



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

**Quarterly Financial Report
for the quarter ended
June 30, 2015**

**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 2014-2015 and the 2015-2016 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 June 30 2015, the total authorities provided to FJA increased by \$15.5 million compared with the same quarter last fiscal year. This net increase is comprised of:

- An increase of \$13.5 million in statutory authorities for judges salaries, allowances and annuities; and
- An increase in CJC's operating authorities of \$2.0 million pertaining to transitional funding to March 31, 2016, for legal costs associated with investigations and inquiries under the *Judges Act* (Budget 2014).

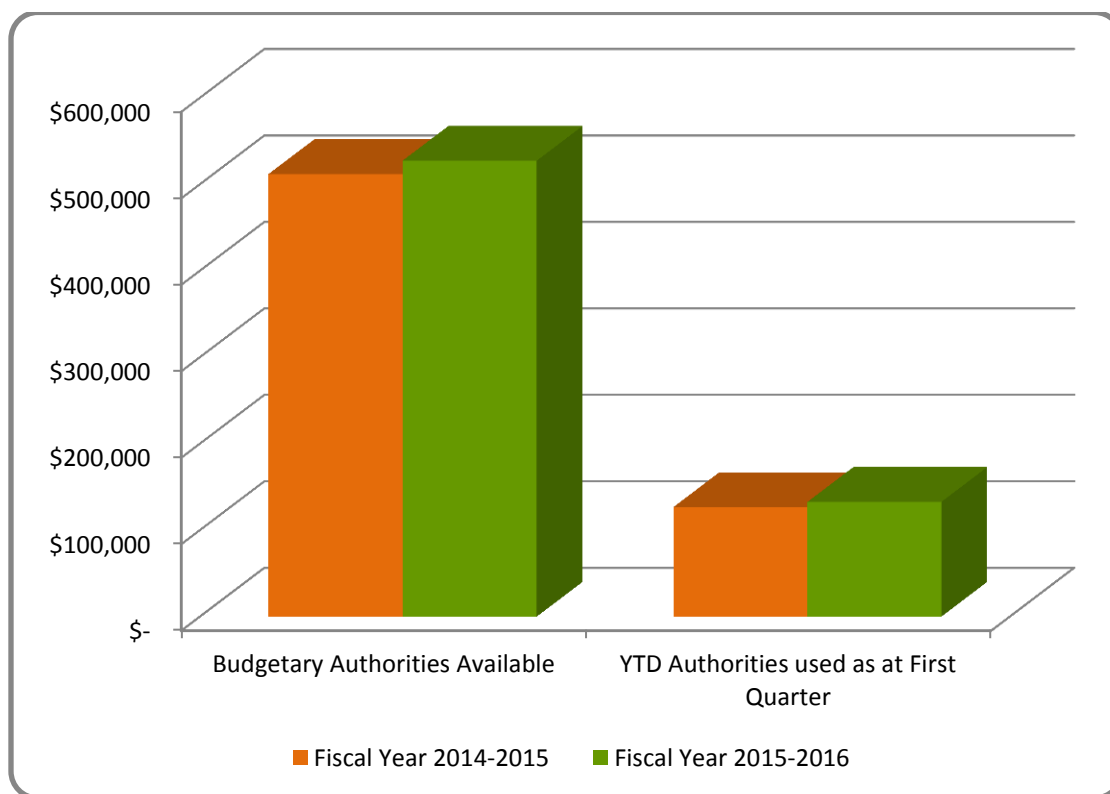
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Changes to Budgetary Expenditures

Overall, FJA’s quarterly and year-to-date budgetary expenditures are consistent with that of the previous fiscal year. As at June 30, 2015, the department’s total year-to-date net budgetary expenditures increased by 5% (\$5.9 million) compared with the same quarter last fiscal year. This variance is comprised of:

- A year-to date net increase of 4.8% (\$5.7 million) in personnel expenditures (including EBP and judges’ salaries, annuities, and surviving beneficiaries’ benefits issued pursuant to the *Judges Act*); and
- An overall net increase of 0.2% (\$0.2 million) for all other non-salary expenditures.

