



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

**Quarterly financial report
for the quarter ended
June 30th, 2011**

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 three very distinct 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 Activity Architecture, the organization is broken down into three program activities: payments pursuant to the *Judges Act*, CJC, and FJA. These activities strive to meet the priorities of: developing organizational capacity, building a strong, integrated team, improving service delivery, enhancing communications, and managing information.

Further details about FJA's authority, mandate, and program activities can be found below and in FJA's *Report on Plans and Priorities* (RPP) and *Main Estimates* located on the Treasury Board website at 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 2010-11 and the 2011-12 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.

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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 modified 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 a 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 and judicial training services.

The department's quarterly and year-to-date spending are in line with that of the previous fiscal year. For 2011-12, there is an increase in budgetary authorities of approximately \$23.1 million compared to the authorities granted in 2010-11 *Main Estimates*. This is primarily due to an increase in statutory costs of \$22.8 million related to the payments issued pursuant to *Judges Act*.

3. Risks and Uncertainties

FJA's environment is complex due in part to the small size of its organization, the range of services it provides and the large number of clients served. FJA is also the only organization in the government with the delicate task of regularly interacting with three levels of government: legislative for the administration of the *Judges Act*; judicial for a wide range of services; and the executive with respect to managerial and central agency requirements.

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 2011-12 financial plan, and the strategies

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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 2011-12 RPP.

This QFR reflects the results of the current fiscal period in relation to the *Main Estimates* and *Supplementary Estimates A* for which full supply was released on June 27, 2011.

Budget 2010 announced that the operating budgets of departments would be frozen at their 2010-11 levels for the fiscal years 2011-12 and 2012-13. Management is reviewing various options to adjust to this constraint in funding.

Budget 2011 announced that departmental budgets would be examined through a Strategic and Operating Review. Pursuant to this review, it is expected that future years' budgets will be reduced for fiscal years commencing in 2012-13. However, at this time the nature and extent of any reductions, if any, are not known.

FJA faces risks and challenges in balancing resources with the involvement of the Canadian judiciary with international activities in developing countries. In 1996, FJA initiated an international judicial program fully funded through the Canadian International Development Agency (CIDA) and Foreign Affairs and International Trade Canada (DFAIT). Commencing with Ukraine, partnerships with Russia, Ethiopia, China, Mexico, Ghana, Jamaica, Peru and other countries quickly followed. Many of these international projects are now complete. In the absence of international projects, FJA may suffer a shortfall in its revenue sources which could impact the department's capacity to continue providing assistance to developing countries. Funding has been requested so that we can staff two permanent positions in this area so as to maintain some degree of consistency and corporate memory. It is forecasted that we will require ongoing funding of \$300K.

Senior staff at FJA has been working diligently at refining and improving our services to judges. We have undertaken an Innovation Initiative with the objective of modernizing our processes and improving our capacity to provide timely services to not only judges but also to those lawyers wishing to become a judge. We have undertaken a number of studies of our various processes and have received recommendations for potential enhancements and modernization. These projects, spread over the next 3 years, will be the subject of a Business Case we are currently drafting for submission to Treasury Board. The major areas where funding is being requested include the following:

- Judicial Appointments Secretariat-Smart forms for judicial candidates to submit their application for appointment electronically;
- Finance and Administration-Smart forms for judges to submit claims for reimbursement electronically;
- Implementation of an Information Management solution.

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This office is responsible for the administration of the Judges' Pension system currently maintained by Public Works and Government Services Canada (PWGSC). We have received notification that, after 2012, PWGSC will no longer be supporting this system. We have entered into negotiations with PWGSC for a new solution and, at the current time, have not determined what the impact of this change will be.

As part of the duties passed on to this office by the Minister of Justice, pursuant to section 74(1)(d) of the *Judges Act*, this office is responsible to administer the process for the appointment of two Supreme Court of Canada judges. We have administered the last two processes and have incurred substantial expenditures for which Supplementary funding was requested and, on one occasion, was provided. As a small department with limited funding capacity, we do not have any internal funds which could be reallocated to fund this important initiative. The estimated budget for this initiative has been set at \$400K for the current fiscal year.

