

Statement Outlining Results, Risks and Significant Changes in Operations, Personnel and Programs

1. Introduction

This quarterly financial report 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 report should be read in conjunction with the [2019-20 Main Estimates](#). This quarterly report has not been subject to an external audit or review.

The Administrative Tribunals Support Service of Canada (ATSSC) is responsible for providing support services and facilities to 11 federal administrative tribunals by way of a single, integrated organization.

These services include the specialized services required by each tribunal (e.g. registry, research and analysis, legal and other mandate or case activities specific to each tribunal), as well as internal services (e.g., human resources, financial services, information management and technology, accommodations, security, planning and communications).

Further information on the mandate, roles, responsibilities and programs of the ATSSC can be found by accessing the [2019-20 Departmental Plan](#).

1.1. Basis of Presentation

This quarterly report has been prepared using an expenditure basis of accounting. The accompanying Statement of Authorities (AnnexA) includes the ATSSC's spending authorities granted by Parliament and those used by the ATSSC, consistent with the Main Estimates for the 2019-20 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.

The ATSSC 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. The main difference between the quarterly financial report and the departmental financial statements is the timing of when revenues and expenses are recognized.

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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 authorities available for the year and actual expenditures for the quarter ended June 30, 2019.

The ATSSC's financial structure is mainly composed of voted budgetary authorities namely, Vote 1— Program expenditures and Vote Netted Revenue (VNR) authority, as well as statutory authorities for contributions to employee benefit plans. The VNR gives the ATSSC authority to make recoverable expenditures on behalf of the Canada Pension Plan (CPP) and the Employment Insurance (EI) operating accounts. Presented in Graph 1 below are the gross and net budgetary authorities and expenditures for the first quarter of 2019-20. For more details, refer to the Statement of Authorities table presented in Annex A.

Graph 1: Comparison of budgetary authorities and expenditures for the first quarter ended June 30, 2019, and June 30, 2018.



The ATSSC expended \$20.2 million (22% of total authorities available for use) in the first quarter of 2019-20, compared to 17.5 million in the same quarter of 2018-19. The majority of expenditures relate to personnel, which totaled \$16.7 million (83% of gross expenditures). The remaining \$3.5 million primarily comprises professional and special services (mainly informatics services, translation costs and consulting services) and rental costs.

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2.1. Significant Changes to Authorities

(Please refer to the Statement of Authorities table presented in Annex A.)

As of June 30, 2019, the total budgetary authorities available for use for the year decreased from \$65.2 million in 2018-19 to \$63.7 million in 2019-20 mainly due to the following:

- \$1 million decrease of temporary space optimization project funding; and
- \$0.5 million decrease of temporary funding for the Information Technology Infrastructure Consolidation (On-boarding) Project.

2.2. Significant Changes to Vote Netted Revenue

(Please refer to the Statement of Authorities table presented in Annex A.)

As of June 30, 2019, the Vote Netted Revenue authority decreased from \$30.4 million in 2018-19 to \$28.9 million in 2019-20 for the charging of administrative costs to the CPP and EI operating accounts to support the discharge of the mandates of the Social Security Tribunal (SST) and the ATSSC as it relates to the SST.

Temporary authorities were provided in 2017-18 (\$1.0 million) and 2018-19 (\$3.9 million) for space modernization.

2.3. Significant Changes to Expenditures

(Please refer to the Departmental Budgetary Expenditures by Standard Object table presented in Annex B.)

Expenditures for the Quarter

First quarter gross budgetary expenditures increased from \$17.5 million in 2018-19 to \$20.2 million in 2019-20 mainly due to:

- \$1.6 million increase in personnel spending related to an increase in salary rates resulting from the signing of collective agreements and revised remuneration agreements, an increase in number of staff, and an increase in employee benefit plan (EBP) costs due to a delay in the processing of EBP transactions for the first quarter of 2018-19;
- \$0.5 million increase in professional services spending related to the management of a larger number of projects; and
- \$0.5 million increase in rental costs due to a timing difference in the Public Services and Procurement Canada invoicing process.

