

Canada Border Services Agency

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Canada Border Services Agency Quarterly Financial Report For the quarter ended June 30, 2017 Revised

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Erratum

Date: October 16, 2017

Location: 2016-2017 Departmental Budgetary Expenditures by Standard Object Table (Unaudited) (Section 7, Table 2)

Revision: “Utilities, materials and supplies, expended during the quarter ended June 30, 2016: **\$1,955**” replaces “Utilities, materials and supplies, expended during the quarter ended June 30, 2016: **\$1,995**”

Rationale: Original amount reported was not correct.

1. Introduction

This Quarterly Financial Report (QFR) has been prepared as required by section 65.1 of the [Financial Administration Act](#) and in the form and manner prescribed by the Treasury Board. This quarterly report should be read in conjunction with the Main Estimates, Supplementary Estimates A, Canada's Economic Action Plan 2016 (Budget 2016) and Canada's Economic Action Plan 2017 (Budget 2017).

A summary description of the Canada Border Services Agency (CBSA) program activities can be found in [Part II of the Main Estimates](#), and a detailed description in [Part III – Report on Plans and Priorities](#).

The QFR has not been subjected to an external audit or review.

1.1 Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities ([Table 1](#)) includes the department's spending authorities granted by Parliament, and those used by the department consistent with the Main Estimates and Supplementary Estimates (as applicable) 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.

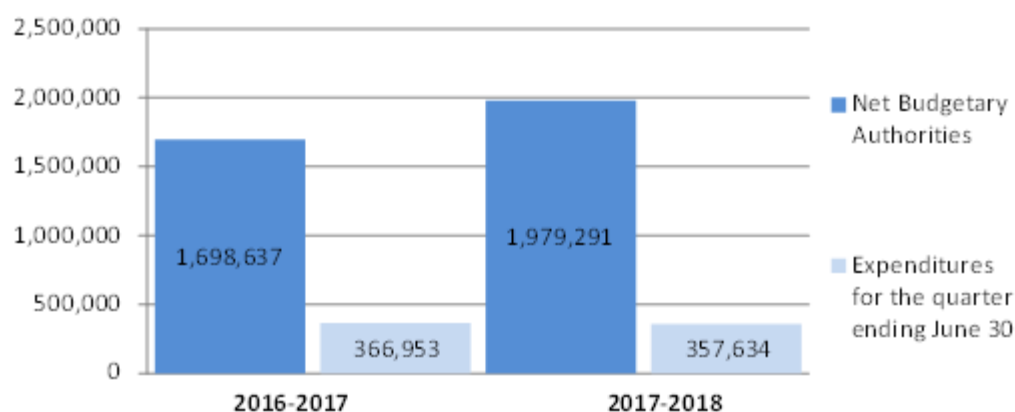
The Department uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

2. Highlights of Fiscal Quarter and Fiscal Year-to-Date (YTD)

Results

This section highlights the significant items that contributed to the net increase or decrease in resources available for the year and actual expenditures as of the quarter ended June 30, 2017.

Graph 1: Comparison of Net Budgetary Authorities and Expenditures as of June 30, 2016 and June 30, 2017 (in thousands \$)



2.1 Significant Changes to Authorities

For the period ending June 30, 2017, as well as the same period ending last fiscal year, the authorities provided to the CBSA are comprised of the Main Estimates and Supplementary Estimates A.

The Statement of Authorities ([Table 1](#)) presents a net increase of \$280.7 million or 16.5% in the Agency's total authorities of \$1,979.3 million at June 30, 2017 compared to \$1,698.6 million total authorities at the same quarter last year.

This net increase in the authorities available for use is the result of an increase in Vote 1 – Operating Expenditures of \$224.9 million, an increase in Vote 5 – Capital of \$57.3 million and a decrease in Budgetary Statutory Authorities of \$1.5 million, as detailed below:

Vote 1 – Operating

The Agency's Vote 1 Operating increased by \$224.9 million or 16.5%, which is mainly attributed to the net effect of the following significant items:

Increases totaling \$230.4 million are mainly attributed to:

- \$193.7 million net increase between the 2016-2017 CBSA Supplementary Estimates and the 2017-

2018 CBSA Supplementary Estimates is described in the [CBSA Supplementary Estimates \(A\) for 2017-18](#);

- \$29.1 M in funding for Delivering on Canada's Commitment to Remove the Visa Requirement for Citizens of Mexico;
- \$3.2 M in funding to provide integrated border services at the new Canadian Port Of Entry at the Gordie Howe International Bridge;
- \$2.1 M in funding for Strengthening the National Immigration Detention Framework;
- \$1.8 M in funding for the enhancement of Export Control and Counter-proliferation
- \$0.5 M due to a net increase of funding for various projects.

