

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

**Quarterly Financial Report
for the quarter ended
December 31, 2017**

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. 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 Departmental Plan (DP), Main Estimates and Supplementary Estimates (A) and (B) 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 quarterly report 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) and (B) for the 2017-2018 fiscal year. This quarterly report has 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 money 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 results 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 December 31, 2017 the total authorities provided to FJA increased by \$15 million compared with the same quarter last fiscal year. This net increase is comprised of:

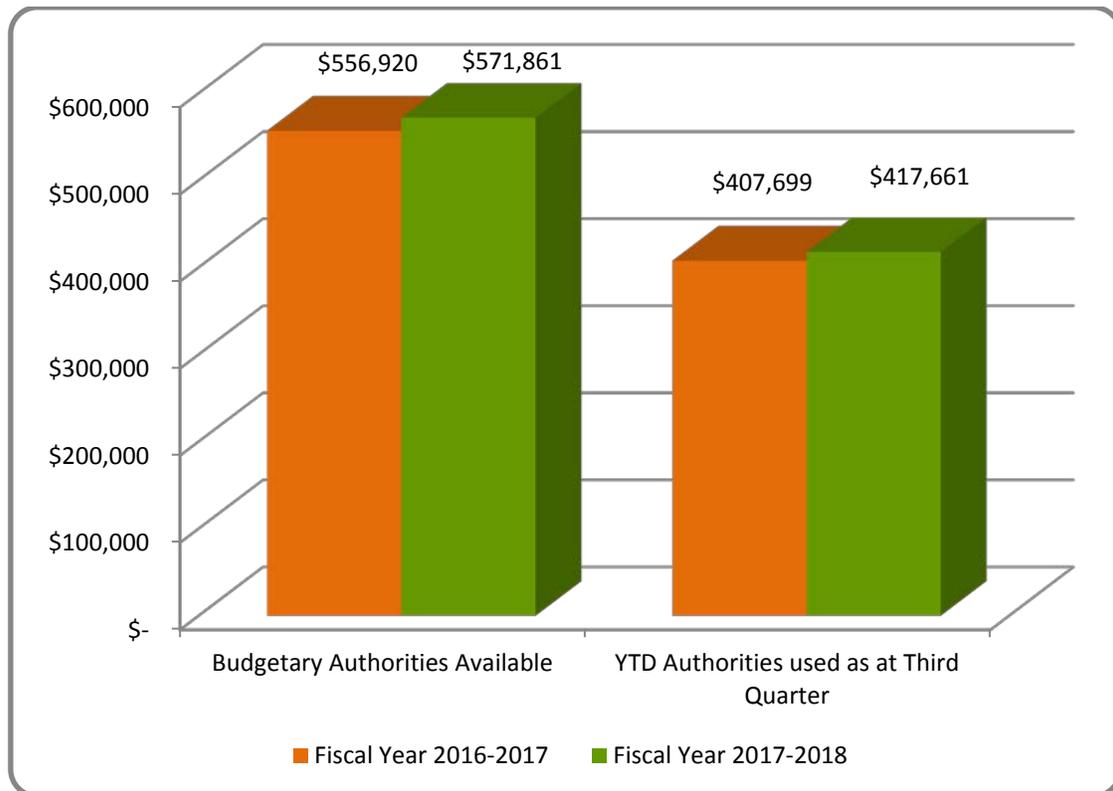
- An increase of \$13.8 million in statutory authorities for judges salaries, allowances and annuities. This increase is mostly due to a high volume of judicial appointments in 2016-17;
- An increase of \$0.7 million in CJC's operating authorities to support enhanced programming on judicial education, ethics and conduct, and make targeted investments to upgrade aging information technology infrastructure;
- An increase of \$0.5 million in CJC's operating authorities pertaining to transitional funding to March 31, 2018 for the costs of complaints, investigations and inquiries under the Judges Act.

