

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

**Quarterly Financial Report
for the quarter ended
September 30th, 2014**

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 2013-14 and the 2014-15 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 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, 2014 the total authorities provided to FJA increased by \$14.5 million compared with the same quarter last fiscal year. This net increase is comprised of:

- An increase of \$13.3 million in statutory authorities for judges salaries, allowances and annuities;
- An increase in operating authorities of \$700k for legal obligations and another increase resulting from \$406k unspent monies carried forward from the previous fiscal year;
- An increase in FJA's personnel expenditures of \$106k for collective agreement adjustments;
- An increase in CJC's operating authorities of \$75k resulting from unspent monies carried forward from the previous fiscal year; and
- A decrease in EBP statutory authorities of \$119k.

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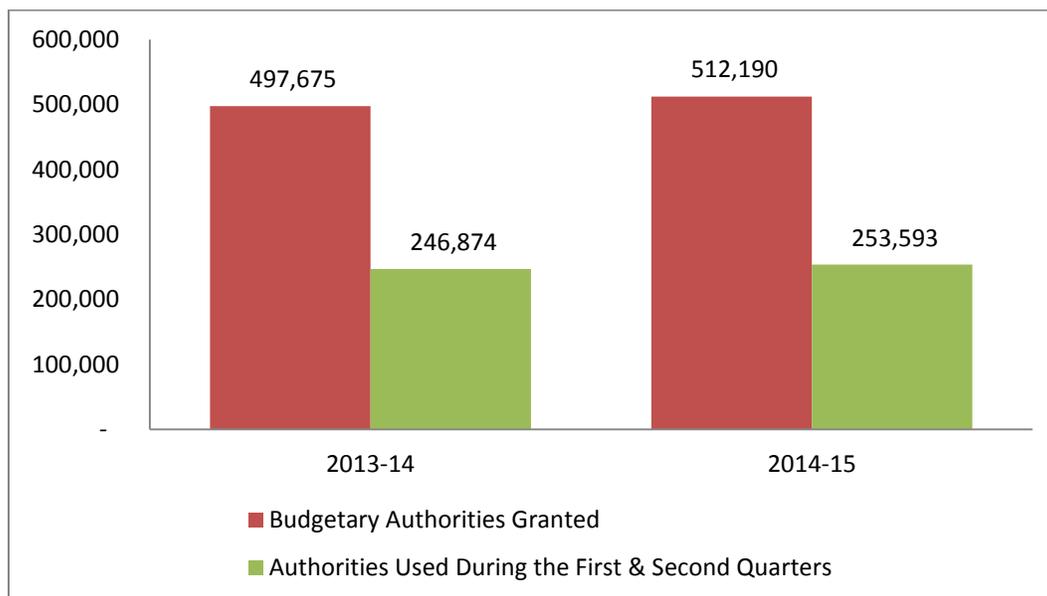
Changes to Budgetary Expenditures

Overall, FJA's quarterly and year-to-date budgetary expenditures are consistent with that of the previous fiscal year. As at September 30, 2014 the department's total net budgetary expenditures increased by 3% (\$6.7 million) compared with the same quarter last fiscal year. This variance is comprised of:

- A net increase of 4% (\$8.7 million) in Personnel expenditures (including EBP and judges' salaries, annuities, and surviving beneficiaries' benefits issued pursuant to the *Judges Act*); and
- An overall net decrease of 1% (\$2.0 million) for all other non-salary expenditures.

The Government of Canada implemented payment in arrears in 2014-15 for all employees paid on a bi-weekly basis. In May 2014 a one-time transition payment was issued to employees who are paid every two weeks on a 'current' basis. This \$185k payment was charged against FJA's appropriation and is included in the net increase in Personnel expenditures noted above.

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 September 30, 2013 and 2014.

As at September 30, 2013 and 2014, FJA planned to spend \$497,675,214 in 2013-14 and \$512,190,328 in 2014-15. Authorities used during the first and second quarters totalled \$246,874,019 in 2013-14 and \$253,593,523 in 2014-15.