Another duty of this department is for the operation of the Judicial Compensation and Benefits Commission. This commission is appointed every four years and a new commission is expected to be appointed in the August-September 2011 timeframe. This commission is mandated to conduct a review of the adequacy of the salaries and other amounts payable under the *Judges Act* and into the adequacy of judges' benefits generally. Funding for 2011-12 operations has been obtained and we will be seeking funding for the next four years worth of operations for this commission. It is estimated that approximately \$940K will be required over this timeframe.

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

A new Commissioner was appointed, effective August 15th, 2011. This position has been vacant since September 2010. The department has also embarked on an internal review of its current staffing levels and budget allocations. As a result of this review, there has been a reduction (through attrition) in the number of employees within certain divisions. Aside from these actions, there have been no significant changes in relation to operations, personnel and programs over the last year.

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5. Approval by Senior Officers

Approved by:

Marc Giroux
Deputy Commissioner
Ottawa, Canada
Date: July 22nd, 2011

Wayne Osborne
Chief Financial Officer
Ottawa, Canada
Date: July 22nd, 2011

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Statement of Authorities (unaudited)

Fiscal year 2011-12 (in thousands of dollars)

	Total available for use for the year ending March 31, 2012*	Used during the quarter ended June 30, 2011	Year to date used at quarter-end
Vote 20 – Operating expenditures – FJA	8,547	1,668	1,668
Vote 25 – Operating expenditures - CJC	1,509	377	377
Less: Revenues netted against expenditures	(275)	0	0
Net Operating expenditures	9,781	2,045	2,045
Statutory authorities – EBP	1,032	258	258
Statutory authorities – <i>Judge’s Act</i>	451,770	114,037	114,037
Total Budgetary Authorities	462,583	116,340	116,340

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

Fiscal year 2010-11 (in thousands of dollars)

	Total available for use for the year ending March 31, 2011*	Used during the quarter ended June 30, 2010	Year to date used at quarter-end
Vote 20 – Operating expenditures – FJA	8,330	1,792	1,792
Vote 25 – Operating expenditures - CJC	1,608	355	355
Less: Revenues netted against expenditures	(275)	(3)	(3)
Net Operating expenditures	9,663	2,144	2,144
Statutory authorities – EBP	875	219	219
Statutory authorities – <i>Judge’s Act</i>	428,924	109,539	109,539
Total Budgetary Authorities	439,462	111,902	111,902

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

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Departmental budgetary expenditures by Standard Object (unaudited)

Fiscal year 2011-12 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2012	Used during the quarter ended June 30, 2011	Year to date used at quarter-end
Expenditures:			
Personnel (including EBP)	424,938	106,817	106,817
Transportation and communications	28,950	6,234	6,234
Information	55	11	11
Professional and special services	3,182	448	448
Rentals	70	35	35
Repair and maintenance	200	38	38
Utilities, materials and supplies	120	18	18
Acquisition of machinery and equipment	80	26	26
Other subsidies and payments*	5,263	2,713	2,713
<i>Total gross budgetary expenditures</i>	462,858	116,340	116,340
Less: revenues netted against expenditures			
Revenues	(275)	0	0
<i>Total revenues netted against expenditures</i>	(275)	0	0
TOTAL NET BUDGETARY EXPENDITURES	462,583	116,340	116,340

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

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Fiscal year 2010-11 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2011	Used during the quarter ended June 30, 2010	Year to date used at quarter-end
Expenditures:			
Personnel (including EBP)	415,136	102,079	102,079
Transportation and communications	15,376	6,663	6,663
Information	80	7	7
Professional and special services	4,015	411	411
Rentals	148	28	28
Repair and maintenance	93	38	38
Utilities, materials and supplies	156	17	17
Acquisition of machinery and equipment	170	78	78
Other subsidies and payments*	4,563	2,584	2,584
<i>Total gross budgetary expenditures</i>	439,737	111,905	111,905
Less: revenues netted against expenditures			
Revenues	(275)	(3)	(3)
<i>Total revenues netted against expenditures</i>	(275)	(3)	(3)
TOTAL NET BUDGETARY EXPENDITURES	439,462	111,902	111,902

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