

Office of the Commissioner for Federal Judicial Affairs Canada
Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2018, and all information contained in these statements rests with the management of the Office of the Commissioner for Federal Judicial Affairs Canada (FJA). These financial statements have been prepared by management using the Government's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of FJA's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in FJA's Departmental Results Report, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the Financial Administration Act and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout FJA and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an on-going process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

FJA will be subject to periodic Core Control Audits performed by the Office of the Comptroller General and will use the results of such audits to adhere to the Treasury Board Policy on Financial Management.

In the interim, FJA has undertaken a risk-based assessment of the system of ICFR for the year ended March 31, 2018, in accordance with the Treasury Board Policy on Financial Management, and the results and action plan are summarized in the annex.

The financial statements of FJA have not been audited.

(original signed by)

Marc A. Giroux
Commissioner
Ottawa, Canada
September 7, 2018

(original signed by)

Errolyn Humphreys
Chief Financial Officer
Ottawa, Canada
September 7, 2018

Office of the Commissioner for Federal Judicial Affairs Canada
Statement of Financial Position (Unaudited)
As at March 31
(in dollars)

	2018	2017
Liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 2,372,069	\$ 2,090,769
Vacation pay and compensatory leave	349,498	303,464
Judges' Supplementary Retirement Benefits Account (Note 5)	232,117,573	221,573,649
Employee future benefits (Note 6b)	89,811	155,645
Total liabilities	234,928,951	224,123,527
Financial assets		
Due from Consolidated Revenue Fund	1,478,120	131,013
Accounts receivable and advances (Note 7)	928,973	1,391,890
Total financial assets	2,407,093	1,522,903
Departmental net debt	232,521,858	222,600,624
Non-financial assets		
Prepaid expenses	-	362
Tangible capital assets (Note 8)	245,524	118,959
Total non-financial assets	245,524	119,321
Departmental net financial position	\$ (232,276,334)	\$ (222,481,303)

The accompanying notes form an integral part of these financial statements.

(original signed by)

Marc A. Giroux
Commissioner
Ottawa, Canada
September 7, 2018

(original signed by)

Errolyn Humphreys
Chief Financial Officer
Ottawa, Canada
September 7, 2018

Office of the Commissioner for Federal Judicial Affairs Canada
Statement of Operations and Departmental Net Financial Position (Unaudited)
For the Year Ended March 31
(in dollars)

	2018 Planned Results	2018	2017
Expenses			
Payments Pursuant to the Judges Act	\$ 558,669,000	\$ 555,637,296	\$ 534,886,933
Federal Judicial Affairs	10,370,000	10,030,141	9,734,996
Canadian Judicial Council	4,062,000	3,488,932	3,086,655
Internal Services	767,000	768,808	769,265
Total expenses	573,868,000	569,925,177	548,477,849
Revenues			
Pension contribution credited to revenue	14,947,000	15,277,853	14,916,537
User charges	275,000	40,200	43,200
Total revenues	15,222,000	15,318,053	14,959,737
Net cost of operations before government funding	558,646,000	554,607,124	533,518,112
Government funding			
Net cash provided by Government		541,880,574	523,872,570
Change in due from Consolidated Revenue Fund		1,347,107	1,548,336
Services provided without charge by other government departments (Note 9)		1,584,412	1,570,261
Transfer of the transition payments for implementing salary payments in arrears		-	(2,437)
Net cost of operations after government funding		9,795,031	6,529,382
Departmental net financial position - Beginning of year		(222,481,303)	(215,951,921)
Departmental net financial position - End of year		\$ (232,276,334)	\$ (222,481,303)

Segmented information (Note 10)

The accompanying notes form an integral part of these financial statements.

