



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

**Quarterly financial report
for the quarter ended
September 30th, 2012**

**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, Supplementary Estimates*, as well as *Canada's Economic Action Plan 2012 (Budget 2012)*. 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 three very distinct 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 Activity Architecture, the organization is broken down into three program activities: payments pursuant to the *Judges Act*, CJC, and FJA. These activities strive to meet the priorities of: developing organizational capacity, building a strong, integrated team, improving service delivery, enhancing communications and managing information.

Further details about FJA's authority, mandate, and program activities can be found below and in FJA's *Report on Plans and Priorities (RPP)* and *Main Estimates* located on the Treasury Board website at 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 2011-12 and the 2012-13 fiscal years. This QFR has

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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 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.

The department's quarterly and year-to-date spending are in line with that of the previous fiscal year. For 2012-13, there is a net increase in budgetary authorities of \$22.4 million compared to the authorities granted in 2011-12 *Main Estimates*. This is primarily due to an increase in statutory costs of \$22.9 million related to the payments issued pursuant to *Judges Act*. FJA operational funding for the Innovation Initiative and Judicial Compensation and Benefits Commission totalling approximately \$0.5 million ended in fiscal year 2011-12.

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3. Risks and Uncertainties

FJA's environment is complex due in part to the small size of its organization, the range of services it provides (compensation, benefits, language training, legal publishing, etc.) 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 2012-13 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 2012-13 RPP.

This QFR reflects the results of the current fiscal period in relation to the *Main Estimates*, *Supplementary Estimates A* for which full supply was released on June 29, 2012, and the funding allocated through Treasury Board Vote 25 (Operating Budget Carry Forward). In both 2012-13 and 2011-12, FJA received a carry forward amount of \$0.4 million.

Budget 2010 announced that the operating budgets of departments would be frozen at their 2010-11 levels for the fiscal years 2011-12 and 2012-13. Management has developed an action plan to adjust to this constraint in funding.

Senior staff at FJA has been working diligently at refining and improving services to judges. During 2011-12, we undertook an Innovation Initiative with the objective of modernizing our processes and improving our capacity to provide timely services to not only judges but also to those lawyers applying to become judges. We have undertaken a number of studies of our various processes and have received recommendations for potential enhancements and modernization.

This office is responsible for the administration of the Judges' Pension system currently maintained by Public Works and Government Services Canada (PWGSC). We have received notification that PWGSC will no longer be supporting this system. We have entered into negotiations with PWGSC for a new solution and have not determined what the impact of this change will be. During 2012, PWGSC agreed to continue supporting our system until a new pension solution is in place by 2013 or 2014.

At the request of the Minister of Justice pursuant to section 74(1) (d) of the *Judges Act* during 2012-13 this office is again responsible for administering the process for the appointment of a Supreme Court of Canada judge. We have administered the last four processes and have incurred substantial expenditures for which Supplementary funding was requested and, on one occasion, was provided. As a small department with limited funding capacity reallocation of resources to fund this important initiative impacts our ability to fund other priorities of the Department. The estimated budget for this initiative has been set at \$325K for the current fiscal year.

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Another duty of this department is the operation of the Judicial Compensation and Benefits Commission. This commission is appointed every four years and a new commission was appointed in October 2011. This commission is mandated to conduct a review of the adequacy of the salaries and other amounts payable under the *Judges Act* and into the adequacy of judges' benefits generally. The commission's report was presented to the Minister of Justice in May 2012. Decisions made on the recommendations could have an impact on the workload of the department. It should be noted that funding for these two initiatives required reallocation of existing resources.

4. Significant changes in relation to operations, personnel and programs

The department's 2012-13 quarterly and year-to-date transportation and communications spending reflect a decrease of \$1.2 million compared to 2011-12. This decrease is largely due to a reduction in judges' travel costs of \$1.1 million and a further reduction of \$0.1 million in the department's transportation and communication expenditures.

The department's 2012-13 quarterly and year-to-date professional services spending reflect a net increase of \$0.9 million compared to 2011-12. This increase is largely due to an increase of \$0.6 million in legal services provided to judges facing legal actions as a result of their judicial duties, \$0.3 million for deputy judges, \$0.2 million due to the timing of expenditures related to the Supreme Court appointments process, and a decrease of \$0.2 million in the department's professional services expenditures. In 2011-12 the Supreme Court appointments process began in the fall; in 2012-13 this process began over the summer.

