



Office of the Commissioner for Federal Judicial Affairs Canada

**Quarterly Financial Report
for the quarter ended
December 31st, 2013**

Canada

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For the quarter ended December 31st, 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 \$13.0 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* and a net increase of \$0.2 million for operational funding.

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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, the funding allocated through Treasury Board Vote 25 (Operating Budget Carry Forward), collective agreement funding of \$69k and pay list requirements of \$230k allocated on December 19, 2013. In both 2013-14 and 2012-13, FJA received a carry forward amount of \$0.4 million.

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 is pursuing pay modernization, consolidation of pay services, and pension modernization. This puts increased pressure on FJA to transfer pay and pension administration for judges to common service agencies. This must be balanced against the primary mission of FJA to promote the independence of the federal judiciary in order to maintain the confidence of Canadians in our judicial system. FJA is therefore pursuing a range of initiatives to ensure the renewal of legacy systems and alignment with government-wide processes and systems, both in terms of services provided to judges as well as controls to ensure the prudent application of policies and rules governing the payment of judges' salaries, allowances, benefits and annuities.

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At the request of the Minister of Justice pursuant to section 74(1) (d) of the *Judges Act* this office is again responsible for administering the process for the appointment of a Supreme Court of Canada judge during 2013-14. 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 cost of this initiative for the current fiscal year is \$265k.

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.

6. *Approval by Senior Officers*

Approved by:

William A. Brooks
Commissioner
Ottawa, Canada
Date: February 11, 2014

Nicole Sayed
Chief Financial Officer
Ottawa, Canada
Date: February 11, 2014

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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 Dec. 31, 2013	Year to date used at quarter-end
Operating expenditures – FJA	8,793	2,081	5,986
Operating expenditures – CJC	1,615	326	1,063
Less: Revenues netted against expenditures	(275)	(23)	(23)
Net Operating expenditures	10,133	2,384	7,026
Statutory authorities – EBP	786	196	589
Statutory authorities – Judges salaries, allowances and annuities	487,534	122,751	364,590
Total Budgetary Authorities	498,453	125,331	372,205

*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 Dec. 31, 2012	Year to date used at quarter-end
Operating expenditures – FJA	8,487	1,958	5,760
Operating expenditures – CJC	1,579	308	985
Less: Revenues netted against expenditures	(275)	(45)	(45)
Net Operating expenditures	9,791	2,221	6,700
Statutory authorities – EBP	982	245	736
Statutory authorities – Judges salaries, allowances and annuities	474,685	118,618	352,657
Total Budgetary Authorities	485,458	121,084	360,093

*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 Dec. 31, 2013	Year to date used at quarter-end
Expenditures:			
Personnel (including EBP)	458,429	114,992	343,952
Transportation and communications	30,513	7,843	20,393
Information	55	23	60
Professional and special services	4,018	1,637	3,390
Rentals	70	30	123
Repair and maintenance	200	18	108
Utilities, materials and supplies	100	10	46
Acquisition of machinery and equipment	80	5	24
Other subsidies and payments*	5,263	796	4,132
Total gross budgetary expenditures	498,728	125,354	372,228
Less: revenues netted against expenditures			
Revenues	(275)	(23)	(23)
<i>Total revenues netted against expenditures</i>	<i>(275)</i>	<i>(23)</i>	<i>(23)</i>
TOTAL NET BUDGETARY EXPENDITURES	498,453	125,331	372,205

**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 Dec. 31, 2012	Year to date used at quarter-end
Expenditures:			
Personnel (including EBP)	445,924	111,302	332,502
Transportation and communications	30,083	7,741	19,847
Information	55	14	45
Professional and special services	3,958	1,043	3,222
Rentals	70	43	120
Repair and maintenance	200	33	96
Utilities, materials and supplies	100	30	66
Acquisition of machinery and equipment	80	34	54
Other subsidies and payments*	5,263	889	4,186
<i>Total gross budgetary expenditures</i>	<i>485,733</i>	<i>121,129</i>	<i>360,138</i>
Less: revenues netted against expenditures			
Revenues	(275)	(45)	(45)
<i>Total revenues netted against expenditures</i>	<i>(275)</i>	<i>(45)</i>	<i>(45)</i>
TOTAL NET BUDGETARY EXPENDITURES	485,458	121,084	360,093

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