

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, 2014, 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 Performance 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 Internal Control*.

In the interim, FJA has undertaken a risk-based assessment of the system of ICFR for the year ended March 31, 2014, in accordance with the Treasury Board *Policy on Internal Control*, and the results and action plan are summarized in the annex.

The financial statements of FJA have not been audited.

(original signed by)
William A. Brooks
Commissioner

Ottawa, Canada
July 11, 2014

(original signed by)
Nicole Sayed
Chief Financial Officer

Ottawa, Canada
July 11, 2014

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

	<u>2014</u>	<u>2013</u>
Liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 2,444,908	\$ 2,912,800
Vacation pay and compensatory leave	333,930	312,638
Judges' Supplementary Retirement Benefits Account (Note 5)	194,758,903	185,085,805
Employee future benefits (Note 6b)	<u>269,058</u>	<u>456,505</u>
Total liabilities	(197,806,799)	(188,767,748)
Financial assets		
Due from Consolidated Revenue Fund	5,099,692	4,559,931
Accounts receivable and advances (Note 7)	<u>769,955</u>	<u>1,605,333</u>
Total financial assets	5,869,647	6,165,264
Departmental net debt	(191,937,152)	(182,602,484)
Non-financial assets		
Prepaid expenses	285,875	528,097
Tangible capital assets (Note 8)	<u>214,183</u>	<u>149,559</u>
Total non-financial assets	500,058	677,656
Departmental net financial position	<u>\$ (191,437,094)</u>	<u>\$ (181,924,828)</u>

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

(original signed by) _____
William A. Brooks
Commissioner

Ottawa, Canada
July 11, 2014

(original signed by) _____
Nicole Sayed
Chief Financial Officer

Ottawa, Canada
July 11, 2014

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)

	2014 Planned Results	2014	2013
Expenses			
Payments Pursuant to the <i>Judges Act</i>	\$ 479,486,000	\$ 490,627,887	\$ 473,957,152
Federal Judicial Affairs	8,932,000	9,514,999	9,691,331
Canadian Judicial Council	1,916,000	2,030,149	1,987,037
Internal Services	855,000	895,177	917,130
Total expenses	491,189,000	\$503,068,212	486,552,650
Revenues			
Pension contribution credited to revenue	14,000,000	14,017,867	13,876,400
User charges	275,000	41,510	165,033
Total revenues	14,275,000	14,059,377	14,041,433
Net cost of operations before government funding	476,914,000	489,008,835	472,511,217
Government funding			
Net cash provided by Government	466,522,000	477,278,155	461,783,515
Change in due from Consolidated Revenue Fund	(25,000)	539,761	1,042,600
Services provided without charge by other government departments (Note 9a)	1,733,000	1,678,653	1,678,927
Net cost of operations after government funding	8,684,000	9,512,266	8,006,175
Departmental net financial position – Beginning of year	(182,062,000)	(181,924,828)	(173,918,652)
Departmental net financial position – End of year	\$ (190,746,000)	\$ (191,437,094)	\$ (181,924,828)

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)

	2014 Planned Results	2014	2013
Net cost of operations after government funding	\$ 8,684,000	\$ 9,512,266	\$ 8,006,175
Change due to tangible capital assets			
Acquisition of tangible capital assets	50,000	143,580	61,363
Amortization of tangible capital assets	(88,000)	(78,956)	(107,951)
Total change due to tangible capital assets	(38,000)	64,624	(46,588)
Change due to prepaid expenses	14,000	(242,222)	291,472
Net increase in departmental net debt	8,660,000	9,334,668	8,251,059
Departmental net debt – Beginning of year	182,672,000	182,602,484	174,351,425
Departmental net debt – End of year	\$ 191,332,000	\$ 191,937,152	\$ 182,602,484

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)

	<u>2014</u>	<u>2013</u>
Operating activities		
Net cost of operations before government funding	\$ 489,008,835	\$ 472,511,217
Non-cash items:		
Amortization of tangible capital assets	(78,956)	(107,951)
Services provided without charge by other government departments (Note 9a)	(1,678,653)	(1,678,927)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	(835,378)	343,916
Increase (decrease) in prepaid expenses	(242,222)	291,472
Decrease (increase) in accounts payable and accrued liabilities	467,892	(1,110,888)
Decrease (increase) in vacation pay and compensatory leave	(21,292)	(4,166)
Decrease (increase) in future employee benefits	187,447	148,407
Decrease (increase) in Judges' Supplementary Retirement Benefits Account	(9,673,098)	(8,670,928)
	<u>477,134,575</u>	<u>461,722,152</u>
Cash used by operating activities		
Capital investing activities		
Acquisition of tangible capital assets	143,580	61,363
	<u>143,580</u>	<u>61,363</u>
Net cash provided by Government of Canada	<u><u>\$ 477,278,155</u></u>	<u><u>\$ 461,783,515</u></u>

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, 2014

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 client services, corporate planning and reporting, information management/systems and security.

