



Public Prosecution
Service of Canada

Service des poursuites
pénales du Canada

PPSC Quarterly Financial Report for the Quarter ended December 31, 2019

Office of the Director of Public Prosecutions



This publication presents the Public Prosecution Service of Canada Quarterly Financial Report for the Quarter ended December 31, 2019.

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Quarterly Financial Report for the Quarter ended December 31, 2019

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Statement outlining results, risks and significant changes in operations, personnel and programs

A. 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 Treasury Board. It has not been subject to an external audit or review. This quarterly report should be read in conjunction with the *Main Estimates*.

The Office of the Director of Public Prosecutions (ODPP) was created on December 12, 2006, with the coming into force of the *Director of Public Prosecutions Act*. The ODPP is an independent prosecution service mandated to prosecute offences that are under the jurisdiction of the Attorney General of Canada.

On October 1, 2014, pursuant to amendments to the *Canada Elections Act*, the Office of the Commissioner of Canada Elections (OCCE) was transferred from Elections Canada to the ODPP. The Commissioner of Canada Elections and the Director of Public Prosecutions exercised their statutory duties independently from each other while operating within the same organization. Subsequently, on April 1, 2019, a notice was given in the Canada Gazette, making it official that the OCCE was transferred back to Elections Canada, pursuant to section 401 of *An Act to amend the Canada Elections Act and other Acts*.

Pursuant to the transfer of the OCCE, the ODPP's core responsibility is the provision of prosecution services in an independent, impartial and fair manner. The mandate of the ODPP includes:

- initiating and conducting federal prosecutions;
- intervening in proceedings that raise a question of public interest that may affect the conduct of prosecutions or related investigations;
- issuing guidelines to federal prosecutors;
- advising law enforcement agencies or investigative bodies on general matters relating to prosecutions and on particular investigations that may lead to prosecutions;
- communicating with the media and the public on all matters that involve the initiation and conduct of prosecutions;
- exercising the authority of the Attorney General of Canada in respect of private prosecutions; and
- exercising any other power or carrying out any other duty or function assigned by the Attorney General of Canada that is compatible with the ODPP.

In addition, Internal Services are those groups of related activities and resources that the federal government considers to be services in support of programs and/or required to meet corporate obligations of an organization. Internal Services refer to the activities and resources of the 10 distinct service categories that support Program delivery in the organization, regardless of the Internal Services delivery model in a department. The 10 service categories are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

B. Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the ODPP's spending authorities granted by Parliament, and those used by the ODPP consistent with the *Main Estimates and Supplementary Estimates*. This

quarterly report has been prepared using a 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.

The ODPP 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.

C. Highlights of Fiscal Quarter and Fiscal Year-to-date Results

The ODPP'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.

1. Spending Authorities

At the end of the third quarter of 2019-20, the ODPP and OCCE had total net spending authorities of \$212.7 million available for use as detailed in Chart 1 and Appendix A. This amount represents the authorities provided in the 2019-20 *Main Estimates*, an adjustment to the employment benefits plan to reflect planned requirements, a partial transfer of OCCE's voted budgetary authorities to Elections Canada, the operating budget carry forward from the last fiscal year and funding for renewed collective agreements.

The increase of \$17.1 million (9%), compared to total net spending authorities at the same time in fiscal year 2018-19 (\$195.6 million) is mainly due to:

- an increase in funding of \$18.6 million to maintain the program integrity and the delivery of prosecution programs and services at current level;
- a net increase of \$2.8 million for OCCE, which includes increases in funding related to supporting the 2019 elections and compliance and enforcement activities under the Canada Elections Act and Referendum Act offset by a decrease in funding for upholding the integrity of Canada Elections and an initial transfer of authorities to Elections Canada;
- an increase in employee benefit plan funding of \$1.9 million to reflect planned requirements;
- an increase in funding of \$0.9 million for Remediation Agreement Regime implementation;
- a decrease of \$1.4 million in the reimbursement of eligible expenditures from the Treasury Board;
- an overall decrease of \$2.6 million in funding received for salary increases due to the renegotiation of collective agreements; and
- a decrease of \$3.1 million in the operating budget carry forward from the last fiscal year.