Changes to Budgetary Expenditures

As at December 31, 2017 the department's total net budgetary expenditures increased by \$10 million compared with the same quarter last fiscal year. This variance is comprised of:

- A year-to date net increase of \$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 \$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 December 31, 2016 and 2017.

As at December 31, 2016 and 2017, FJA planned to spend \$556,920,085 in 2016-17 and \$571,861,043 in 2017-18. Authorities used as at the third quarter totalled \$407,699,187 in 2016-17 and \$417,661,315 in 2017-18.

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 2017-18 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 2017-18 DP.

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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, 2017, Supplementary Estimates (A) and (B) 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

As at December 31, 2017, we anticipate higher costs associated with personnel expenditures due to staffing activities undertaken in the current year.

5. Approval by Senior Officials

Approved by:

Original signed by
Marc A. Giroux
Commissioner

Original signed by
Errolyn Humphreys
Chief Financial Officer

Ottawa, Canada
Date: March 1, 2018

Statement of Authorities (unaudited)**Fiscal year 2017-2018** (in thousands of dollars)

	Total available for use for the year ending March 31, 2018*	Used during the quarter ended December 31, 2017	Year- to-date used at quarter-end
Vote 1 – FJA – Operating expenditures	8,209	2,349	6,743
Vote 5 – CJC – Operating expenditures	4,354	537	1,786
Less: Vote 1 – FJA – Revenues	(275)	(20)	(20)
Net Operating expenditures	12,288	2,866	8,509
Statutory authorities - EBP	911	227	681
Statutory authorities – Judges salaries, allowances and annuities	558,662	138,226	408,471
Total Budgetary Authorities	\$ 571,861	\$ 141,319	\$ 417,661

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

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Fiscal year 2016-2017 (in thousands of dollars)

	Total available for use for the year ending March 31, 2017*	Used during the quarter ended December 31, 2016	Year to date used at quarter-end
Vote 1 – FJA – Operating expenditures	8,238	1,737	5,552
Vote 5 – CJC – Operating expenditures	3,100	722	1,676
Less: Vote 1 – FJA – Revenues	(275)	(10)	(23)
Net Operating expenditures	11,063	2,449	7,205
Statutory authorities - EBP	1,018	247	741
Statutory authorities – Judges salaries, allowances and annuities	544,839	138,129	399,753
Total Budgetary Authorities	\$ 556,920	\$ 140,825	\$ 407,699

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

Departmental budgetary expenditures by Standard Object (unaudited)**Fiscal year 2017-2018** (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2018	Expended during the quarter ended December 31, 2017	Year-to-date used at quarter-end
Expenditures			
Personnel -including EBP	526,640	132,309	389,282
Transportation and Telecommunications	23,581	5,439	15,399
Information	214	79	130
Professional Services	15,173	2,472	8,611
Rentals	245	46	171
Purchased Repair and Maintenance	53	10	11
Utilities, materials and supplies	59	18	27
Acquisition of Machinery & Equipment	93	29	71
Other subsidies and payments*	6,078	937	3,979
Total Gross Budgetary Expenditures	572,136	141,339	417,681
Less Revenues netted against Expenditures			
Revenues	(275)	(20)	(20)
Total net budgetary expenditures	\$ 571,861	\$ 141,319	\$ 417,661

*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 2016-2017 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2017	Expended during the quarter ended December 31, 2016	Year-to-date used at quarter-end
Expenditures			
Personnel -including EBP	514,113	131,567	382,243
Transportation and Telecommunications	23,625	5,265	14,392
Information	134	17	54
Professional Services	13,079	2,959	8,112
Rentals	291	46	138
Purchased Repair and Maintenance	145	19	36
Utilities, materials and supplies	67	15	28
Acquisition of Machinery & Equipment	114	25	83
Other subsidies and payments*	5,627	922	2,636
Total Gross Budgetary Expenditures	557,195	140,835	407,722
Less Revenues netted against Expenditures			
Revenues	(275)	(10)	(23)
Total net budgetary expenditures	\$ 556,920	\$ 140,825	\$ 407,699

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