3. Risks and Uncertainties

There is a risk that the ATSSC may not be able to maintain appropriate delivery capacity to meet the mandates of tribunals and the evolving needs of all program and internal service areas. As an organization tasked with delivering existing support services while seeking to improve its service delivery model, the ATSSC must ensure that it maintains appropriate delivery capacity. In particular, the ATSSC must effectively plan its operations and investments to make efficient and effective use of its limited financial and human resources.

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To mitigate this risk, emerging trends, priorities, needs and legislative changes are being monitored to identify potential impacts on caseloads and on the ATSSC resources and funding. The ATSSC has built into the budget planning and allocation processes the flexibility to re-allocate resources if and when required. The ATSSC is also developing a long-term investment plan that links proposed investments to organizational and tribunal priorities.

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

Nick Covelli has been appointed as the new Deputy Chief Administrator effective April 15, 2019.

Approval by Senior Officials

Approved by:

Nick Covelli
A/Chief Administrator

Christopher Bucar, MBA, CPA, CMA, CD
Director General Corporate Services
and Chief Financial Officer

Ottawa, Canada
August 27, 2019

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ANNEX A

Statement of Authorities (unaudited)

(in dollars)

	Fiscal year 2019-20			Fiscal year 2018-19		
	Total available for use for the year ending March 31, 2020 *	Used during the quarter ended June 30, 2019	Year to date used at quarter end	Total available for use for the year ending March 31, 2019 *	Used during the quarter ended June 30, 2018	Year to date used at quarter-end
Vote 1— Program expenditures	82,809,359	17,783,062	17,783,062	85,936,733	15,846,069	15,846,069
Less: Revenues netted against expenditures	(28,874,834)	-	-	(30,380,379)	-	-
Net Program expenditures	53,934,525	17,783,062	17,783,062	55,556,354	15,846,069	15,846,069
Budgetary statutory authorities	9,729,373	2,432,343	2,432,343	9,687,430	1,614,572	1,614,572
Total Budgetary authorities	63,663,898	20,215,405	20,215,405	65,243,784	17,460,641	17,460,641

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

ANNEX B

Departmental Budgetary Expenditures by Standard Object (unaudited)

(in dollars)

	Fiscal year 2019-20			Fiscal year 2018-19		
	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended June 30, 2019	Year to date used at quarter end	Planned expenditures for the year ending March 31, 2019	Expended during the quarter ended June 30, 2018	Year to date used at quarter-end
Expenditures:						
Personnel	73,320,048	16,742,744	16,742,744	73,420,523	15,112,868	15,112,868
Professional and special services	8,182,576	1,316,073	1,316,073	9,120,880	836,856	836,856
Transportation and communications	3,858,895	576,948	576,948	3,932,893	554,744	554,744
Rentals	2,574,511	841,201	841,201	3,745,301	368,539	368,539
Acquisition of machinery and equipment	2,121,529	50,525	50,525	3,261,460	78,894	78,894
Utilities, materials and supplies	646,452	314,033	314,033	754,318	242,218	242,218
Information	656,013	330,467	330,467	719,064	212,573	212,573
Repair and maintenance	526,840	45,717	45,717	377,240	53,847	53,847
Other subsidies and payments	651,868	(2,308)	-2,308	292,444	102	102
Total gross budgetary expenditures	92,538,732	20,215,405	20,215,405	95,624,163	17,460,641	17,460,641
Less Revenues netted against expenditures:						
Revenues	(28,874,834)	-	-	(30,380,379)	-	-
Total Revenues netted against expenditures:	(28,874,834)	-	-	(30,380,379)	-	-
Total net budgetary expenditures	63,663,898	20,215,405	20,215,405	65,243,784	17,460,641	17,460,641