 2015-16.

5. Budget 2012 Implementation

FJA was not affected by the strategic and operating reviews. Therefore, there were no new or renewed initiatives and savings measures announced in Budget 2012 that implicated FJA. FJA pursued a range of initiatives to ensure the renewal of legacy systems and alignment with government-wide process and systems. However, as mentioned above, FJA has a limited funding capacity. Workload demand for FJA services is increasing in line with demographic changes in the client base, which brings additional operational requirements (for example, the funding necessary to support the Judicial Compensation and Benefits Commission).

6. Approval by Senior Officers

Approved by:

original signed by
William A. Brooks
Commissioner
Ottawa, Canada
Date: February 24, 2016

original signed by
Marc A. Giroux
Chief Financial Officer
Ottawa, Canada
Date: February 24, 2016

Office of the Commissioner for Federal Judicial Affairs Canada

Quarterly Financial Report

For the quarter ended December 31, 2015

Statement of Authorities (unaudited)

Fiscal year 2015-16 (in thousands of dollars)

	Total available for use for the year ending March 31, 2016	Used during the quarter ended December 31, 2015	Year to date used at quarter-end
Operating expenditures -FJA	8,952	1,803	5,164
Operating expenditures -CJC	3,590	487	1,632
Less: Revenues	(275)	(7)	(16)
Net Operating expenditures	12,267	2,283	6,780
Statutory authorities - EBP	964	241	723
Statutory authorities – Judges salaries, allowances and annuities	514,430	137,048	398,089
Total Budgetary Authorities	\$ 527,661	\$ 139,572	\$ 405,592

*Includes only Authorities available for use and granted by Parliament at quarter-end.

Office of the Commissioner for Federal Judicial Affairs Canada

Quarterly Financial Report

For the quarter ended December 31, 2015

Fiscal year 2014-15 (in thousands of dollars)

	Total available for use for the year ending March 31, 2015*	Used during the quarter ended December 31, 2014	Year to date used at quarter-end
Operating expenditures -FJA	8,093	1,800	5,378
Operating expenditures -CJC	3,189	662	1,629
Less: Revenues	(275)	(8)	(16)
Net Operating expenditures	11,007	2,454	6,991
Statutory authorities - EBP	667	167	500
Statutory authorities – Judges salaries, allowances and annuities	500,885	125,942	374,629
Total Budgetary Authorities	\$ 512,559	\$ 128,563	\$ 382,120

*Includes only Authorities available for use and granted by Parliament at quarter-end.

Office of the Commissioner for Federal Judicial Affairs Canada

Quarterly Financial Report

For the quarter ended December 31, 2015

Departmental budgetary expenditures by Standard Object (unaudited)

Fiscal year 2015-16 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2015	Expended during the quarter ended December 31, 2015	Year to Date Used at quarter-end
Expenditures			
Personnel -including EBP	484,070	130,455	378,979
Transportation and Telecommunications	31,505	2,735	15,166
Information	165	9	55
Professional Services	3,303	5,207	6,802
Rentals	550	59	136
Purchased Repair and Maintenance	139	(10)	4
Utilities, materials and supplies	269	9	32
Acquisition of Machinery & Equipment	168	125	143
Other subsidies and payments*	7,767	990	4,291
Total Gross Budgetary Expenditures	527,936	139,579	405,608
Less Revenues netted against Expenditures			
Revenues	(275)	(7)	(16)
Total net budgetary expenditures	\$ 527,661	\$ 139,572	\$ 405,592

*Timing difference – actual expenditures used during the quarter include interdepartmental settlements that were coded to the appropriate standard object in subsequent accounting periods.

Fiscal year 2014-15 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2015	Expended during the quarter ended December 31, 2014	Year to date used at quarter-end
Expenditures			
Personnel -including EBP	470,831	118,676	356,377
Transportation and Telecommunications	30,824	7,952	19,035
Information	135	33	64
Professional Services	3,787	988	2,431
Rentals	443	32	108
Purchased Repair and Maintenance	113	27	86
Utilities, materials and supplies	223	8	28
Acquisition of Machinery & Equipment	138	15	27
Other subsidies and payments*	6,340	840	3,980
Total Gross Budgetary Expenditures	512,834	128,571	382,136
Less Revenues netted against Expenditures			
Revenues	(275)	(8)	(16)
Total net budgetary expenditures	\$ 512,559	\$ 128,563	\$ 382,120

*Timing difference – actual expenditures used during the quarter include interdepartmental settlements that were coded to the appropriate standard object in subsequent accounting periods.