



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

**Quarterly Financial Report
for the quarter ended
June 30th, 2013**

**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, Supplementary Estimates*, as well as *Canada's Economic Action Plan 2012 (Budget 2012)*. 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 Alignment 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 2012-13 and the 2013-14 fiscal years. This QFR has

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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 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.

The department's quarterly and year-to-date spending are in line with that of the previous fiscal year. For 2013-14, there is a net increase in budgetary authorities of \$12.3 million compared to the authorities granted in 2012-13 *Main Estimates*. This is primarily due to an increase in statutory costs of \$12.8 million related to the payments issued pursuant to *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. 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 2013-14 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 2013-14 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 20, 2013.

Senior staff at FJA has been working diligently at refining and improving services to judges. The implementation of an information management system has been identified as a priority for the organization. This initiative will impact on all sections of the department. The skills needed to implement this major change are currently not available internally so FJA can address this initiative only as funding becomes available.

This office is responsible for the administration of the Judges' pay and pension systems currently maintained by Public Works and Government Services Canada (PWGSC). We have received notification that PWGSC will no longer be supporting these systems. 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.

At the request of the Minister of Justice pursuant to section 74(1) (d) of the *Judges Act* during 2013-14 this office is again responsible for administering the process for the appointment of a Supreme Court of Canada judge. We have administered the last four 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 reallocation of resources to fund this important initiative 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.

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

There are no significant changes expected in relation to operations, personnel and programs during the coming year.

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. 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 2013-14 Supreme Court of Canada appointment process requires reallocation of existing resources.

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6. *Approval by Senior Officers*

Approved by:

William A. Brooks
Commissioner
Ottawa, Canada
Date: August 30, 2013

Nicole Sayed
Chief Financial Officer
Ottawa, Canada
Date: August 30, 2013

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Statement of Authorities (unaudited)

Fiscal year 2013-14 (in thousands of dollars)

	Total available for use for the year ending March 31, 2014*	Used during the quarter ended June 30, 2013	Year to date used at quarter-end
Operating expenditures – FJA	8,112	1,858	1,858
Operating expenditures – CJC	1,517	321	321
Less: Revenues netted against expenditures	(275)	0	0
Net Operating expenditures	9,354	2,179	2,179
Statutory authorities – EBP	786	196	196
Statutory authorities – Judges salaries, allowances and annuities	487,535	120,579	120,579
Total Budgetary Authorities	497,675	122,954	122,954

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

Fiscal year 2012-13 (in thousands of dollars)

	Total available for use for the year ending March 31, 2013*	Used during the quarter ended June 30, 2012	Year to date used at quarter-end
Operating expenditures – FJA	8,076	1,528	1,528
Operating expenditures – CJC	1,509	265	265
Less: Revenues netted against expenditures	(275)	0	0
Net Operating expenditures	9,310	1,793	1,793
Statutory authorities – EBP	982	245	245
Statutory authorities – Judges salaries, allowances and annuities	474,686	118,228	118,228
Total Budgetary Authorities	484,978	120,266	120,266

*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 2013-14 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2014	Used during the quarter ended June 30, 2013	Year to date used at quarter-end
Expenditures:			
Personnel (including EBP)	458,130	113,876	113,876
Transportation and communications	30,513	5,736	5,736
Information	55	8	8
Professional and special services	3,539	538	538
Rentals	70	35	35
Repair and maintenance	200	66	66
Utilities, materials and supplies	100	21	21
Acquisition of machinery and equipment	80	10	10
Other subsidies and payments*	5,263	2,664	2,664
<i>Total gross budgetary expenditures</i>	497,950	122,954	122,954
Less: revenues netted against expenditures			
Revenues	(275)	0	0
<i>Total revenues netted against expenditures</i>	(275)	0	0
TOTAL NET BUDGETARY EXPENDITURES	497,675	122,954	122,954

*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 2012-13 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2013	Used during the quarter ended June 30, 2012	Year to date used at quarter-end
Expenditures:			
Personnel (including EBP)	445,863	110,591	110,591
Transportation and communications	30,083	6,352	6,352
Information	55	12	12
Professional and special services	3,539	586	586
Rentals	70	34	34
Repair and maintenance	200	42	42
Utilities, materials and supplies	100	19	19
Acquisition of machinery and equipment	80	5	5
Other subsidies and payments*	5,263	2,625	2,625
<i>Total gross budgetary expenditures</i>	485,253	120,266	120,266
Less: revenues netted against expenditures			
Revenues	(275)	0	0
<i>Total revenues netted against expenditures</i>	(275)	0	0
TOTAL NET BUDGETARY EXPENDITURES	484,978	120,266	120,266

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