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 June 30, 2014 and 2015.

As at June 30, 2014 and 2015, FJA planned to spend \$511,708,846 in 2014-15 and \$527,251,120 in 2015-16. Authorities used as at the first quarter totalled \$126,762,002 in 2014-2015 and \$132,663,654 in 2015-2016.

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 2015-2016 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 2015-16 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 09, 2015, *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.

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 interim funding in 2015-16.

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 Judicial Compensation and Benefits Commission).

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6. *Approval by Senior Officers*

Approved by:

__ original signed by _____

William A. Brooks

Commissioner

Ottawa, Canada

Date: August 25, 2015

__ original signed by _____

Errolyn Humphreys

A/Chief Financial Officer

Ottawa, Canada

Date: August 25, 2015

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Statement of Authorities (unaudited)

Fiscal year 2015-2016 (in thousands of dollars)

	Total available for use for the year ending March 31, 2016*	Used during the quarter ended June 30, 2015	Year-to-date used at quarter-end
Operating expenditures - FJA	\$ 8,618	\$ 1,692	\$ 1,692
Operating expenditures - CJC	3,513	535	535
Less: Revenues	(275)	0	0
Net Operating Expenditures	11,856	2,227	2,227
Statutory authorities - EBP	965	241	241
Statutory authorities – Judges salaries, allowances and annuities	514,430	130,196	130,196
Total Budgetary Authorities	\$ 527,251	\$ 132,664	\$ 132,664

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

Fiscal year 2014-2015 (in thousands of dollars)

	Total available for use for the year ending March 31, 2015*	Used during the quarter ended June 30, 2014	Year-to-date used at quarter-end
Operating expenditures - FJA	\$ 8,918	\$ 1,590	\$ 1,590
Operating expenditures - CJC	1,514	351	351
Less: Revenues	(275)	0	0
Net Operating Expenditures	10,157	1,941	1,941
Statutory authorities - EBP	667	167	167
Statutory authorities – Judges salaries, allowances and annuities	500,885	124,654	124,654
Total Budgetary Authorities	\$ 511,709	\$ 126,762	\$ 126,762

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Departmental budgetary expenditures by Standard Object (unaudited)

Fiscal year 2015-2016 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2016	Expended during the quarter ended June 30, 2015	Year-to-date used at quarter-end
Expenditures			
Personnel - including EBP	\$ 484,065	\$ 124,164	\$ 124,164
Transportation and Telecommunications	31,452	5,160	5,160
Information	155	13	13
Professional Services	4,298	780	780
Rentals	510	55	55
Purchased Repair and Maintenance	130	7	7
Utilities, Materials and Supplies	258	6	6
Acquisition of Machinery & Equipment	160	11	11
Miscellaneous *	6,498	2,468	2,468
Total Gross Budgetary Expenditures	527,526	132,664	132,664
Less Revenues netted against Expenditures			
Revenues	(275)	0	0
Total Net Budgetary Expenditures	\$ 527,251	\$ 132,664	\$ 132,664

**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 2014-2015 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2015	Expended during the quarter ended June 30, 2014	Year-to-date used at quarter-end
Expenditures			
Personnel - including EBP	\$ 470,816	\$ 118,444	\$ 118,444
Transportation and Telecommunications	30,705	5,167	5,167
Information	63	7	7
Professional Services	3,637	489	489
Rentals	150	33	33
Purchased Repair and Maintenance	135	57	57
Utilities, materials and supplies	88	12	12
Acquisition of Machinery & Equipment	364	8	8
Miscellaneous	6,026	2,545	2,545
Total Gross Budgetary Expenditures	511,984	126,762	126,762
Less Revenues netted against Expenditures			
Revenues	(275)	0	0
Total Net Budgetary Expenditures	\$ 511,709	\$ 126,762	\$ 126,762

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