

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

**Quarterly Financial Report  
for the quarter ended  
September 30, 2016**

**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, succession planning and human resource management, information management and modernization of FJA processes and tools.

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](http://www.fja-cmf.gc.ca) and [www.tbs-sct.gc.ca](http://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 2015-16 and the 2016-17 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 full 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 September 30, 2016 the total authorities provided to FJA increased by \$29 million compared with the same quarter last fiscal year. This net increase is comprised of:

- An increase of \$30.4 million in statutory authorities for judges salaries, allowances and annuities. This increase is mostly due to a high volume of judicial appointments in 2015-16;
- A change in allocation of FJA's operating authorities of \$1 million pertaining to transitional funding to March 31, 2017, to cover unforeseeable legal fees for judges and expenses by deputy judges of the Supreme Courts of the Yukon and Northwest Territories. In 2015-16, the amount was fully allotted in *Supplementary Estimates A*, where as in 2016-17, the amount has been included as a frozen allotment. This has resulted in an effective decrease to authorities available for use; and
- A decrease in CJC's operating authorities of \$0.5 million pertaining to transitional funding to March 31, 2017 for the costs of complaints, investigations and inquiries under the Judges Act.

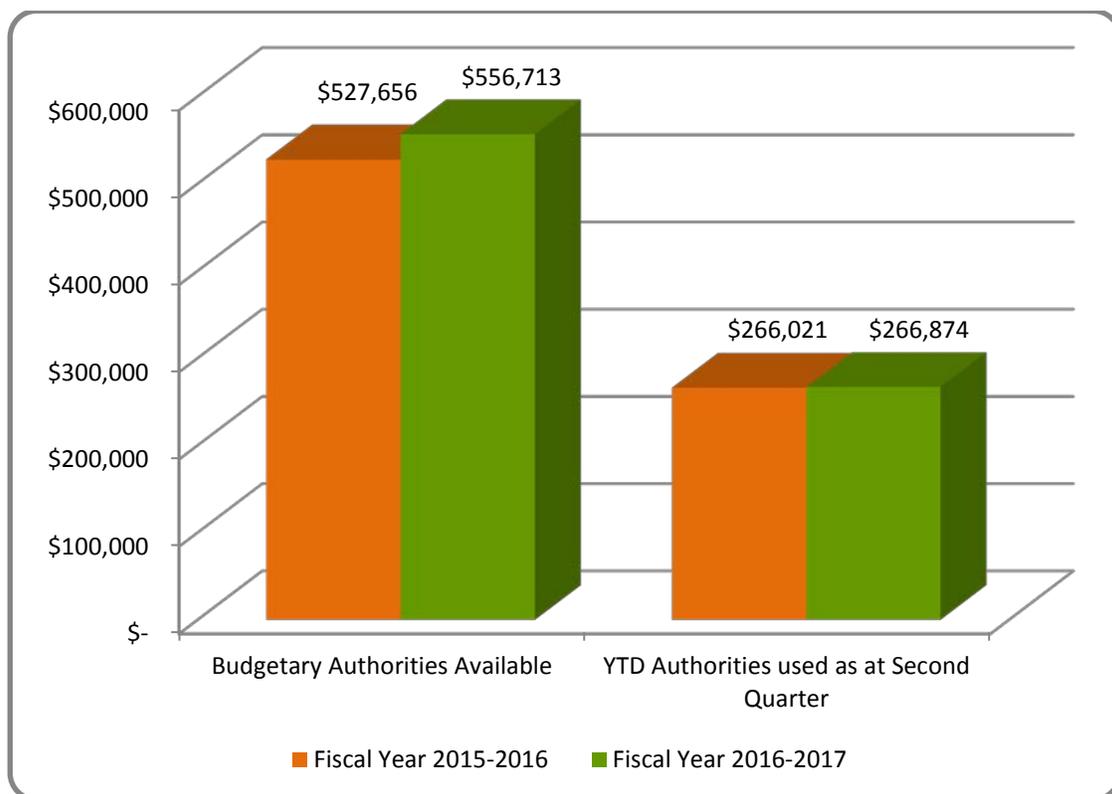
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**Changes to Budgetary Expenditures**

Overall, FJA's quarterly and year-to-date budgetary expenditures are consistent with that of the previous fiscal year. As at September 30, 2016 the department's total net budgetary expenditures increased by \$0.8 million compared with the same quarter last fiscal year. This variance is comprised of:

- A year-to date net increase of \$2.1 million in personnel expenditures (including EBP and judges' salaries, annuities, and surviving beneficiaries' benefits issued pursuant to the *Judges Act*); and
- An overall net decrease of \$1.3 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 September 30, 2015 and 2016.

