

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

**Quarterly Financial Report
for the quarter ended
September 30, 2018**

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 of Canada Secretariat. 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 in order to put federally appointed judges at arm's length from the administration of the Department of Justice. Its mandate extends to promoting better administration of justice and providing support for 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).

Under the Departmental Results Framework, the organization's one core responsibility is to provide administrative support to federally appointed judges. In addition to Internal Services, the organization is broken down into three programs: payments pursuant to the Judges Act, FJA, and CJC.

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 quarterly report 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 for the 2018-2019 fiscal year. This quarterly report has been prepared

using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

Parliament's authority is required before money 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 results reporting process. The spending authorities voted by Parliament however, 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 September 30, 2018 the total authorities provided to FJA increased by \$12.4 million compared with the same quarter last fiscal year. This net increase is comprised of:

- An increase of \$13.4 million in statutory authorities for judges salaries, allowances and annuities. This increase is mostly due to a high volume of judicial appointments in 2017-18 and an increase in the number of pensioners;
- An increase of \$0.5 million in CJC's operating authorities to support enhanced programming on judicial education, ethics and conduct, and make targeted investments to upgrade aging information technology infrastructure;
- An increase of \$0.3 million in FJA's personnel authorities for compensation allocations due to the signing of collective agreements and to maintain and support the enhanced level of access to government information;

- An increase of \$0.1 million in FJA's operating authorities partly due to an increase in the year-end operating budget carry-forward and to maintain and support the enhanced level of access to government information;
- An increase of \$0.1 million in CJC's year-end operating budget carry forward; and
- A decrease of \$2 million in CJC's operating authorities due to the creation of a frozen allotment for transitional funding received until March 31, 2019 for the costs of complaints, investigations and inquiries under the Judges Act.

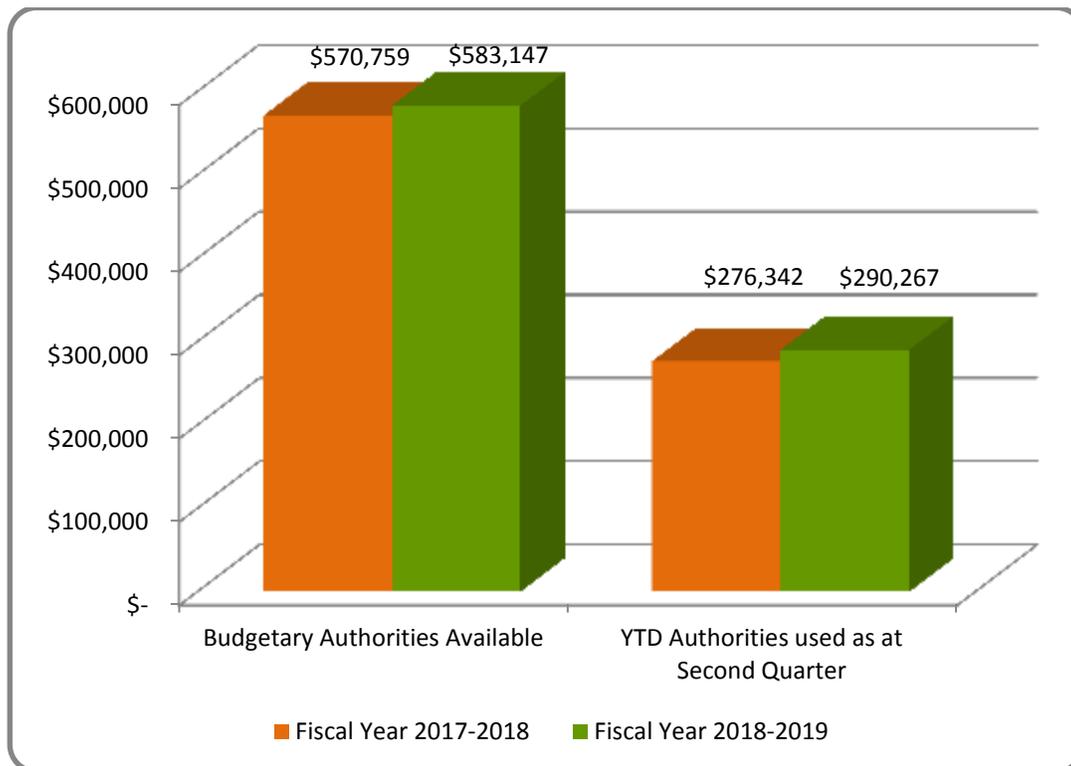
Changes to Budgetary Expenditures

As at September 30, 2018 the department's total net budgetary expenditures increased by \$13.9 million compared with the same quarter last fiscal year. This variance is comprised of:

- A year-to date net increase of \$13.4 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 \$0.5 million for all other non-salary expenditures.

