



Quarterly Financial Report for the Quarter ended September 30, 2017



Introduction

This quarterly report 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 Directive on Accounting Standards, GC 4400 Departmental Quarterly Financial Report. This quarterly report should be read in conjunction with the Main Estimates and Supplementary Estimates.

A summary description of the Parole Board of Canada (PBC) Raison d'être and core responsibilities can be found in [Part II of the Main Estimates](#).

This Quarterly Report has not been subject to an external audit or review.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the PBC's spending authorities granted by Parliament and those used by the department. Authorities include amounts granted through the Main Estimates and Supplementary Estimates for the 2017-18 fiscal year and any spendable revenue earned and available for use to quarter end. 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 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.

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

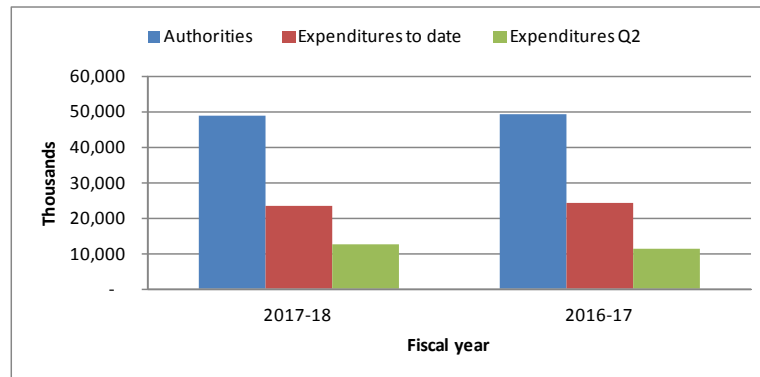
Highlights of Fiscal Quarter and Fiscal Year-to-Date Results

Significant Changes to Authorities

Since June 30, 2017, PBC's total authorities available for the year have increased by \$2.3M, as a result of receiving its carry-forward funding of unused authorities from 2016-17. As at September 30, 2017, total authorities available for the year have decreased by \$0.5M compared to the same quarter of the previous year, from \$49.1M to \$48.6M. This decrease is attributable to the amount determined by Treasury Board Secretariat for statutory authorities for Employee Benefit Plans (EBP).

As illustrated in Figure 1, the PBC has spent approximately 48% of its authorities at the end of the second quarter, which is higher than last year's rate of 47%. As PBC's most significant expense is salaries, its spending is generally be distributed equally throughout the year.

Figure 1 - Second Quarter Expenditures Compared to Annual Authorities



Significant Changes to Gross Budgetary Expenditures

Year-to date gross budgetary expenditures increased by \$303K or 1% in 2017-18 compared to 2016-17, and revenue increased in 2017-18 by \$608K, or 81%, compared to 2016-17. The following paragraphs provide details of key changes.

- Year-to-date personnel expenditures increased by \$1,426K, or 6%, in 2017-18 compared to 2016-17. This increase is attributable to the payment of retroactive amounts owing under signed collective agreements. The significant increase of \$2,625K between personnel expenditures reported for the second quarter of 2016-17 compared to the second quarter of 2017-18 is attributed to the payment of retroactive amounts and other accrual accounting adjustments.
- Professional and special services expenditures decreased by \$383K, or 59%, compared with the second quarter last year, and the year-to-date expenditures decreased at a similar rate. This decrease is largely due to a timing difference of when expenditures are recorded in the year. In 2016-17, the annual estimated legal costs were paid at the beginning of the year, while in 2017-18 they are being paid on a monthly basis.
- Repair and maintenance spending decreased by \$639K compared with the second quarter of last fiscal year. This decrease is related to expenditures for the Board's Edmonton Office relocation in 2016-17. The credit balance in the current quarter's spending is due to an expenditure recorded in the previous quarter being credited to a payable that had been established at the 2016-17 year-end.
- Spending on acquisitions of machinery and equipment increased by \$122K in the second quarter this fiscal year, and is attributed to the purchase of software for the GX financial system. The PBC will change its financial management system for fiscal year 2018-19.
- Expenditures for loans, investments and advances are attributed to overpayments and advances provided to employees due to transitioning to the Phoenix pay system. This amount increased by \$103k or 381% comparing the second quarter of both years.