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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 2014-15 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 2014-15 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 20, 2014, *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.

At the request of the Minister of Justice pursuant to section 74(1)(d) of the *Judges Act*, this office has administered the last four processes for the appointment of a Supreme Court of Canada judge. We have incurred substantial expenditures for which supplementary funding was requested and, on one occasion, was provided. As a small department with limited funding capacity reallocation of resources to fund this important initiative remains a serious challenge and impacts our ability to fund other priorities of the Department. The estimated budget for this initiative has been set at \$325K for the current fiscal year.

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 \$700k in funding for both 2013-14 and 2014-15.

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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 additional 2014-15 Supreme Court of Canada appointment process requires reallocation of existing resources.

6. Approval by Senior Officers

Approved by:

William A. Brooks
Commissioner
Ottawa, Canada
Date: November 21, 2014

Nicole Sayed
Chief Financial Officer
Ottawa, Canada
Date: November 21, 2014

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Statement of Authorities (unaudited)

Fiscal year 2014-15 (in thousands of dollars)

	Total available for use for the year ending March 31, 2015*	Used during the quarter ended Sept. 30, 2014	Year to date used at quarter-end
Operating expenditures – FJA	9,324	2,025	3,615
Operating expenditures – CJC	1,589	615	966
Less: Revenues netted against expenditures	(275)	(8)	(8)
Net Operating expenditures	10,638	2,632	4,573
Statutory authorities – EBP	667	166	333
Statutory authorities – Judges salaries, allowances and annuities	500,885	124,033	248,687
Total Budgetary Authorities	512,190	126,831	253,593

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

Fiscal year 2013-14 (in thousands of dollars)

	Total available for use for the year ending March 31, 2014*	Used during the quarter ended Sept. 30, 2013	Year to date used at quarter-end
Operating expenditures – FJA	8,112	2,047	3,905
Operating expenditures – CJC	1,517	416	737
Less: Revenues netted against expenditures	(275)	0	0
Net Operating expenditures	9,354	2,463	4,642
Statutory authorities – EBP	786	197	393
Statutory authorities – Judges salaries, allowances and annuities	487,535	121,260	241,839
Total Budgetary Authorities	497,675	123,920	246,874

*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 2014-15 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2015	Used during the quarter ended Sept. 30, 2014	Year to date used at quarter-end
Expenditures:			
Personnel (including EBP)	470,816	119,257	237,701
Transportation and communications	30,705	5,916	11,083
Information	63	24	31
Professional and special services	4,118	953	1,442
Rentals	150	43	76
Repair and maintenance	135	1	58
Utilities, materials and supplies	88	9	21
Acquisition of machinery and equipment	364	3	11
Other subsidies and payments*	6,026	633	3,178
<i>Total gross budgetary expenditures</i>	512,465	126,839	253,601
Less: revenues netted against expenditures			
Revenues	(275)	(8)	(8)
<i>Total revenues netted against expenditures</i>	(275)	(8)	(8)
TOTAL NET BUDGETARY EXPENDITURES	512,190	126,831	253,593

*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 2013-14 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2014	Used during the quarter ended Sept. 30, 2013	Year to date used at quarter-end
Expenditures:			
Personnel (including EBP)	458,130	115,083	228,959
Transportation and communications	30,513	6,814	12,550
Information	55	29	37
Professional and special services	3,539	1,216	1,754
Rentals	70	58	93
Repair and maintenance	200	24	90
Utilities, materials and supplies	100	15	36
Acquisition of machinery and equipment	80	9	19
Other subsidies and payments*	5,263	672	3,336
Total gross budgetary expenditures	497,950	123,920	246,874
Less: revenues netted against expenditures			
Revenues	(275)	0	0
<i>Total revenues netted against expenditures</i>	<i>(275)</i>	<i>0</i>	<i>0</i>
TOTAL NET BUDGETARY EXPENDITURES	497,675	123,920	246,874

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