Decreases totaling \$5.5 million are mainly attributed to:

- \$3.9 M for the Budget 2016 reduction in Professional Services, Advertising and Travel
- \$1.6 M reduction of funding received to complete the phase 2 of the CBSA Assessment and Revenue Management (CARM) project

Vote 5 - Capital

The Agency's Vote 5 Capital increased by \$57.3 million or 38.0%, which is mainly attributed to the net effect of the following significant items:

Increases totaling \$79.1 million are mainly attributed to:

- \$44.1 M in funding to maintain and upgrade federal infrastructure assets;
- \$34.6 M in funding for Strengthening the National Immigration Detention Framework;
- \$0.4 M due to the net increase of funding for various projects.

Decreases totaling \$21.8 million are mainly attributed to:

- \$14.2 million net decrease between the 2016-2017 CBSA Supplementary Estimates and the 2017-2018 CBSA Supplementary Estimates is described in the [CBSA Supplementary Estimates \(A\) for 2017-18](#)
- \$7.6 M reduction of funding received to complete the phase 2 of the CBSA Assessment and Revenue Management (CARM) project

Budgetary Statutory Authorities

The Agency's Statutory Authority related to the employee benefit plan decreased by \$1.5 million, or 0.8% from the previous year. The decrease is mainly due to the annual adjustment in the employee benefit plan rate set by the Treasury Board Secretariat.

2.2 Explanations of Significant Variances in Expenditures from Previous Year

As indicated in the Statement of Authorities ([Table 1](#)), the Agency's expenditures for the quarter ending June 30, 2017 were \$357.6 million, as compared to \$367.0 million for the quarter ending June 30, 2016.

The net decrease of \$9.3 million or 2.5% in expenditures is mainly due to the following items:

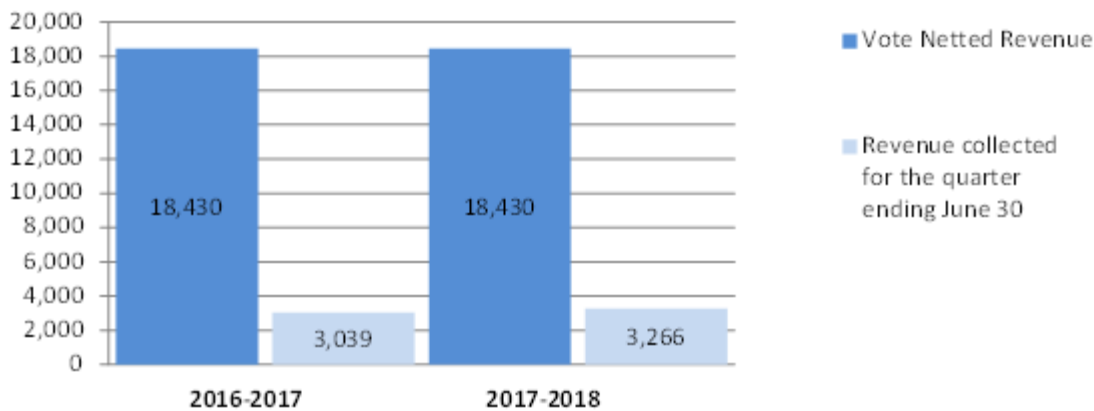
- Decrease of \$4.1 million or 1.3% in Vote 1 Operating Expenditures year-to-date used at quarter end (\$308.1 million versus \$312.2 million same time last year). The bulk of the difference in spending is attributed to a decrease in professional and legal services for the fiscal year 2017-2018.
- Decrease of \$1.1 million or 13.6% in Vote 5 Capital Expenditures year-to-date used at quarter end (\$6.8 million versus \$7.9 million same time last year). The reduction in spending for the quarter ending June 30, 2017 is mainly associated with the E-Manifest project.
- Decreases of \$4.1 million in statutory and other spending.

