



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

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

**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 following priorities: 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), *Departmental Performance Report* (DPR), 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 FJA to apply revenues collected toward 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 the *Judges Act*.

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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 *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 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, Supplementary Estimates A* for which full supply was released on June 27, 2011, and the funding allocated through Treasury Board Vote 25 (Operating Budget Carry Forward). In both 2011-12 and 2010-11, FJA received a carry forward amount of \$0.4 million.

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 reviewed 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.

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. The major areas assessed include the following:

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- 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.

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 this time, have not determined the nature of the changes or the impact.

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. The budget for this initiative has been set at \$0.3 million 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 November 2011. 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

The department's 2011-12 quarterly and year-to-date professional services spending reflect an increase of \$0.3 million compared to 2010-11. This increase is primarily due to expenditures of approximately \$70k incurred for the Supreme Court appointments process and \$85k incurred for the Innovation initiative.

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5. Approval by Senior Officers

Approved by:

William A. Brooks
Commissioner
Ottawa, Canada
Date: November 24, 2011

Wayne Osborne
Chief Financial Officer
Ottawa, Canada
Date: November 24, 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 Sept. 30, 2011	Year to date used at quarter-end
Vote 20 – Operating expenditures – FJA	8,928	2,331	3,999
Vote 25 – Operating expenditures - CJC	1,537	443	820
Less: Revenues netted against expenditures	(275)	0	0
Net Operating expenditures	10,190	2,774	4,819
Statutory authorities – EBP	1,032	258	516
Statutory authorities – <i>Judge’s Act</i>	451,770	113,801	227,838
Total Budgetary Authorities	462,992	116,833	233,173

*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 Sept. 30, 2010	Year to date used at quarter-end
Vote 20 – Operating expenditures – FJA	8,700	1,310	3,102
Vote 25 – Operating expenditures - CJC	1,673	438	793
Less: Revenues netted against expenditures	(275)	(26)	(29)
Net Operating expenditures	10,098	1,722	3,866
Statutory authorities – EBP	875	219	438
Statutory authorities – <i>Judge’s Act</i>	428,924	108,332	217,871
Total Budgetary Authorities	439,897	110,273	222,175

*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 Sept. 30, 2011	Year to date used at quarter-end
Expenditures:			
Personnel (including EBP)	424,938	108,168	214,985
Transportation and communications	28,950	7,063	13,297
Information	55	8	19
Professional and special services	3,591	845	1,293
Rentals	70	18	53
Repair and maintenance	200	16	54
Utilities, materials and supplies	120	18	36
Acquisition of machinery and equipment	80	31	57
Other subsidies and payments*	5,263	666	3,379
<i>Total gross budgetary expenditures</i>	463,267	116,833	233,173
Less: revenues netted against expenditures			
Revenues	(275)	0	0
<i>Total revenues netted against expenditures</i>	(275)	0	0
TOTAL NET BUDGETARY EXPENDITURES	462,992	116,833	233,173

*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 Sept. 30, 2010	Year to date used at quarter-end
Expenditures:			
Personnel (including EBP)	415,136	102,592	204,671
Transportation and communications	15,376	6,755	13,418
Information	80	16	23
Professional and special services	4,450	560	971
Rentals	148	11	39
Repair and maintenance	93	15	53
Utilities, materials and supplies	156	24	41
Acquisition of machinery and equipment	170	10	88
Other subsidies and payments*	4,563	316	2,900
<i>Total gross budgetary expenditures</i>	440,172	110,299	222,204
Less: revenues netted against expenditures			
Revenues	(275)	(26)	(29)
<i>Total revenues netted against expenditures</i>	(275)	(26)	(29)
TOTAL NET BUDGETARY EXPENDITURES	439,897	110,273	222,175

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