Office of the Commissioner for Federal Judicial Affairs Canada
Statement of Change in Department Net Debt (Unaudited)
For the Year Ended March 31
(in dollars)

	2018	2017
Net cost of operations after government funding	\$ 9,795,031	\$ 6,529,382
Change due to tangible capital assets		
Acquisition of tangible capital assets	182,992	12,247
Amortization of tangible capital assets	(55,349)	(77,855)
Net loss on disposal of tangible capital assets including adjustments	(1,078)	-
Total change due to tangible capital assets	126,565	(65,608)
Change due to prepaid expenses	(362)	(9,396)
Net increase in departmental net debt	9,921,234	6,454,378
Departmental net debt – Beginning of year	222,600,624	216,146,246
Departmental net debt – End of year	\$ 232,521,858	\$ 222,600,624

The accompanying notes form an integral part of these financial statements.

Office of the Commissioner for Federal Judicial Affairs Canada
Statement of Cash Flows (Unaudited)
For the Year Ended March 31
(in dollars)

	2018	2017
Operating activities		
Net cost of operations before government funding	\$ 554,607,124	\$ 533,518,112
Non-cash items:		
Amortization of tangible capital assets	(55,349)	(77,855)
Loss on disposal of tangible capital assets	(1,078)	-
Services provided without charge by other government departments (Note 9)	(1,584,412)	(1,570,261)
Transition payments for implementing salary payments in arrears	-	2,437
Variations in Statement of Financial Position:		
Decrease in accounts receivable and advances	(462,917)	(601,820)
Decrease in prepaid expenses	(362)	(9,396)
Decrease (increase) in accounts payable and accrued liabilities	(281,300)	1,152,269
Decrease (increase) in vacation pay and compensatory leave	(46,034)	20,829
Decrease (increase) in future employee benefits	65,834	(31,319)
Increase in Judges' Supplementary Retirement Benefits Account	(10,543,924)	(8,542,673)
Cash used by operating activities	541,697,582	523,860,323
Capital investing activities		
Acquisition of tangible capital assets	182,992	26,849
Disposal and Write-off of tangible capital assets	-	(14,602)
Net cash provided by Government of Canada	\$ 541,880,574	\$ 523,872,570

The accompanying notes form an integral part of these financial statements.

Office of the Commissioner for Federal Judicial Affairs Canada
Notes to the Financial Statements (Unaudited)
Year ended March 31, 2018

1. Authority and Objectives

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.

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. Vote authorities are provided in two separate votes to support the administrative activities of FJA and the administrative activities of the Canadian Judicial Council.

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, Canadian Judicial Council and Federal Judicial Affairs (FJA).

FJA's organizational priorities are an improved financial control framework, succession planning and human resource management, information management and modernization of FJA processes and tools.

2. Summary of Significant Accounting Policies

These financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Parliamentary authorities

FJA is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to FJA do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Departmental Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides reconciliation between these bases of reporting. The planned results amounts in the "Expenses" and "Revenues" sections of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-oriented Statement of Operations included in the 2017-2018 Departmental Plan. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2017-2018 Departmental Plan.

(b) Net Cash Provided by Government

FJA operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by FJA is deposited to the CRF and all cash disbursements made by departments are paid from the CRF. The net cash provided by the Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Government.

Office of the Commissioner for Federal Judicial Affairs Canada
Notes to the Financial Statements (Unaudited)
Year ended March 31, 2018

(c) Amounts due from or to the CRF

Amounts due from or to the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that FJA is entitled to draw from the CRF without further authorities to discharge its liabilities.

(d) Revenues

Revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

(e) Expenses

Expenses are recorded on an accrual basis:

- Vacation pay and compensatory leave are accrued as the benefits are earned by the employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation and the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated costs.

(f) Employee and federally appointed judges' future benefits:

- (i) Pension benefits: Eligible employees participate in the Public Service Pension Plan (PSSA), a multi-employer pension plan administered by the Government. FJA's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. FJA's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.
- (ii) Severance benefits: The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.
- (iii) Federally appointed judges' pension benefits: Eligible federally appointed judges and their survivors are entitled to fully indexed annuities providing that the judges meet minimum age and service requirements. The main benefits paid from this plan are recorded on a pay-as-you-go basis. They are included in the Statement of Operations and Departmental Net Financial Position as a component of salaries and benefits, and the judges' contributions are credited to revenue. Contributions made by FJA and the judges pertaining to the portion of the plan that relates to indexation of benefits is recorded in a Supplementary Retirement Benefits Account, which is presented in the Statement of Financial Position. FJA's contribution towards indexation is expensed at the time it is accrued in accordance with the Supplementary Retirement Benefits Act. The actuarial liability associated with the judges' pension plan is recorded in the financial statements of the Government of Canada, the ultimate sponsor of the plan.