Of the total net spending authorities, the remaining OCCE authorities are anticipated to be transferred to Elections Canada through *Supplementary Estimates B* of 2019-20.

2. Revenues collected during the Quarter Ended December 31, 2019

During the quarter ended December 31, 2019, the ODPP had collected \$4.8 million in spendable revenue in comparison to \$10 million during the same period the previous year, as detailed in Appendix B. The variance in quarterly revenue collections was the result of a significant portion of 2018-19 invoicing which took place in the third quarter of the fiscal year upon the approval of updated legal services rates. The ODPP's 2019-20 revenue collections have increased by \$2.1M in comparison to the same period the previous fiscal year.

3. Expenditures for the Quarter Ended December 31, 2019

During the third quarter of 2019-20, the gross budgetary expenditures decreased from \$48.7 million in 2018-19 to \$46.7 million in 2019-20, as detailed in Appendix B. This decrease of \$2 million (or 4%) in spending consists of variances associated with the following:

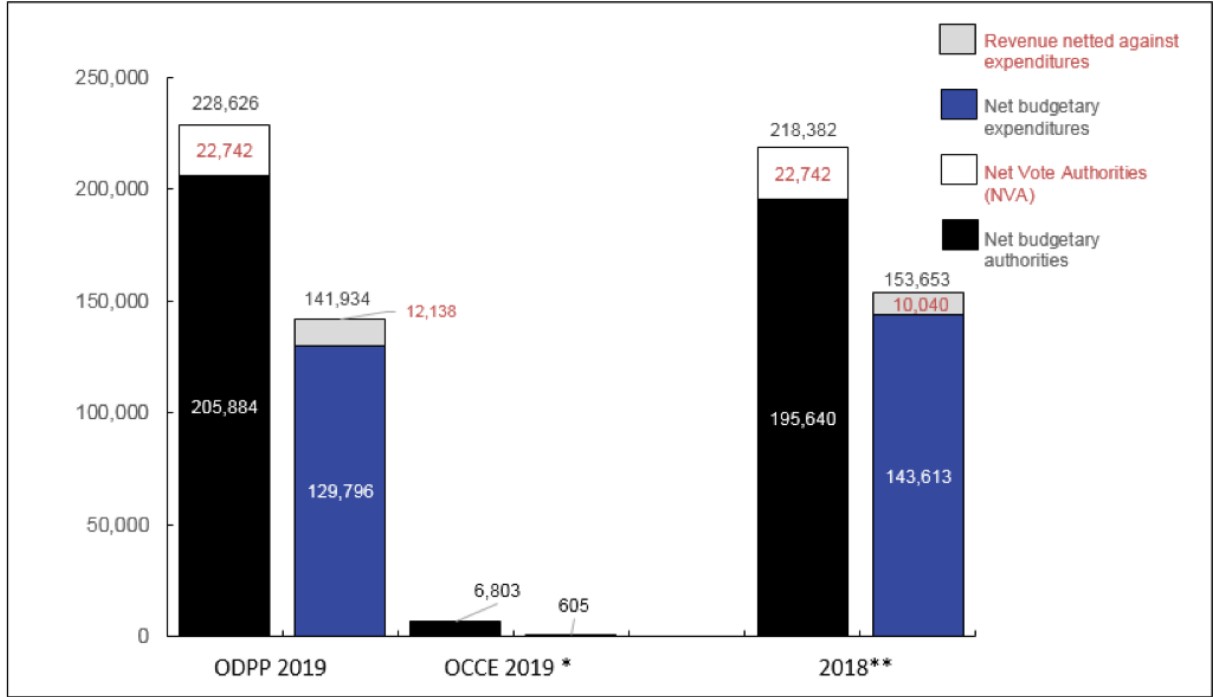
- Personnel: an overall increase of \$3.4 million primarily related to increases in retroactive salary expenditures due to the renegotiation of collective agreements and employee benefit plan funding, offset by delays in the staffing of vacant positions.
- Other subsidies and payments: a decrease of \$1.5 million mainly attributed to the timing of payments related to employee benefit plan expenditures;
- Professional, special & other services: a decrease of \$4.4 million in counsel fees and disbursement; and
- Other standard objects: an increase of \$0.5 million related to minor variances in other types of expenditures.