As indicated in the Departmental Budgetary Expenditures by Standard Object ([Table 2](#)), the decreases by standard object are mainly attributed to:

- A decrease of \$7.5 million year-to-date in professional and special services due to a decrease in legal services as a result of a timing difference for invoices received from the Department of Justice;
- A net decrease of \$1.6 million due to a reduction in project spending under acquisition of machinery and equipment.

The planned revenue from the sales of services reflects the Agency's revenue respending authority. The year-to-date revenue from the sales of services has increased by \$0.2 million or 7.5% due to increases in the NEXUS program.

Comparison of Vote Netted Revenue and Revenue collected as of June 30, 2016 and June 30, 2017 (in thousands \$)



3. Risks and Uncertainties

The complexity of the operating environment of the CBSA can be seen in the broad scope of external

drivers. Developments in geopolitical relations, in the global economy, in environmental matters, and in human and animal health cascade down into Canada's trade, immigration, tourism and refugee patterns, affecting volumes and introducing security and facilitation challenges. Continued growth in both global trade and the virtual economy has benefitted legitimate business and criminal enterprises alike, and presents more complexity in managing Canada's supply chain and physical borders.

The CBSA is funded through annual appropriations. As a result, its operations can be impacted by any changes approved by Parliament. There will continue to be ongoing pressure on the CBSA's appropriations as the Government of Canada reviews spending and resource allocations.

Collective bargaining negotiations between the Government of Canada and bargaining agents continue to unfold. The outcome of these negotiations will have implications for all departments including the CBSA.

There has been a substantial number of asylum seekers entering Canada from the United States at CBSA's ports of entry (POE). The current volume of asylum claimants has impacted the operational and financial capacity of CBSA and its partners. The Agency is currently taking steps to manage the surge of asylum seekers crossing the border, including adjusting its financial capacity and operations to process claimants as quickly as possible without compromising the safety or security of Canadians.

Lastly, the CBSA operates in a rapidly changing border environment with increasingly complex security and immigration demands, changing traveler volumes, higher infrastructure costs and rising trade volumes, all of which contributed to a strain on the Agency's finances. To ensure it can continue to deliver in this context in a sustainable manner, the CBSA is undertaking a strategic exercise that will: examine its current resource base; fully align its operations to the priorities of the Government and Canadians; and, ensure the sustainability of those operations for years to come.

In considering these factors, the CBSA has embarked on various initiatives that will allow the organization to be even more efficient and effective in the way it does business through increased efforts to address threats early and facilitate trade and travel. To improve its ability to successfully deliver on its initiatives, the Agency regularly examines its enterprise risk landscape, updates its Enterprise Risk Profile and takes appropriate action to mitigate its top risks and the associated financial impacts. The Agency's top risks and associated responses are communicated in its [Departmental Plan](#).

4. Significant Changes in Relation to Operations, Personnel and Programs

4.1 Key Senior Personnel

Jean-Stéphane Piché, Vice-President Human Resources/Corporate Affairs, is on special assignment with the CBSA renewal project and has been replaced by the acting appointment of Robert Mundie as Vice-President, Corporate Affairs and the acting appointment of Jacqueline Rigg as Vice-President, Human Resources.

The acting appointment of Denis R. Vinette as Associate Vice-President and the acting appointment of

Jacques Cloutier as Vice-President, Operations, replaces Caroline Xavier, Vice-President, Operations, who was appointed as the Assistant Secretary to Cabinet, Security and Intelligence, at the Privy Council Office.

4.2 Operations

The Agency continues to enhance border security and ensures the facilitation of legitimate travellers and goods with modernizations of and enhancements to security screening procedures, trusted traveller initiatives, immigration detentions, and infrastructure at our Ports of Entry across the country as per the Departmental Plan for 2017-18.

The CBSA also maintains a key role in delivering on the Government of Canada priorities such as supporting the increase in Canada's immigration levels and the implementation of the Gordie Howe International Bridge project.

4.3 New Programs

The CBSA will adapt and expand operations in order to support the Canada's commitment to process up to 300,000 new immigrants this year in collaboration with partner organizations.

In addition, in recognition of an increasingly complex and rapidly changing border environment, a review of all areas of the Agency is underway with the aim to better position the CBSA to meet current demands and operational realities, and future expectations.