(g) Accounts receivable

Accounts receivable are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for receivables where recovery is considered uncertain.

(h) Tangible capital assets

Tangible capital assets and leasehold improvements having an initial cost of \$5,000 or more are recorded at their acquisition cost. FJA does not capitalize intangibles, works of art, and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections.

Office of the Commissioner for Federal Judicial Affairs Canada
Notes to the Financial Statements (Unaudited)
Year ended March 31, 2018

(i) Measurement of uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses reported in the financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are the liability for employee future benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, are recorded in the financial statements in the year they become known.

3. Parliamentary Authorities

FJA receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, FJA has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year authorities used

(in dollars)	2018	2017
Net cost of operations before government funding	\$ 554,607,124	\$ 533,518,112
Adjustment for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(1,584,412)	(1,570,261)
Decrease (increase) in employee future benefits	65,834	(31,319)
Amortization of tangible capital assets	(55,349)	(77,855)
Loss on disposal of tangible capital assets	(1,078)	-
Decrease (increase) in vacation pay and compensatory leave	(46,034)	20,829
Judges' pension contributions	15,277,853	14,916,537
Refund of prior years' expenditures	3,363	514
Total items affecting net cost of operations but not affecting authorities	13,660,177	13,258,445
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	182,992	26,849
Transition payments for implementing salary payments in arrears	-	2,437
Decrease in prepaid expenses	(362)	(9,396)
Total items not affecting net cost of operations but affecting authorities	182,630	19,890
Current year authorities used	\$ 568,449,931	\$ 546,796,447

Office of the Commissioner for Federal Judicial Affairs Canada
Notes to the Financial Statements (Unaudited)
Year ended March 31, 2018

(b) Authorities provided and used

(in dollars)	2018	2017
Authorities provided:		
Vote 20 - Operating expenditures - FJA	\$ 9,798,887	\$ 9,850,888
Vote 25 - Operating expenditures - CJC	4,354,115	3,110,713
Statutory amounts	556,470,407	535,681,965
Less:		
Lapsed: Operating	(2,173,478)	(1,847,119)
Current year authorities used	\$ 568,449,931	\$ 546,796,447

4. Accounts payable and accrued liabilities

The following table presents details of FJA's accounts payable and accrued liabilities:

(in dollars)	2018	2017
Accounts payable - Other government departments and agencies	\$ 82,720	\$ 511,186
Accounts payable - External parties	1,582,935	1,436,671
Total accounts payable	1,665,655	1,947,857
Accrued liabilities	706,414	142,912
Total accounts payable and accrued liabilities	\$ 2,372,069	\$ 2,090,769

5. Judges' Supplementary Retirement Benefits Account

(in dollars)	2018	2017
Liability, beginning of year	\$ 221,573,649	\$ 213,030,976
Contributions	7,244,342	7,047,476
Interest	3,299,582	1,495,197
Liability, end of year	\$ 232,117,573	\$ 221,573,649

The pension plan for federally appointed judges provides fully indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. Unlike other pension plans, the judges' plan lacks an explicit accrual rate for benefits. Instead the full benefit amount is generally payable when the member has completed 15 years of pensionable service and the total of the member's age and years of service totals 80. Judges

Office of the Commissioner for Federal Judicial Affairs Canada
Notes to the Financial Statements (Unaudited)
Year ended March 31, 2018

who elect Supernumerary Status or judges who qualify for retirement make required contributions of 1% of salary. All other judges make contributions of 7% of salary.