As of the end of the third quarter, \$0.3 million of OCCE expenditures have been recovered from Elections Canada as detailed in Chart 1 as well as in Appendices A and B.

4. Year-to-date Authorities and Expenditures as at December 31, 2019.

At the end of December 2019, the ODPP and OCCE had net expenditures of \$130.4 million (or 61 %) of its total net spending authorities of \$212.7 million as detailed in Appendix B. At the same time last year, the ODPP had net expenditures of \$143.6 million (or 73 %) of its total authorities of total net spending authorities of \$195.6 million.

Chart 1: Comparison of Budgetary Authorities and Expenditures as of December 31, 2019, and December 31, 2018 (in thousands of dollars)



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Text Description

The chart presents the ODPP's year-to-date net budgetary authorities and net budgetary expenditures followed by the OCCE's year-to-date budgetary authorities and budgetary expenditures as of December 31, 2019. The chart then presents for the ODPP and OCCE combined the total year-to-date net

budgetary authorities and total net budgetary expenditures as of December 31, 2018. The graph also shows the net vote authorities and the revenues netted against expenditures for the same period.

As of December 31, 2019, the net budgetary authorities of ODPP, excluding OCCE, were \$205,884 thousand and the net budgetary expenditures were \$129,796 thousand. The budgetary authorities of OCCE were \$6,803 thousand and the budgetary expenditures were \$605 thousand, respectively. For the same period in the previous fiscal year, net budgetary authorities and net budgetary expenditures were \$195,640 thousand and \$143,613 thousand, respectively for the ODPP and OCCE combined.

As of December 31, 2019, the net vote authorities of ODPP were \$22,742 thousand and the revenues netted against expenditures were \$12,138 thousand. For the same period in the previous fiscal year, net vote authorities and revenues netted against expenditures were \$22,742 thousand and \$10,040 thousand respectively.

As of December 31, 2019, the total budgetary authorities, combining net budgetary authorities and net vote authorities of ODPP, excluding OCCE, totalled \$228,626 thousand, and the total budgetary expenditures, combining net budgetary expenditures and revenues netted against expenditures totalled \$141,934 thousand. The total budgetary authorities and the total budgetary expenditures for OCCE totalled \$6,803 thousand and \$605 thousand, respectively. For the same period in the previous fiscal year, the total budgetary authorities and the total budgetary expenditures totalled \$218,382 thousand and \$153,654 thousand, respectively for the ODPP and OCCE combined.

D. Risks and Uncertainties

The ODPP's key corporate risks are identified and assessed through an annual update of the Corporate Risk Profile. This year, some identified risks could have financial impacts should they materialize. Strategies have been put in place to mitigate them.

The ODPP does not determine the number or types of cases referred to it for prosecution, nor does it control all of the levers of the criminal justice system. In prior years, this contributed to a risk that the organization might have insufficient resources to meet its prosecutorial obligations. Given the additional ongoing funding that was secured during 2018-19, this risk level has diminished and is deemed to be low. Although the risk is low, the ODPP continues to monitor its business practices to ensure resources are managed in a cost effective manner through caseload and resource planning. In addition, ODPP has built flexibility within its budget management processes to allow for the re-allocation of resources if and when required.

The ODPP's mandate is a demanding one and its success is highly dependent on the health and well-being of its workforce. There is a risk that sustaining the demanding workload and high-paced environment could affect the well-being of employees. To address this risk PPSC promotes a healthy, inclusive, and respectful workplace enabling the well-being of its employees. The Mental Health and Wellness Steering Committee worked collaboratively with employees, management, and bargaining agents to develop a Mental Health Strategy with three areas of focus: organizational culture, psychological support, and civility and respect. Moreover, the PPSC established a working group to review its Code of Conduct, placing a greater emphasis on the importance of people management and addressing civility and psychological health in the workplace.