Figure 1: Comparison of Authorities Granted and Used

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The chart illustrates the variation in thousands of dollars of the annual budgetary authorities granted and used as at September 30, 2017 and 2018.

As at September 30, 2017 and 2018, FJA planned to spend \$570,758,699 in 2017-18 and \$583,147,223 in 2018-19. Authorities used as at the second quarter totalled \$276,342,133 in 2017-18 and \$290,267,119 in 2018-19.

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 2018-19 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 2018-19 DP.

This QFR reflects the results of the current fiscal period in relation to the Main Estimates for which full supply was released on June 21, 2018.

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

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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

As at September 30, 2018, we anticipate higher costs associated with personnel expenditures due to staffing activities undertaken in the current year.

5. Approval by Senior Officials

Approved by:

Original signed by _____
Marc A. Giroux
Commissioner
Ottawa, Canada
Date: November 29, 2018

Original signed by _____
Errolyn Humphreys
Chief Financial Officer

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Statement of Authorities (unaudited)

Fiscal year 2018-2019 (in thousands of dollars)

	Total available for use for the year ending March 31, 2019*	Used during the quarter ended September 30, 2018	Year- to-date used at quarter-end
Vote 1 – FJA – Operating expenditures	8,192	2,163	4,018
Vote 5 – CJC – Operating expenditures	2,216	772	1,130
Less: Vote 1 – FJA – Revenues	(275)	(10)	(10)
Net Operating expenditures	10,133	2,925	5,138
Statutory authorities - EBP	921	230	460
Statutory authorities – Judges salaries, allowances and annuities	572,093	140,512	284,669
Total Budgetary Authorities	\$ 583,147	\$ 143,667	\$ 290,267

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

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Fiscal year 2017-2018 (in thousands of dollars)

	Total available for use for the year ending March 31, 2018*	Used during the quarter ended September 30, 2017	Year to date used at quarter-end
Vote 1 – FJA – Operating expenditures	7,860	2,431	4,394
Vote 5 – CJC – Operating expenditures	3,601	824	1,249
Less: Vote 1 – FJA – Revenues	(275)	-	-
Net Operating expenditures	11,186	3,255	5,643
Statutory authorities - EBP	911	227	454
Statutory authorities – Judges salaries, allowances and annuities	558,662	133,118	270,245
Total Budgetary Authorities	\$ 570,759	\$ 136,600	\$ 276,342

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

Departmental budgetary expenditures by Standard Object (unaudited)

Fiscal year 2018-2019 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2019	Expended during the quarter ended September 30, 2018	Year-to-date used at quarter-end
Expenditures			
Personnel -including EBP	541,347	133,650	270,419
Transportation and Telecommunications	22,998	5,145	11,140
Information	168	17	69
Professional Services	12,026	3,838	5,366
Rentals	371	88	132
Purchased Repair and Maintenance	71	-	-
Utilities, materials and supplies	70	7	9
Acquisition of Machinery & Equipment	49	7	10
Other subsidies and payments*	6,322	925	3,132
Total Gross Budgetary Expenditures	583,422	143,677	290,277
Less Revenues netted against Expenditures			
Revenues	(275)	(10)	(10)
Total net budgetary expenditures	\$ 583,147	\$ 143,667	\$ 290,267

*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 2017-2018 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2018	Expended during the quarter ended September 30, 2017	Year-to-date used at quarter-end
Expenditures			
Personnel -including EBP	526,761	127,359	256,973
Transportation and Telecommunications	23,249	4,358	9,960
Information	204	10	51
Professional Services	14,346	3,819	6,139
Rentals	229	78	125
Purchased Repair and Maintenance	44	1	1
Utilities, materials and supplies	51	7	9
Acquisition of Machinery & Equipment	87	32	42
Other subsidies and payments*	6,063	936	3,042
Total Gross Budgetary Expenditures	571,034	136,600	276,342
Less Revenues netted against Expenditures			
Revenues	(275)	-	-
Total net budgetary expenditures	\$ 570,759	\$ 136,600	\$ 276,342

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