The main benefits from this plan are expensed on a pay-as-you-go basis. However, by virtue of the Supplementary Retirement Benefits Act, for the portion of the plan that relates to indexation of benefits, the 1% portion of salary contributed by the judges is recorded in a Supplementary Retirement Benefits Account, along with a matching contribution of 1% recorded by FJA. In addition, interest is accrued on the outstanding balance of the Account. The actuarial liability associated with the judges' pension plan is recorded in the financial statements of the Government of Canada.

6. Employee future benefits

(a) Pension benefits

FJA employees participate in the Public Service Pension Plan (the "Plan"), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Both the employees and FJA contribute to the cost of the Plan. Due to the amendment of the Public Service Superannuation Act following the implementation of provisions related to Canada's Economic Action Plan 2012, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2017-18 expense amounts to \$567,348 (\$553,752 in 2016-2017). For Group 1 members, the expense represents approximately 1.01 times (1.12 times in 2016-2017) the employee contributions and, for Group 2 members, approximately 1.00 times (1.08 times in 2016-2017) the employee contributions.

FJA's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits

Severance benefits provided to FJA's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011 the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By March 31, 2018, all settlements for immediate cash out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

Office of the Commissioner for Federal Judicial Affairs Canada
Notes to the Financial Statements (Unaudited)
Year ended March 31, 2018

The changes in the obligations during the year were as follows:

(in dollars)	2018	2017
Accrued benefit obligation, beginning of year	\$ 155,645	\$ 124,326
Expense for the year	-	31,319
Benefits paid during the year	(65,834)	-
Accrued benefit obligation, end of year	\$ 89,811	\$ 155,645

7. Accounts receivable and advances

The following table presents details of FJA's accounts receivable and advances balances:

(in dollars)	2018	2017
Receivables - Other government departments and agencies	\$ 360,166	\$ 317,461
Receivables - External parties	48,315	61,164
Advances	520,492	1,013,265
Total accounts receivable and advances	\$ 928,973	\$ 1,391,890

8. Tangible capital assets

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset Class	Amortization Period
Machinery & Equipment	5 to 10 years
Informatics Hardware	3 years
Informatics Software	3 years
Other Equipment including Furniture	10 years

Office of the Commissioner for Federal Judicial Affairs Canada
Notes to the Financial Statements (Unaudited)
Year ended March 31, 2018

(in dollars)	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Acquisitions	Disposals and write-offs	Closing Balance	Opening Balance	Amortization	Disposals and write-offs	Closing Balance	2018	2017
Machinery & Equipment	73,261	-	(5,871)	67,390	54,356	8,665	(4,793)	58,228	9,162	18,905
Informatics Hardware	444,910	161,004	-	605,914	374,351	41,250	-	415,601	190,313	70,559
Informatics Software	318,335	-	-	318,335	318,335	-	-	318,335	-	-
Other Eqmt. including Furniture	66,565	21,988	-	88,553	37,070	5,434	-	42,504	46,049	29,495
TOTAL	903,071	182,992	(5,871)	1,080,192	784,112	55,349	(4,793)	834,668	245,524	118,959

9. Related party transactions

FJA is related as a result of common ownership to all Government departments, agencies, and Crown Corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual.

FJA enters into transactions with these entities in the normal course of business and on normal trade terms.

The following material transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated:

During the year, FJA received common services which were obtained without charge from other Government departments as disclosed below.

(a) Common services provided without charge by other government departments

During the year, FJA received services without charge from certain common service organizations related to accommodation and employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in FJA's Statement of Operations and Departmental Net Financial Position as follows:

(in dollars)	2018	2017
Accommodation	\$1,099,432	\$1,120,343
Employer's contribution to health and dental insurance plans	484,980	449,918
Total	\$1,584,412	\$1,570,261

Office of the Commissioner for Federal Judicial Affairs Canada
Notes to the Financial Statements (Unaudited)
Year ended March 31, 2018

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services such as payroll and cheque issuance services provided by Public Services and Procurement Canada, and audit services provided by the Office of the Auditor General are not included in FJA's Statement of Operations and Departmental Net Financial Position.