There is also a risk to reporting given that ODPP's current legal case management system, iCase, is dated and no longer meets the organization's data entry and reporting requirements. To mitigate this risk, ODPP has an ongoing project to customize and extend the legal case management system developed by the Department of Justice to align with the ODPP's strategic objectives and support the delivery of quality prosecution services. The ODPP's programs and operations will be better served by the implementation of this new legal case management system (LCMS). LCMS will be dynamic and technology-forward to complement a confident and high-performing workforce that embraces innovation and efficiency. During 2019-20, the focus of the LCMS project will be on software development and testing.

Significant Changes in Relations to Operations, Personnel and Programs

OCCE was transferred back to Elections Canada as of April 1, 2019, pursuant to section 401 of An *Act to amend the Canada Elections Act and other Acts*. The

remaining authorities available for use by the OCCE are anticipated to be transferred to Elections Canada through Supplementary Estimates B of 2019-20. In addition, the remaining OCCE expenditures will be recovered from Elections Canada.

Approval by Senior Officials

Approved by:

Kathleen Roussel
Director of Public Prosecutions and
Deputy Attorney General of Canada

Mélanie Lamoureux, CPA, CMA
Chief Financial Officer

Ottawa, Canada

Date _____

Appendix A

Statement of Authorities (unaudited)

[illegible]

OCCE was transferred back to Elections Canada as of April 1, 2019, pursuant to section 401 of An Act to amend the Canada Elections Act and other Acts. The remaining authorities available for use by the OCCE are anticipated to be transferred to Elections Canada through Supplementary Estimates B of 2019-20.

**** Personnel expenditures to be recovered from Elections Canada.

Departmental budgetary expenditures by Standard Object (unaudited)

[illegible]

Personnel	149,703	4,214	153,917	32,907	(308)	32,599	98,735	605	99,340	145,140	29,249	102,674
Transportation and communications	7,614	90	7,704	1,636	0	1,636	3,941	0	3,941	7,174	1,357	3,722
Information	905	15	920	109	0	109	276	0	276	597	84	265
Professional, special & other services	56,745	2,328	59,073	10,230	0	10,230	33,758	0	33,758	53,078	14,545	38,326
Rentals	2,106	16	2,122	569	0	569	1,393	0	1,393	1,748	532	1,417
Repair and maintenance	1,841	0	1,841	78	0	78	153	0	153	5,754	43	691
Utilities, materials and supplies	1,587	90	1,677	293	0	293	1,059	0	1,059	1,432	313	949
Acquisition of machinery and equipment	893	50	943	246	0	246	1,152	0	1,152	558	130	612
Other subsidies and payments	7,232	0	7,232	921	0	921	1,467	0	1,467	2,901	2,428	4,997
Total gross budgetary expenditures	228,626	6,803	235,429	46,989	(308)	46,681	141,934	605	142,539	218,382	48,681	153,653
Less Revenues netted against expenditures:												
Legal services	(22,742)	0	(22,742)	(4,784)	0	(4,784)	(12,138)	0	(12,138)	(22,742)	(10,040)	(10,040)
Total net budgetary expenditures	205,884	6,803	212,687	42,205	(308)	41,897	129,796	605	130,401	195,640	38,641	143,613

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

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OCCE was transferred back to Elections Canada as of April 1, 2019, pursuant to section 401 of An Act to amend the Canada Elections Act and other Acts. The remaining authorities available for use by the OCCE are anticipated to be transferred to Elections Canada through Supplementary Estimates B of 2019-20.

Personnel expenditures to be recovered from Elections Canada.

Personnel expenditures to be recovered from Elections Canada.

Footnotes

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OCCE was transferred back to Elections Canada as of April 1, 2019, pursuant to section 401 of An Act to amend the Canada Elections Act and other Acts. The remaining authorities available for use by the OCCE are anticipated to be transferred to Elections Canada through Supplementary Estimates B of 2019-20. The remaining expenditures will be recovered from Elections Canada.

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The overall 2018 net expenditures include \$3M of expenditures for the OCCE.