

COURTS ADMINISTRATION SERVICE

Future-Oriented Statement of Operations (Unaudited)

For the year ending March 31	Forecast Results 2021-22	Planned Results 2022-23
(in thousands of dollars)		
Expenses		
Administration Services for the Federal Courts	100,369	97,848
Internal services	37,555	33,275
Total Expenses	137,924	131,123
Revenues		
Recovery of administration costs - Employment Insurance (Note 3(c))	1,012	1,012
Filing fees	1,374	1,342
Fines	44	13
Miscellaneous	7	7
Revenues earned on behalf of Government	(2,437)	(2,374)
Total Revenues	-	-
Net cost of operations before government funding and transfers	137,924	131,123

The accompanying notes form an integral part of the Future-Oriented Statement of Operations.

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Deputy Head
Chief Administrator

Ottawa, Canada
February 11, 2022

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Chief Financial Officer
Executive Director, Corporate Services

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Notes to the Future-Oriented Statement of Operations (Unaudited)

For the year ending March 31

1. Methodology and Significant Assumptions

The Future-Oriented Statement of Operations has been prepared on the basis of the Courts' priorities and the plans of the Courts Administration Service, as described in the Departmental Plan.

The information in the forecast results for fiscal year 2021-22 is based on actual results up to November 30, 2021 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2022-23.

The main assumptions underlying the forecasts are as follows:

- (a) The Courts Administrative Service's activities will remain substantially the same as in the previous year.
- (b) The forecasts for expenses and revenues (excluding fine revenue), including the determination of amounts internal and external to the government, are based on experience and professional judgement.
- (c) Fine revenue for fiscal year 2021-22 is forecasted based on payments received. Fine revenue for fiscal year 2022-23 is forecasted based on a prior years trend analysis (three-year average). Given their nature, actual amounts collected from fines could vary considerably from these forecasted amounts.
- (d) The planned results for fiscal year 2022-23 reflect the amounts expected to be allocated to the Courts Administration Service in the 2022-23 Main Estimates.
- (e) The outbreak of the Coronavirus disease "COVID-19" has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time. As a result, CAS received additional funding in 2021-22 for operating costs associated with sanitization expenses, social distancing and virtual Courts business.

These assumptions are adopted as at November 30, 2021.

2. Variations and Changes to the Forecast Financial Information

Although every attempt has been made to forecast final results for the remainder of 2021-22 and for 2022-23, actual results achieved for both years are likely to differ from the forecast information presented, and this variation could be material.

In preparing the Future-Oriented Statement of Operations, the Courts Administration Service has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimate and assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

Factors that could lead to material differences between the Future-Oriented Statement of Operations and the historical statement of operations include:

- (a) The timing and amounts of acquisitions and disposals of tangible capital assets may affect gains/losses and amortization expense;
- (b) The implementation of new collective agreements;
- (c) Changes to the operating budget through additional new initiatives or technical adjustments, including payroll shortfalls, later in the year; and
- (d) The timing and amounts of fine revenue.

After the Departmental Plan is tabled in Parliament, the Courts Administration Service will not be updating the forecasts for any changes in financial resources made in ensuring supplementary estimates. Variances will be explained in the Departmental Results Report.

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3. Summary of Significant Accounting Policies

The Future-Oriented Statement of Operations has been prepared using the Government of Canada's accounting policies in effect for fiscal year 2021-22, and is based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Expenses

Expenses are recorded on the accrual basis.

- ✓ Expenses are generally recorded when goods are received or services are rendered and include expenses related to personnel, professional and special services, repair and maintenance, utilities, materials and supplies, as well as amortization of tangible capital assets. Provisions to reflect changes in the value of assets or liabilities, such as advances, utilization of prepaid expenses, and other are also included in expenses
- ✓ Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- ✓ Services provided without charge by other government departments for accommodation, employer contributions to the health and dental insurance plans, legal services, and workers' compensation are recorded as operating expenses at their estimated cost.

(b) Revenues

- ✓ Revenues consist primarily of filing fees, fines and sales of copies of filed documentation, including copies of judgments and orders. All such revenue is non-respendable, meaning it cannot be spent by the Courts Administration Service and is deposited to the Consolidated Revenue Fund.
- ✓ All revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue is taking place.
- ✓ Revenues that are non-respendable are not available to discharge the Courts Administration Service's liabilities. While the Deputy Head is expected to maintain accounting control, he has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of the entity's gross revenues.
- ✓ Recovery of administration costs - Employment Insurance: At the end of each fiscal year, the Courts Administration Service determines the cost associated with the administration of Employment Insurance (EI) cases. The total cost allocated by the Courts Administration Service for handling EI cases is expended against Employment and Social Development Canada, the department responsible for the Employment Insurance Operating Account. As such, Employment and Social Development Canada would show an expense and the Courts Administration Service would show an equivalent, non-respendable revenue item. The purpose of this accounting exercise is to reflect more accurately the total cost of running the EI program and does not involve any transfer of authorities or funds.

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4. Parliamentary Authorities

The Courts Administration Service is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the Courts Administration Service differs from financial reporting according to generally accepted accounting principles because authorities are based mainly on cash flow requirements. Items recognized in the Future-Oriented Statement of Operations in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the Courts Administration Service has different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the tables below.

(a) Reconciliation of net cost of operations to requested authorities	Forecast Results	Planned Results
(in thousands of dollars)	2021-22	2022-23
Net cost of operations before government funding and transfers	137,924	131,123
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(31,441)	(32,084)
Amortization of tangible capital assets	(4,631)	(6,444)
Decrease (increase) in vacation pay and compensatory leave	-	300
Decrease (increase) in employee future benefits	84	(30)
Refund of previous years' expenditures	5	-
Increase in accrued liabilities not charged to authorities	(2)	-
Total items affecting net cost of operations but not affecting authorities	(35,985)	(38,258)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	7,438	6,377
Salary overpayments	98	98
Variation in advances	25	25
Decrease in prepaid expenses	(356)	(58)
Increase in inventory	-	-
Total items not affecting net cost of operations but affecting authorities	7,205	6,442
Requested authorities forecasted to be used	109,144	99,307
(b) Authorities requested	Forecast Results	Planned Results
(in thousands of dollars)	2021-22	2022-23
Authorities requested:		
Vote 1 - Program expenditures	100,652	90,764
Statutory amounts	9,099	8,543
Total authorities requested	109,751	99,307
Less: Estimated unused authorities and other adjustments	(607)	-
Requested authorities forecasted to be used	109,144	99,307