(b) Other transactions with related parties

(in dollars)	2018	2017
Accounts receivable with other government departments and agencies (Note 7)	\$360,166	\$317,461
Accounts payable to other government departments and agencies (Note 4)	82,720	511,186
Expenses – Other government departments and agencies	455,788	1,037,715
Revenues – Other government departments and agencies	40,200	43,200

Expenses and revenues disclosed in (b) exclude common services provided without charge, which is already disclosed in (a).

Office of the Commissioner for Federal Judicial Affairs Canada
Notes to the Financial Statements (Unaudited)
Year ended March 31, 2018

10. Segmented information

Presentation by segment is based on FJA's program alignment architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in Note 2. The following table presents the expenses incurred and revenues generated for the main programs, by major object of expenses and by major type of revenues. The segmented results for the period are as follows:

(in dollars)	Internal Services	Federal Judicial Affairs	Canadian Judicial Council	Payments Pursuant to Judges' Act	2018 Total	2017 Total
Operating Expenses						
Salaries and employee benefits	\$551,804	\$4,947,578	\$1,352,199	\$521,063,381	\$527,914,962	\$510,560,730
Transportation and telecommunication	-	747,957	95,782	19,161,531	20,005,270	18,484,131
Information	217,004	138,861	30,659	17,746	187,266	292,938
Professional and special services	-	2,827,929	1,647,218	9,943,209	14,635,360	13,052,377
Accommodation	-	886,775	212,657	-	1,099,432	1,120,343
Rental	-	239,231	19,261	12,208	270,700	323,599
Repairs and maintenance	-	20,865	40,634	-	61,499	136,905
Utilities, materials and supplies	-	40,516	14,024	-	54,540	82,128
Machinery and equipment	-	61,270	76,498	-	137,768	167,622
Amortization	-	55,349	-	-	55,349	77,855
Other subsidies/payments	-	63,810	-	5,439,221	5,503,031	4,179,221
Total Operating Expenses	768,808	10,030,141	3,488,932	555,637,296	569,925,177	548,477,849
Revenues						
Pension contribution*	-	-	-	15,277,853	15,277,853	14,916,537
User charges	-	40,200	-	-	40,200	43,200
Other Revenue	-	-	-	-	-	-
Total Revenues	-	40,200	-	15,277,853	15,318,053	14,959,737
Net Cost of Operations Before Government Funding	\$768,808	\$9,989,941	\$3,488,932	\$540,359,443	\$554,607,124	\$533,518,112

*Judges' pension contribution credited to revenue

Office of the Commissioner for Federal Judicial Affairs Canada
Annex to the Statement of Management Responsibility Including Internal Control Over Financial Reporting
Year ended March 31, 2018

1. Introduction

In support of an effective system of internal control, FJA annually assesses the performance of its financial controls to ensure that:

- Financial arrangements or contracts are entered into only when sufficient funding is available;
- Payments for goods and services are made only when the goods or services are received or the conditions of contracts or other arrangements have been satisfied; and
- Payments have been properly authorized.

In 2017-18, FJA performed an information technology general controls (ITGC) assessment which consisted of understanding and evaluating the information technology controls and information technology control environment that support the financial statements.

The objective of this assessment of ITGCs was to determine if ITGCs were clearly established and utilized to support FJA's ICFR requirements. ITGCs as they relate to the applications supporting ICFR and the preparation of the annual financial statements were identified as in-scope and include FreeBalance, Phoenix (FJA), Phoenix (PSPC), the Standard Payment System (SPS) and MyGCHR.

2. Assessment results during fiscal year 2017-18

Management implies certain assertions about its financial statements by publishing those statements. ITGCs will often contribute indirectly to the achievement of many or all financial statement assertions. Poorly functioning ITGCs possess a risk of not preventing a material error, assuming that there are no compensating internal controls to prevent or detect that error.

All control objectives were assigned a risk rating of low, medium or high based on the likelihood and impact of a financial statement reporting error resulting from the design gap.

The overall and aggregate current risk level was assessed as medium-low. Many of the findings have an operational rather than financial reporting impact.

3. Assessment plan

FJA will continue to monitor the performance of its system of internal control, with a focus on the core controls related to financial transactions and information technology general controls.