5. Approval by Senior Officials

Approved by:

John Ossowski

President

Ottawa, Canada

Date: August 24, 2017

Christine Walker

Chief Financial Officer

Ottawa, Canada

Date: August 23, 2017

6. Table 1: 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 June 30, 2017	Year-to-date used at quarter end
Vote 1 - Operating Expenditures	1,587,518	308,119	308,119
Vote 5 - Capital Expenditures	207,898	6,777	6,777
Statutory Authority - Contributions to employee benefit plans	183,875	42,669	42,669
Statutory Authority - Refunds of amounts credited to revenues in previous years	0	16	16
Statutory Authority - Spending of proceeds from the disposal of surplus Crown assets	0	53	53
Total budgetary authorities	1,979,291	357,634	357,634
Non-budgetary authorities	0	0	0
Total authorities	1,979,291	357,634	357,634

Note: Numbers may not add and may not agree with details provided elsewhere due to rounding.
* Includes only Authorities available for use and granted by Parliament at quarter end.

6. Table 1: Statement of Authorities (Unaudited)

Fiscal year 2016-2017 (en milliers de dollars)			
	Total available for use for the year ending March 31, 2017*	Used during the quarter ended June 30, 2016	Year-to-date used at quarter end

Vote 1 - Operating Expenditures	1,362,641	312,266	312,266
Vote 5 - Capital Expenditures	150,614	7,842	7,842
Statutory Authority - Contributions to employee benefit plans	185,382	46,178	46,178
Statutory Authority - Refunds of amounts credited to revenues in previous years	0	15	15
Statutory Authority - Spending of proceeds from the disposal of surplus Crown assets	0	652	652
Total budgetary authorities	1,698,637	366,953	366,953
Non-budgetary authorities	0	0	0
Total authorities	1,698,637	366,953	366,953

Note: Numbers may not add and may not agree with details provided elsewhere due to rounding.

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

7. Table 2: 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 June 30, 2017	Year-to-date used at quarter end
Expenditures			
Personnel	1,336,978	314,117	314,117
Transportation and communications	63,455	6,933	6,933
Information	3,721	137	137
Professional and	303,021	29,937	29,937

special services			
Rentals	9,964	623	623
Repair and maintenance	27,931	2,343	2,343
Utilities, materials and supplies	18,306	1,903	1,903
Acquisition of land, buildings and works	89,172	1,228	1,228
Acquisition of machinery and equipment	116,921	2,216	2,216
Transfer payments	0	0	0
Other subsidies and payments	28,252	1,447	1,447
Total gross budgetary	1,997,721	360,884	360,884
Less revenues netted against expenditures			
Sales of Services	18,430	3,266	3,266
Other Revenue	0	-16	-16
Total revenues netted against expenditures	18,430	3,250	3,250
Total net budgetary expenditures	1,979,291	357,634	357,634

Note: Numbers may not add and may not agree with details provided elsewhere due to rounding.
* Includes only Authorities available for use and granted by parliament at quarter-end.

7. Table 2: Departmental Budgetary Expenditures by Standard Object (Unaudited)

Fiscal year 2016-2017 (in thousands of dollars)			
	Planned expenditures for the year ending March 31, 2017 *	Expended during the quarter ended June 30, 2016	Year-to-date used at quarter end
Expenditures			
Personnel	1,262,636	314,978	314,978
Transportation and communications	43,159	7,039	7,039
Information	2,009	199	199
Professional and special services	206,126	37,423	37,423
Rentals	8,263	949	949
Repair and maintenance	23,186	3,004	3,004
Utilities, materials and supplies	15,458	1,955	1,955
Acquisition of land, buildings and works	70,276	273	273
Acquisition of machinery and equipment	65,470	3,773	3,773
Transfer payments	0	0	0
Other subsidies and payments	20,484	384	384
Total gross budgetary expenditures	1,717,067	369,977	369,977
Less revenues netted against expenditures			
Sales of Services	18,430	3,039	3,039

Other Revenue	0	-15	-15
Total revenues netted against expenditures	18,430	3,024	3,024
Total net budgetary expenditures	1,698,637	366,953	366,953

Note: Numbers may not add and may not agree with details provided elsewhere due to rounding.
The “utilities, materials and supplies” expended during the quarter ended June 30, 2016 has been updated to reflect an amount of \$1,955 thousand.
* Includes only Authorities available for use and granted by Parliament at quarter-end.

Date modified: 2017-10-18