As at September 30, 2015 and 2016, FJA planned to spend \$527,656,386 in 2015-16 and \$556,713,410 in 2016-17. Authorities used during the first and second quarters totalled \$266,021,182 in 2015-16 and \$266,873,915 in 2016-17.

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**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 2016-17 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 2016-17 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 23, 2016 and *Supplementary Estimates A*.

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**

As at September 30, 2016, we anticipate higher costs associated with legal fees incurred by judges in defending themselves in light of current judicial inquiries and other such complaints.

**5. Approval by Senior Officers**

Approved by:

\_\_\_\_\_ original signed by \_\_\_\_\_  
Marc A. Giroux, Deputy Commissioner

\_\_\_\_\_ original signed by \_\_\_\_\_  
Errolyn Humphreys, Chief Financial Officer

*Ottawa, Canada*  
Date: November 29, 2016

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Statement of Authorities (unaudited)

Fiscal year 2016-17 (in thousands of dollars)

	Total available for use for the year ending March 31, 2017*	Used during the quarter ended September 30, 2016	Year to date used at quarter-end
Operating expenditures -FJA	8,061	2,154	3,815
Operating expenditures -CJC	3,089	586	954
Less: Revenues	(275)	(13)	(13)
<b>Net Operating expenditures</b>	<b>10,875</b>	<b>2,727</b>	<b>4,756</b>
Statutory authorities - EBP	999	247	494
Statutory authorities – Judges salaries, allowances and annuities	544,839	132,473	261,624
<b>Total Budgetary Authorities</b>	<b>\$ 556,713</b>	<b>\$ 135,447</b>	<b>\$ 266,874</b>

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

Fiscal year 2015-16 (in thousands of dollars)

	Total available for use for the year ending March 31, 2016*	Used during the quarter ended September 30, 2015	Year to date used at quarter-end
Operating expenditures -FJA	8,947	1,669	3,363
Operating expenditures -CJC	3,590	610	1,145
Less: Revenues	(275)	(9)	(9)
<b>Net Operating expenditures</b>	<b>12,262</b>	<b>2,270</b>	<b>4,499</b>
Statutory authorities - EBP	964	241	482
Statutory authorities – Judges salaries, allowances and annuities	514,430	130,845	261,040
<b>Total Budgetary Authorities</b>	<b>\$ 527,656</b>	<b>\$ 133,356</b>	<b>\$ 266,021</b>

\*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 2016-17 (in thousands of dollars)

	Planned Expenditures for the Year ending March 31, 2017	Expended during the quarter ended September 30, 2016	Year to Date Used at quarter-end
<b>Expenditures</b>			
Personnel <i>-including EBP</i>	513,948	126,703	250,676
Transportation and Telecommunications	23,701	4,515	9,127
Information	107	12	37
Professional Services	13,085	3,378	5,153
Rentals	268	41	92
Purchased Repair and Maintenance	62	2	17
Utilities, materials and supplies	65	9	13
Acquisition of Machinery & Equipment	122	35	58
Other subsidies and payments*	5,630	765	1,714
<b>Total Gross Budgetary Expenditures</b>	<b>556,988</b>	<b>135,460</b>	<b>266,887</b>
<b>Less Revenues netted against Expenditures</b>			
Revenues	(275)	(13)	(13)
<b>Total net budgetary expenditures</b>	<b>\$ 556,713</b>	<b>\$ 135,447</b>	<b>\$ 266,874</b>

*\*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 2015-16 (in thousands of dollars)

	Planned Expenditures for the Year ending March 31, 2016	Expended During the Quarter ended September 30, 2015	Year to Date Used at quarter-end
<b>Expenditures</b>			
Personnel -including EBP	484,065	124,360	248,524
Transportation and Telecommunications	31,505	7,271	12,342
Information	165	33	46
Professional Services	3,303	815	1,596
Rentals	550	22	77
Purchased Repair and Maintenance	139	7	13
Utilities, materials and supplies	269	17	23
Acquisition of Machinery & Equipment	168	7	18
Other subsidies and payments*	7,767	833	3,391
<b>Total Gross Budgetary Expenditures</b>	<b>527,931</b>	<b>133,365</b>	<b>266,030</b>
<b>Less Revenues netted against Expenditures</b>			
Revenues	(275)	(9)	(9)
<b>Total net budgetary expenditures</b>	<b>\$ 527,656</b>	<b>\$ 133,356</b>	<b>\$ 266,021</b>

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