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 Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Net Debt are the amounts reported in the future-oriented financial statements included in the *2013-2014 Reports on Plans and Priorities*.
- (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.
- (c) Amounts due from/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.

Office of the Commissioner for Federal Judicial Affairs Canada
Notes to the Financial Statements (Unaudited)
Year ended March 31, 2014

(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: Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The obligation relating to the benefits earned by employees 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 receivables 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 - All 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.

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, 2014

- (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. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. 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

<i>(in dollars)</i>	2014	2013
Net cost of operations before government funding	489,008,835	472,511,217
Adjustment for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(1,678,653)	(1,678,927)
Decrease in employee future benefits	187,447	148,407
Amortization of tangible capital assets	(78,956)	(107,951)
Increase in vacation pay and compensatory leave	(21,292)	(4,166)
Judges' pension contributions	14,017,867	13,876,400
Refund of prior years' expenditures	5,407	4,785
Gain on disposal of Crown assets	<u>268</u>	<u>-</u>
Total items affecting net cost of operations but not affecting authorities	12,432,090	12,238,548
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	143,580	61,363
Increase (decrease) in prepaid expenses	<u>(242,222)</u>	<u>291,472</u>
Total items not affecting net cost of operations but affecting authorities	(98,642)	352,835
Current year authorities used	<u>501,342,281</u>	<u>485,102,600</u>

(b) Authorities provided and used

<i>(in dollars)</i>	2014	2013
Authorities provided:		
Vote 20 - Operating expenditures - FJA	9,228,335	8,942,753
Vote 25 - Operating expenditures - CJC	1,614,741	1,589,923
Statutory amounts	491,263,105	475,115,523
Less:		
Lapsed: Operating	(763,900)	(545,599)
Current year authorities used	<u>501,342,281</u>	<u>485,102,600</u>

Office of the Commissioner for Federal Judicial Affairs Canada
Notes to the Financial Statements (Unaudited)
Year ended March 31, 2014

4. Accounts payable and accrued liabilities

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

<i>(in dollars)</i>	2014	2013
Accounts payable - Other government departments and agencies	280,534	166,888
Accounts payable - External parties	<u>2,142,974</u>	<u>2,714,412</u>
Total accounts payable	2,423,508	2,881,300
Accrued liabilities	21,400	31,500
Total accounts payable and accrued liabilities	2,444,908	2,912,800

5. Judges' Supplementary Retirement Benefits Account

<i>(in dollars)</i>	2014	2013
Liability, beginning of year	185,085,805	176,414,877
Contributions	6,471,590	6,335,552
Interest	3,201,508	2,335,376
Liability, end of year	194,758,903	185,085,805

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 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 2013-2014 expense amounts to \$641,697 (\$641,388 in 2012-2013). For Group 1 members, the expense represents approximately 1.6 times (1.7 times in 2012-2013) the employee contributions and, for Group 2 members, approximately 1.5 times (1.6 times in 2012-2013) 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.

Office of the Commissioner for Federal Judicial Affairs Canada
Notes to the Financial Statements (Unaudited)
Year ended March 31, 2014

(b) Severance benefits

FJA provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Information about the severance benefits, measured as at March 31, is as follows:

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

<i>(in dollars)</i>	2014	2013
Accrued benefit obligation, beginning of year	456,505	604,911
Expense for the year	-	-
Benefits paid during the year	(187,447)	(148,406)
Accrued benefit obligation, end of year	269,058	456,505

7. Accounts receivable and advances

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

<i>(in dollars)</i>	2014	2013
Receivables - Other government departments and agencies	199,385	1,057,482
Receivables - External parties	40,445	18,345
Advances	530,125	529,506
Total accounts receivable and advances	769,955	1,605,333

8. Tangible capital assets

<i>(in dollars)</i>	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Acquisitions	Disposals and write-offs	Closing Balance	Opening Balance	Amortization	Disposals and write-offs	Closing Balance	2014	2013
Machinery & Equipment	68,168	17,493	(6,299)	79,362	54,422	4,563	(6,299)	52,686	26,676	13,746
Informatics Hardware	422,365	91,017	(182,813)	330,569	379,872	22,557	(182,813)	219,616	110,953	42,493
Informatics Software	283,265	35,070	-	318,335	216,048	48,853	-	264,901	53,434	67,217
Other Eqmt. including Furniture	49,384	-	-	49,384	23,281	2,983	-	26,264	23,120	26,103
TOTAL	823,182	143,580	(189,112)	777,650	673,623	78,956	(189,112)	563,467	214,183	149,559

9. Related party transactions

FJA is related as a result of common ownership to all Government departments, agencies, and Crown Corporations. FJA enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, FJA received common services which were obtained without charge from other Government departments as disclosed below.