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. However, as mentioned above FJA has a limited funding capacity. Funding necessary to support two key initiatives in 2012-13 namely the Judicial Compensation and Benefits Commission and the administration of the Supreme Court nomination process required reallocation of existing resources.

To improve the effectiveness of departmental operations, FJA undertook an Innovation Initiative during 2011-12 that identified opportunities to modernize current processes and achieve efficiencies in FJA's operations. Management is using opportunities such as position vacancies to review the ways core business responsibilities are delivered and eliminate or reduce inefficiencies. Divisions are also encouraged to embrace innovative ways to conduct business by streamlining processes and by taking advantage of new technologies in order to provide better services at a lower cost.

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6. Approval by Senior Officers

Approved by:

William A. Brooks
Commissioner
Ottawa, Canada

Date: November 20, 2012

Wayne Osborne
Chief Financial Officer
Ottawa, Canada

Date: November 20, 2012

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Statement of Authorities (unaudited)

Fiscal year 2012-13 (in thousands of dollars)

	Total available for use for the year ending March 31, 2013*	Used during the quarter ended Sept. 30, 2012	Year to date used at quarter-end
Vote 20 – Operating expenditures – FJA	8,458	2,274	3,802
Vote 25 – Operating expenditures - CJC	1,546	412	677
Less: Revenues netted against expenditures	(275)	0	0
Net Operating expenditures	9,729	2,686	4,479
Statutory authorities – EBP	982	246	491
Statutory authorities – <i>Judge’s Act</i>	474,686	115,811	234,039
Total Budgetary Authorities	485,397	118,743	239,009

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

Fiscal year 2011-12 (in thousands of dollars)

	Total available for use for the year ending March 31, 2012*	Used during the quarter ended Sept. 30, 2011	Year to date used at quarter-end
Vote 20 – Operating expenditures – FJA	8,928	2,331	3,999
Vote 25 – Operating expenditures - CJC	1,537	443	820
Less: Revenues netted against expenditures	(275)	0	0
Net Operating expenditures	10,190	2,774	4,819
Statutory authorities – EBP	1,032	258	516
Statutory authorities – <i>Judge’s Act</i>	451,770	113,801	227,838
Total Budgetary Authorities	462,992	116,833	233,173

*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 2012-13 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2013	Used during the quarter ended Sept. 30, 2012	Year to date used at quarter-end
Expenditures:			
Personnel (including EBP)	445,863	110,609	221,200
Transportation and telecommunications	30,083	5,754	12,106
Information	55	19	31
Professional and special services	3,958	1,593	2,179
Rentals	70	43	77
Repair and maintenance	200	21	63
Utilities, materials and supplies	100	17	36
Acquisition of machinery and equipment	80	15	20
Other subsidies and payments*	5,263	672	3,297
<i>Total gross budgetary expenditures</i>	485,672	118,743	239,009
Less: revenues netted against expenditures			
Revenues	(275)	0	0
<i>Total revenues netted against expenditures</i>	(275)	0	0
TOTAL NET BUDGETARY EXPENDITURES	485,397	118,743	239,009

**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 2011-12 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2012	Used during the quarter ended Sept. 30, 2011	Year to date used at quarter-end
Expenditures:			
Personnel (including EBP)	424,938	108,168	214,985
Transportation and telecommunications	28,950	7,063	13,297
Information	55	8	19
Professional and special services	3,591	845	1,293
Rentals	70	18	53
Repair and maintenance	200	16	54
Utilities, materials and supplies	120	18	36
Acquisition of machinery and equipment	80	31	57
Other subsidies and payments*	5,263	666	3,379
Total gross budgetary expenditures	463,267	116,833	233,173
Less: revenues netted against expenditures			
Revenues	(275)	0	0
<i>Total revenues netted against expenditures</i>	<i>(275)</i>	<i>0</i>	<i>0</i>
TOTAL NET BUDGETARY EXPENDITURES	462,992	116,833	233,173

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