



Public Prosecution
Service of Canada

Service des poursuites
pénales du Canada

PPSC Quarterly Financial Report for the Quarter ended September 30, 2020

Office of the Director of Public Prosecutions



This publication presents the Public Prosecution Service of Canada Quarterly Financial Report for the Quarter ended September 30, 2020.

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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 carry 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.

Similar to many other entities worldwide, the global COVID-19 pandemic has had an impact on the ODPP second quarter results. The impact on the remainder of the fiscal year is uncertain with potential factors for increased risk being discussed further in section D and E of this report.

1. Spending Authorities

At the end of the second quarter of 2020-21, the ODPP had total net spending authorities of \$163.1 million available for use compared to \$206.5 million in 2019-20 as detailed in Chart 1 and Appendix

A. The decrease of \$43.4 million (21 %) in available authorities is mainly attributable to the reduced supply of the *Main Estimates*. Due to the COVID-19 pandemic and limited sessions in the spring for Parliament to study supply, the Standing Orders of the House of Commons were amended to extend the study period into the fall. The ODPP is expected to receive full supply for the 2020-21 *Main Estimates* in December 2020.

Although most of the \$43.4 million decrease is explained by a lower supply compared to last fiscal year, the variance consists of a combination of elements as follows:

- a decrease of \$45.4 million representing 25 % of the *Main Estimates* voted authorities not available for use as at September 30, 2020;
- a combined voted and statutory authority reductions of \$6.8 million for the transfer of the OCCE to Elections Canada;
- a decrease of \$1.6 million in funds provided to maintain program integrity and the delivery of prosecution programs and services at current level;
- an increase of \$4.8 million in salary funding following a ratification of collective agreements; and
- an increase of \$5.6 million in the operating carry forward from the last fiscal year.

2. Revenues collected during the Quarter Ended September 30, 2020

During the quarter ended September 30, 2020, the ODPP had collected \$3.2 million in spendable revenue in comparison to \$4.3 million during the same period the previous year, as detailed in Appendix B. The variance in quarterly revenue was the result of a lower demand for service due to the impacts of COVID-19 compared to the last year.

3. Expenditures for the Quarter Ended September 30, 2020

During the second quarter of 2020-21, the gross budgetary expenditures decreased from \$47.7 million in 2019-20 to \$41 million in 2020-21, as detailed in Appendix B. This decrease of \$6.7 million (or 14 %) in spending, consists of variances associated with the following:

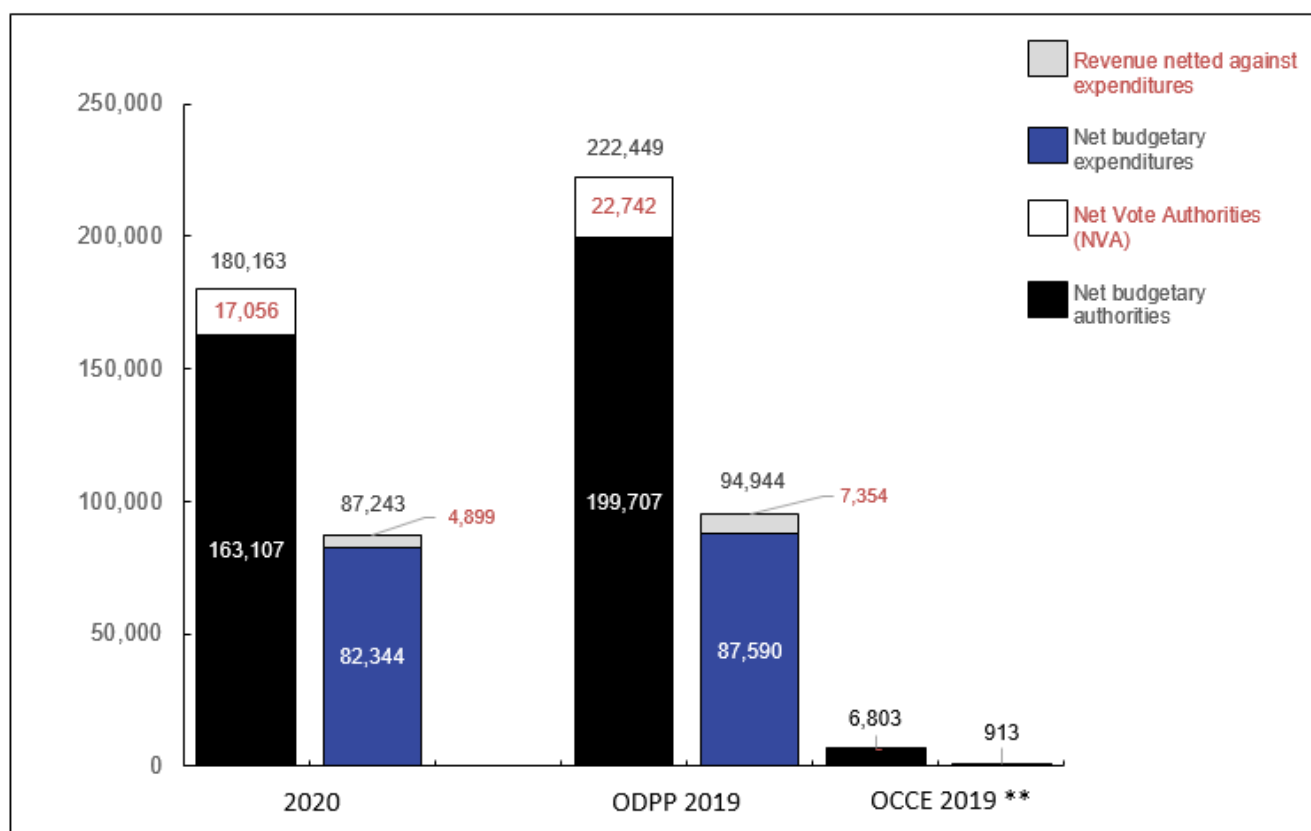
- Personnel: a net decrease of \$1 million mainly consisting of a decrease of \$3.2 million due to the timing of payment of employee benefit plan (EBP) expenditures and a decrease of \$0.3M following the transfer of the OCCE to Elections Canada in comparison to the same quarter of the previous year, offset by an increase of \$2.5 million in salary expenditures predominantly due to the ratification of collective agreements;
- Transportation and communications: a decrease of \$0.6 million mainly due to a decrease in travel expenditures as a result of the impact of the COVID-19 pandemic;
- Professional, special & other services: a decrease of \$8.6 million essentially explained by the impact of COVID-19 on counsel fees and disbursement;
- Other subsidies and payments: an increase of \$4.3 million primarily the result of timing differences of transactions; and

