

Canada Border Services Agency

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Future-Oriented Statement of Operations

Canada Border Services Agency (Agency Activities)
Future-Oriented Statement of Operations (Unaudited)
For the Year Ending March 31

<i>(in thousands of dollars)</i>		
	Forecast Results 2017	Planned Results 2018
Expenses		
Admissibility Determination	1,002,747	1,040,526
Internal Services	422,663	386,755
Risk Assessment	213,376	195,462
Immigration Enforcement	181,738	217,098
Revenue and Trade Management	103,722	69,587
Secure and Trusted Partnerships	45,716	50,301
Criminal Investigations	35,089	33,341

Recourse	12,600	11,749
Total expenses	2,017,651	2,004,819
Revenues		
Sales of goods and services	20,333	20,333
Other	2,380	2,380
Revenues earned on behalf of government	(4,283)	(4,283)
Total revenues	18,430	18,430
Net cost of operations before government funding and transfers	1,999,221	1,986,389
<i>The accompanying notes form an integral part of the Future-Oriented Statement of Operations.</i>		

1. Methodology and Significant Assumptions

The Future-Oriented Statement of Operations has been prepared on the basis of government priorities and departmental plans as described in the Departmental Plan.

The information in the forecast results for fiscal year 2016-2017 is based on actual results as at November 30, 2016 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for the fiscal year 2017-2018.

The main assumptions underlying the forecasts are as follows:

- The CBSA is facing an increasingly complex environment, made more challenging by virtue of the Agency's authorities declining in the future.
- Expenses and revenues, including the determination of amounts internal and external to the government, are based on past experience. The general historical pattern is expected to continue.
- Estimated year-end information for 2016-2017 is used as the opening position for the 2017-2018 planned results.
- As a result of the 2013 Operating Budget Freeze, the Treasury Board will not allocate funding for wage and salary increases that take effect during the freeze period (in 2014–15 and 2015–16), or for the ongoing adjustments, which will have a material financial impact on the CBSA.

These assumptions are made as at December 19, 2016.

2. Variations and Changes to the Forecast Financial Information

Although every attempt has been made to forecast final results for the remainder of 2016-2017 and for 2017-2018, actual results achieved for both years are likely to differ from the forecast information presented, and this variation could be material.

In preparing this Future-Oriented Statement of Operations, the CBSA has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

Factors that could lead to material differences between the Future-Oriented Statement of Operations and the historical statement of operations include:

- the timing and amount of acquisitions and disposals of tangible capital assets may affect gains, losses and amortization expense;
- the implementation of new collective agreements;
- economic conditions, which may affect the amount of revenue earned and the collectability of accounts receivable;
- other changes to the operating budget, such as new initiatives or technical adjustments later in the fiscal year.

After the Departmental Plan is tabled in Parliament, the CBSA will not be updating the forecasts for any changes in financial resources made in ensuing supplementary estimates. Variances will be explained in the Departmental Results Report.

3. Summary of Significant Accounting Policies

The Future-Oriented Statement of Operations has been prepared using the Government of Canada's accounting policies in effect for fiscal year 2016-2017, 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) Expenses

The CBSA records expenses on an accrual basis.

Expenses for the CBSA's operations are recorded when goods are received or services are rendered, including services provided without charge for accommodation, employer contributions to health and dental insurance plans, legal services and workers' compensation, which are recorded as expenses at their estimated cost. Vacation pay and compensatory leave, as well as severance benefits, are accrued, and expenses are recorded as the benefits are earned by employees under their terms of employment.

Expenses also include provisions to reflect changes in the value of assets, including provisions for bad debt on accounts receivable and advances.

Expenses also include amortization of tangible capital assets, which are capitalized at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset.

b) Revenues

Revenues reported in the Future-Oriented Statement of Operations include regulatory fees collected on behalf of the Government of Canada under legislation such as the *Immigration and Refugee Protection Act* and the *Canadian Food Inspection Agency Act*.

Revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

Revenues that are non-respendable are not available to discharge the CBSA's liabilities. Although the president of the CBSA is expected to maintain accounting control, he has no authority over the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of the CBSA's gross revenues.

4. Parliamentary Authorities

The CBSA is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the CBSA differs from financial reporting according to generally accepted accounting principles because authorities are based mainly on cash flow requirements. Items recognized in the Future-Oriented Statement of Operations in one year may be funded through parliamentary authorities in prior, current, or future years. Accordingly, the CBSA has different net cost 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 requested authorities

<i>(in thousands of dollars)</i>		
	Forecast Results 2017	Planned Results 2018
Net cost of operations before government funding and transfers	1,999,221	1,986,389
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(74,434)	(70,254)
Loss on disposal of tangible capital assets	(3,275)	(952)

Services provided without charge by other government departments	(176,577)	(179,091)
Increase in vacation pay and compensatory leave	(1,658)	(1,658)
Decrease in employee future benefits	3,549	3,549
Bad debt expense	(447)	(447)
Refunds of previous years' expenditures	5,361	5,361
Total items affecting net cost of operations but not affecting authorities	(247,481)	(243,492)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	142,548	202,466
Proceeds from disposal of tangible capital assets	(647)	(443)
Decrease in inventory	(3,703)	-
Total items not affecting net cost of operations but affecting authorities	138,198	202,023
Requested authorities	1,889,938	1,944,920

b) Authorities requested

<i>(in thousands of dollars)</i>		
	Forecast Results 2017	Planned Results 2018
Authorities requested		
Vote 1 – Operating expenditures	1,553,376	1,419,123
Vote 5 – Capital expenditures	195,968	255,886
Statutory amounts	206,152	172,008
	1,955,496	1,847,017
Less:		

Authorities (available) and shortfall for future year	(65,558)	97,903
Total authorities requested	1,889,938	1,944,920

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