Significant Changes to Revenues

Revenues recorded increased by \$608K, or 81%, compared with the second quarter of 2016-17, which is explained by an equivalent increase in the volume of record suspension applications accepted in the second quarter of 2017-18. This variance is likely attributed to legislative changes dating back to 2012 which imposed an additional five year waiting period for the eligibility criteria for certain applicants. The waiting period has now expired and affected applicants are now eligible to apply.

Risks and Uncertainties

The PBC receives the majority of its funding through annual Parliamentary authorities. As a result, its operations are affected by any changes in funding approved through Parliament. The PBC also collects user fees for processing record suspension applications, and has the authority to spend revenues received during the year on related activities. The volume of applications generally remains consistent from year to year, but significant variances may occur in response to legislative or policy changes affecting record suspensions.

During 2017-18, there will be a significant turnover in PBC senior personnel. New appointments of Governor in Council (GIC) appointees will be made for the Chairperson and the Executive Vice-Chairperson positions. Additionally, approximately one third of the PBC's 90 Board member positions will receive new GIC appointees. The PBC has procedures in place to ensure organizational stability during this transition.

The Government of Canada has implemented a new pay system as part of the pay transformation initiative. There are known issues associated with the implementation of this system that have resulted in salary over/underpayments to employees, and delays in transferring employee pay between departments. The department has implemented a number of controls to more closely monitor this risk and will continue to monitor and report on the situation closely in consultation with Public Services and Procurement Canada (PSPC) and Treasury Board Secretariat (TBS).

Significant Changes in Relation to Operations, Personnel, and Programs

During the second quarter of 2017-18, there have been no significant changes in relation to operations, personnel and programs.

Approval by Senior Officials

Approved by,

Harvey Cenaiko
Chairperson

Chantal Lemyre, CPA, CGA
Chief Financial Officer

Ottawa, Canada
November 28, 2017

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 September 30, 2017	Year-to-date used at quarter-end
Vote 1 – Program expenditures	48,639	12,605	23,149
Less revenues netted against expenditures	**5,645	1,360	2,379
Total net Program expenditures	42,994	11,245	20,770
Budgetary statutory authorities – EBP	5,586	1,396	2,792
Total authorities	48,580	12,641	23,562

	Fiscal year 2016-2017		
(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
Vote 1 – Program expenditures	48,599	10,561	22,579
Less revenues netted against expenditures	**5,645	752	1,443
Total net Program expenditures	42,954	9,809	21,136
Budgetary statutory authorities – EBP	6,119	1,530	3,060
Total authorities	49,073	11,339	24,195

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

**The amount of revenues netted against expenditures reported in the Main Estimates, is based on an estimated amount of 12,000 accepted applications multiplied by the portion of the \$631 user fee that is respendable by PBC (\$470).

Departmental budgetary expenditures by Standard Object (unaudited)

(in thousands of dollars)	Fiscal year 2017-2018		
	Planned expenditures for the year ending March 31, 2018*	Expended during the quarter ended September 30, 2017	Year-to-date used at quarter-end
Expenditures			
Personnel	43,483	12,835	23,945
Transportation and communications	3,960	587	993
Information	374	1	1
Professional and special services	5,362	262	474
Rentals	198	28	49
Repair and maintenance	142	(20)	30
Utilities, materials and supplies	424	33	58
Acquisition of machinery and equipment	265	139	144
Other subsidies and payments	17	6	29
Loans Investments and Advances	-	130	218
Total gross budgetary expenditures	54,225	14,001	25,941
Less Revenues netted against expenditures:			
User fee revenues netted against expenditures	5,645	1,360	2,379
Total net budgetary expenditures	48,580	12,641	23,562

(in thousands of dollars)	Fiscal year 2016-2017		
	Planned expenditures for the year ending March 31, 2017*	Expended during the quarter ended September 30, 2016	Year-to-date used at quarter-end
Expenditures			
Personnel	43,977	10,210	22,519
Transportation and communications	3,960	510	986
Information	374	13	27
Professional and special services	5,362	645	1,246
Rentals	198	28	68
Repair and maintenance	142	619	635
Utilities, materials and supplies	424	29	44
Acquisition of machinery and equipment	265	17	22
Other subsidies and payments**	16	(7)	24
Loans Investments and Advances**	-	27	67
Total gross budgetary expenditures	54,718	12,091	25,638
Less Revenues netted against expenditures:			
User fee revenues netted against expenditures	5,645	752	1,443
Total net budgetary expenditures	49,073	11,339	24,195

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

**Comparative figures have been reclassified to conform to the current year's presentation.