- Other standard objects: a decrease of \$0.8 million related to minor variances in other types of expenditures.

4. Year to date Authorities and Expenditures as at September 30, 2020

At the end of September 2020, the ODPP had net expenditures of \$82.3 million (or 50 %) of its total net spending authorities of \$163.1 million as detailed in Appendix B. At the same time last year, the ODPP had net expenditures of \$88.5 million (or 43 %) of its total net spending authorities of \$206.5 million.

Chart 1: Comparison of Budgetary Authorities and Expenditures as of September 30, 2020, and September 30, 2019 (in thousands of dollars)



** 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 and expenditures were transferred to Elections Canada by the end of fiscal year 2019-20.

D. Risks and Uncertainties

The ODPP's key corporate risks are identified and assessed through an annual update of the Corporate Risk Profile. In addition to the risk identified as having a potential financial impact, the ODPP has also recognized potential factors for increased risk caused by the COVID-19 pandemic. 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. This reality combined with the uncertainty of the impact of COVID-19 on the capacity of law enforcement agencies or investigative bodies contributes to a risk that the organization might experience declining revenues, which could affect the resources needed to meet its prosecutorial obligations. To address this risk, the ODPP is making key investments in its digital platform to ensure that its prosecution practice continues to progress towards a dynamic and digital environment, allowing the organization to provide services and fulfill its mandate as effectively and efficiently as possible. 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, the ODPP has built flexibility within its budget management processes to allow for the adjustment of resources in the event that there is a requirement.

Given the nature of ODPP's core mandate, employees are required to receive and handle a high volume of records from investigators that contain sensitive information. This, in turn, increases the risk that sensitive information could be inadvertently disclosed or lost, resulting in a potential privacy breach, a threat to the security and safety of individuals, and/or the public questioning the ability of the organization to adequately protect the information under its control. In addition, employees and agents (private sector prosecutors) could be exposed to incidents of threat and intimidation due to the nature of their work for the ODPP. Both the security of information and the safety of staff risks will be mitigated by developing and implementing a long-term security awareness strategy aimed at improving the departmental security posture in the areas of physical security, information security and personnel security.

The current state of the ODPP national programs (Agent Affairs Program and National Fine Recovery Program) could negatively impact the ODPP's ability to manage funds. To mitigate this risk, the ODPP will strengthen the financial accountabilities of the programs and related policies, procedures and delegations. The ODPP will also develop new approaches to create efficiencies in its processes and operations.

