

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

**Quarterly Financial Report
for the quarter ended
December 31, 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. FJA's mandate extends to promoting better administration of justice and providing support for the federal judiciary.

FJA 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 support to federally appointed judges. In addition to Internal Services, the organization is broken down into three program activities: 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 Departmental Plan (DP), Main Estimates and Supplementary Estimates located on FJA's and the Treasury Board's 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.

The authority of Parliament 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. 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, 2018 the total authorities provided to FJA increased by \$11.5 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;
- A decrease of \$0.1 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 \$0.1 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;

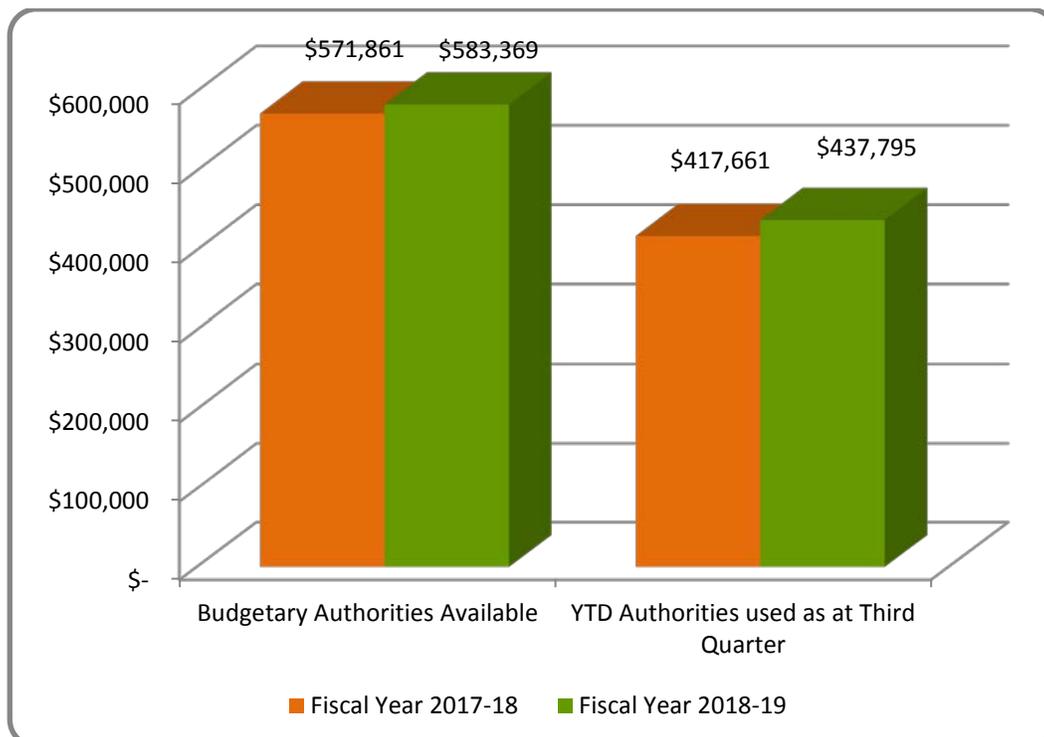
- An increase of \$0.1 million in CJC's year-end operating budget carry forward; and
- A decrease of \$2 million in CJC's operating authorities due to the creation of a frozen allotment for transitional funding received until March 31, 2019 for the costs of complaints, investigations and inquiries under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

Changes to Budgetary Expenditures

As at December 31, 2018 the department's total net budgetary expenditures increased by \$20.1 million compared with the same quarter last fiscal year. This variance is comprised of:

- A year-to date net increase of \$19.7 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 \$0.4 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, 2017 and 2018.

As at December 31, 2017 and 2018, FJA planned to spend \$571,861,043 in 2017-18 and \$583,369,192 in 2018-19. Authorities used as at the third quarter totalled \$417,661,315 in 2017-18 and \$437,795,722 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 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 December 31, 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:

Marc A. Giroux
Commissioner

Errolyn Humphreys
Chief Financial Officer

Ottawa, Canada
Date: February 12, 2019

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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 December 31, 2018	Year- to-date used at quarter-end
Vote 1 – FJA – Operating expenditures	8,414	1,956	5,974
Vote 5 – CJC – Operating expenditures	2,216	676	1,806
Less: Vote 1 – FJA – Revenues	(275)	(10)	(20)
Net Operating expenditures	10,355	2,622	7,760
Statutory authorities - EBP	921	230	690
Statutory authorities – Judges salaries, allowances and annuities	572,093	144,676	429,345
Total Budgetary Authorities	\$ 583,369	\$ 147,528	\$ 437,795

*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 December 31, 2017	Year to date used at quarter-end
Vote 1 – FJA – Operating expenditures	8,209	2,349	6,743
Vote 5 – CJC – Operating expenditures	4,354	537	1,786
Less: Vote 1 – FJA – Revenues	(275)	(20)	(20)
Net Operating expenditures	12,288	2,866	8,509
Statutory authorities - EBP	911	227	681
Statutory authorities – Judges salaries, allowances and annuities	558,662	138,226	408,471
Total Budgetary Authorities	\$ 571,861	\$ 141,319	\$ 417,661

*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 December 31, 2018	Year-to-date used at quarter-end
Expenditures			
Personnel -including EBP	541,569	138,583	409,002
Transportation and Telecommunications	22,998	6,040	17,180
Information	168	35	104
Professional Services	12,026	1,762	7,128
Rentals	371	49	181
Purchased Repair and Maintenance	71	1	1
Utilities, materials and supplies	70	14	23
Acquisition of Machinery & Equipment	49	8	18
Other subsidies and payments*	6,322	1,046	4,178
Total Gross Budgetary Expenditures	583,644	147,538	437,815
Less Revenues netted against Expenditures			
Revenues	(275)	(10)	(20)
Total net budgetary expenditures	\$ 583,369	\$ 147,528	\$ 437,795

*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 December 31, 2017	Year-to-date used at quarter-end
Expenditures			
Personnel -including EBP	526,640	132,309	389,282
Transportation and Telecommunications	23,581	5,439	15,399
Information	214	79	130
Professional Services	15,173	2,472	8,611
Rentals	245	46	171
Purchased Repair and Maintenance	53	10	11
Utilities, materials and supplies	59	18	27
Acquisition of Machinery & Equipment	93	29	71
Other subsidies and payments*	6,078	937	3,949
Total Gross Budgetary Expenditures	572,136	141,339	417,681
Less Revenues netted against Expenditures			
Revenues	(275)	(20)	(20)
Total net budgetary expenditures	\$ 571,861	\$ 141,319	\$ 417,661

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