Office of the Commissioner for Federal Judicial Affairs Canada
Notes to the Financial Statements (Unaudited)
Year ended March 31, 2014

(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:

<i>(in dollars)</i>	2014	2013
Accommodation	1,229,045	1,228,486
Employer's contribution to health and dental insurance plans	449,608	450,441
Total	<u>1,678,653</u>	<u>1,678,927</u>

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 Works and Government Services 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

<i>(in dollars)</i>	2014	2013
Accounts receivable with other government departments and agencies (Note 7)	199,385	1,057,482
Accounts payable to other government departments and agencies (Note 4)	280,534	166,888
Expenses – Other government departments and agencies	1,225,173	1,082,126
Revenues – Other government departments and agencies	36,103	160,248

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, 2014

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	2014 Total	2013 Total
Operating Expenses						
Salaries and employee benefits	622,363	4,797,410	1,305,208	453,864,099	460,713,321	445,193,917
Transportation and telecommunication	33,757	605,907	107,161	28,859,155	29,605,980	29,021,565
Information	1,395	39,164	22,150	21,126	83,835	68,585
Professional and special services	226,769	2,607,571	267,335	2,101,167	5,202,842	4,912,549
Accommodation	-	967,337	261,708	-	1,229,045	1,228,487
Rental	5,178	142,865	4,030	28,291	180,364	185,589
Repairs and maintenance	1,532	80,404	3,879	-	85,815	76,901
Utilities, materials and supplies	4,183	45,266	28,247	111	77,807	119,095
Machinery and equipment	-	109,387	21,898	-	131,285	286,081
Amortization	-	78,956	-	-	78,956	107,951
Other subsidies/payments	-	40,732	8,533	5,753,938	5,678,962	5,351,930
Total Operating Expenses	895,177	9,514,999	2,030,149	490,627,887	503,068,212	486,552,650
Revenues						
Pension contribution*	-	-	-	14,017,867	14,017,867	13,876,400
User charges	-	41,510	-	-	41,510	165,033
Total Revenues	-	41,510	-	14,017,867	14,059,377	14,041,433
Net Cost of Operations Before Government Funding	895,177	9,473,489	2,030,149	476,610,020	489,008,835	472,511,217

*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
for Fiscal Year 2013-2014
(unaudited)

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.

Over time, this includes assessment of the design and operating effectiveness of the system of ICFR which will ensure the ongoing monitoring and continuous improvement of its departmental system of ICFR.

Design effectiveness testing (DET) ensures that key control points are identified, documented and in place, and that they are aligned with the risks they aim to mitigate, and that any required remediation is addressed in a timely manner.

Operating effectiveness testing (OET) means that the application of key controls has been tested over a defined period and that any required remediation is addressed in a timely manner.

2. Assessment results during fiscal year 2013-2014

As planned in FJA's 2012-2013 annex, the documentation of business processes and design effectiveness testing for the Judges' Supplementary Retirement Benefit Account (SRBA), Vote Netting Authority, Government Acquisition Cards, and Managing the Delegation of Financial Signing Authorities were addressed in 2013-2014. Expense claims processing pursuant to the *Judges' Act* was deferred to 2014-2015. The Procure to Payment and Revenues to Receivables processes were also started in 2013-2014, earlier than planned, and are expected to be completed in 2014-2015.

a) Design effectiveness of key controls

FJA has conducted in-depth design effectiveness testing on the following: Judges' Supplementary Retirement Benefit Account (SRBA), Vote Netting Authority, Procure to Pay, Government Acquisition Cards (in progress), and Managing the Delegation of Financial Authorities (in progress). FJA identified those controls that were effectively designed and those that required improvement, and have begun implementation of the corrections which will continue into 2014-2015.

b) Operating effectiveness of key controls

FJA has conducted in-depth operating effectiveness testing on the following: Judges' Supplementary Retirement Benefit Account (SRBA), Vote Netting Authority (in progress), Procure to Pay (in progress), Government Acquisition Cards (in progress), and Managing the Delegation of Financial Authorities (in progress). As with the DET, FJA identified those controls that were effectively designed and those that required improvement, and have begun implementation of the corrections which will continue into 2014-2015.

Office of the Commissioner for Federal Judicial Affairs Canada
Annex to the Statement of Management Responsibility Including Internal Control Over Financial Reporting
for Fiscal Year 2013-2014
(unaudited)

3. Action Plan for future years

For the fiscal year 2014-2015, FJA plans to review the design and operating effectiveness of the following:

- Vote Netting Authority (to be completed)
- Procure to Payment (to be completed)
- Government Acquisition Cards (to be completed)
- Managing the Delegation of Financial Signing Authorities (to be completed)
- Hospitality
- Travel and Travel Cards
- Expense claims processing pursuant to the *Judges' Act*
- Information Technology General Controls
- Planning and Budgeting

For the fiscal year 2015-2016, FJA plans to review the design and operating effectiveness of the following:

- Salary Administration of FJA employees
- Accommodations
- Capital Acquisitions
- Interdepartmental Settlements

For the fiscal year 2016-2017, FJA plans to review the design and operating effectiveness of the following:

- Year End Close
- Month End Close