E. Significant Changes in Relations to Operations, Personnel and Programs

The COVID-19 pandemic has affected the department's supply for the first two quarters given that the *Main Estimates* have not yet been approved by Parliament due to limited sessions in the spring to study supply. The Standing Orders of the House of Commons were amended to extend the study period into the fall and the ODPP is expected to receive full supply for the 2020-21 *Main Estimates* in December 2020.

In addition, new departmental processes and procedures are being developed to adjust to the new workplace landscape. New and revised controls will be in place in fiscal year 2020-21 due to the implementation of the ODPP's Electronic Authentication and Authorization Directive and the impact of COVID-19.

Approval by Senior Officials

Approved by:

Kathleen Roussel

Director of Public Prosecutions and
Deputy Attorney General of Canada

Ottawa, Canada

Mélanie Lamoureux, CPA, CMA

Chief Financial Officer

Date

APPENDIX A

Statement of Authorities (unaudited)

(in thousands of dollars)	Fiscal year 2020-21			Fiscal year 2019-20								
	Total available for use for the year ending March 31, 2021*	Used during the quarter ended September 30, 2020	Year to date used at quarter-end	Total available for use for the year ending March 31, 2020*			Used during the quarter ended September 30, 2019			Year to date used at quarter-end		
				ODPP	OCCE **	Total	ODPP	OCCE **	Total	ODPP	OCCE **	Total
Vote 1 - Net Operating expenditures	143,856	33,021	72,718	180,146	2,026	182,172	35,105	292	35,397	78,008	913	78,921
Budgetary Statutory Authorities:												
Contributions to employee benefit plans	19,251	4,813	9,626	19,561	413	19,974	7,985	0	7,985	9,582	0	9,582
Electoral expenditures**	0	0	0	0	4,364	4,364	0	0	0	0	0	0
Total Budgetary statutory authorities	19,251	4,813	9,626	19,561	4,777	24,338	7,985	0	7,985	9,582	0	9,582
Total Budgetary Authorities	163,107	37,834	82,344	199,707	6,803	206,510	43,090	292	43,382	87,590	913	88,503
Non-budgetary Authorities	0	0	0	0	0	0	0	0	0	0	0	0
Total Authorities	163,107	37,834	82,344	199,707	6,803	206,510	43,090	292	43,382	87,590	913	88,503

* Includes only authorities available for use and granted by Parliament at quarter-end. As of September 30, 2020, the ODPP has received a reduced supply of the Main Estimates compared to the previous year, due to the COVID-19 pandemic.

** 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 and expenditures were transferred to Elections Canada by the end of fiscal year 2019-20.

APPENDIX B

Departmental budgetary expenditures by Standard Object (Unaudited)

(in thousands of dollars)	Fiscal year 2020-21			Fiscal year 2019-20								
	Planned expenditures for the year ending March 31, 2021*	Expended during the quarter ended September 30, 2020	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2020			Expended during the quarter ended September 30, 2019			Year to date used at quarter-end		
Expenditures:				ODPP	OCCE	Total	ODPP	OCCE	Total	ODPP	OCCE	Total
					**			**			**	
Personnel	124,010	34,439	70,173	143,526	4,214	147,740	35,134	292	35,426	65,828	913	66,741
Transportation and communications	5,455	711	1,033	7,614	90	7,704	1,299	0	1,299	2,305	0	2,305
Information	439	71	80	905	15	920	112	0	112	167	0	167
Professional, special & other services	41,477	3,218	12,645	56,745	2,328	59,073	11,786	0	11,786	23,529	0	23,529
Rentals	1,537	80	94	2,106	16	2,122	449	0	449	823	0	823
Repair and maintenance	2,369	14	18	1,841	0	1,841	56	0	56	74	0	74
Utilities, materials and supplies	1,024	392	500	1,587	90	1,677	435	0	435	766	0	766
Acquisition of machinery and equipment	1,080	496	535	893	50	943	795	0	795	907	0	907
Other subsidies and payments	2,772	1,629	2,165	7,232	0	7,232	(2,648)	0	(2,648)	545	0	545
Total gross budgetary expenditures	180,163	41,050	87,243	222,449	6,803	229,252	47,418	292	47,710	94,944	913	95,857
Less Revenues netted against												
Legal services	(17,056)	(3,216)	(4,899)	(22,742)	0	(22,742)	(4,328)	0	(4,328)	(7,354)	0	(7,354)
Total net budgetary expenditures	163,107	37,834	82,344	199,707	6,803	206,510	43,090	292	43,382	87,590	913	88,503

* Includes only authorities available for use and granted by Parliament at quarter-end. As of September 30, 2020, the ODPP has received a reduced supply of the Main Estimates compared to the previous year, due to the COVID-19 pandemic.

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