

Courts Administration Service

***Annex to the Statement of Management Responsibility
including Internal Control over Financial Reporting***

2021-22

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1 INTRODUCTION

This document provides summary information on the measures taken by the Courts Administration Service (CAS) to maintain an effective system of internal control over financial reporting, including information on internal control management, assessment results and related action plans.

Detailed information on CAS's authority, mandate and core responsibilities can be found in the [2021-22 Departmental Results Report](#) and [2022-23 Departmental Plan](#).

2 DEPARTMENTAL SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING

2.1 Internal control management

CAS has a well-established governance and accountability structure to support departmental assessment efforts and oversight of its system of internal control. A departmental internal control management framework, approved by the Deputy Head, is in place and includes:

- Organizational accountability structures as they relate to internal control management to support sound financial management, including roles and responsibilities of senior managers in their areas of responsibility for control management;
- Values and ethics;
- Communication and training, as required, on statutory requirements, and policies and procedures for sound financial management and control; and
- Monitoring and regular updates on internal control management, as well as the provision of related assessment results and action plans to the Deputy Head, senior management and the Departmental Audit Committee.

The effectiveness and adequacy of the CAS's system of internal controls is subject to risk-based audits by internal staff, who conducts periodic audits of different areas of the CAS's operations, and supported by the Departmental Audit Committee, which provides objective advice to the Deputy Head of the Courts Administration Service.

2.2 Service arrangements relevant to financial statements

CAS relies on other organizations for processing certain transactions that are recorded in its financial statements, as follows.

Common service arrangements

- Public Services and Procurement Canada centrally administers the payments of salaries and the procurement of certain goods and services in accordance with their authorities, and provides accommodation services;
- Treasury Board of Canada Secretariat, centrally administers payment of the employer's share of contributions toward statutory employee benefit plans;
- Department of Justice Canada provides legal services to CAS, when appropriate; and
- Shared Services Canada provides minimal information technology (IT) infrastructure services to CAS in the areas of data centre and network services due to the judicial independence principle. The scope and responsibilities are addressed in the interdepartmental arrangement between Shared Services Canada and CAS.

Readers of this annex may refer to the annexes of the above-noted departments for a greater understanding of the systems of internal control over financial reporting related to these specific services.

3 DEPARTMENTAL ASSESSMENT RESULTS FOR FISCAL YEAR 2021-22

The following table summarizes the status of the ongoing monitoring activities according to the previous fiscal year’s rotational plan.

Progress during fiscal year 2021-22

Previous fiscal year’s rotational ongoing monitoring plan for current fiscal year	Status
Capital Assets	Due to the planned implementation of a new asset module which will result in changes in our business process and control environment, a decision was made to delay the design testing to 2022-23
Planning, budgeting and forecasting	Documentation completed as planned Design testing completed one year ahead of schedule
Investment planning	Documentation completed as planned Design testing completed one year ahead of schedule
Costing	Documentation completed as planned Design testing completed one year ahead of schedule
Chief financial officer attestation (included in Cabinet submissions)	Documentation completed as planned Design testing completed one year ahead of schedule

The key findings and significant adjustments required from the current fiscal year’s assessment activities are summarized below.

3.1 New or significantly amended key controls

During the current fiscal year, key controls related to the risk-based approval of expenditures under the Financial Administration Act (section 34) were amended, following the instructions from the Office of the Comptroller General in response to the economic context related to the COVID-19 pandemic, to ensure electronic approval and prompt payment of invoices. These controls were deemed compliant with the policy on Financial Management and performing as intended. Treasury Board also issued the Special Emergency Contracting Limitation, increasing the limit for contracts related to COVID emergency measures. CAS has a Contract Review Committee (CRC) which reviews procurements and associated risks in accordance with its terms of reference.

3.2 Ongoing monitoring program

As part of its ongoing rotational monitoring plan, CAS completed the documentation and design testing for the planning, budgeting and forecasting, the investment planning, the costing and the CFO attestation business processes. For the most part, the key controls that were tested performed as intended, with remediation required as follows:

Planning, budgeting and forecasting	In the Planning, Budgeting and Forecasting Letter of Recommendations, it is a suggested leading practice that CAS
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	updates and finalizes its draft documents and ensures that these versions are circulated.
Investment planning	In the Investment Planning Letter of Recommendations, it is recommended that the Investment Planning framework and the Term of Reference for the Investment Review Board be approved and circulated as appropriate. As at March 31, 2022, the framework has been finalized and approved.
Costing	No observations were noted
Chief financial officer attestation (included in Cabinet submissions)	No observations were noted

In 2021-22, in addition to activities completed over these business processes, monitoring was performed during the fiscal year that contributed to confirming key controls. See the table below for a summary of work completed during fiscal year 2021-22:

Progress during fiscal year 2021-22

Key Control Area	Status
Entity level controls: Ongoing Monitoring	CAS completed approval of policies, directives and procedures related to workplace harassment and violence prevention, as well as the framework for the Investment Review Board (IRB). Ongoing communication and training activities on values and ethics, and harassment and violence prevention were conducted.
Information technology general controls	<p>CAS conducted annual review and confirmation of user access, including the financial system, Standard Payment System and Electronic Authorization and Authentication, documentation of arrivals and departures, access to the financial system, and annual review user access.</p> <p>CAS reviewed all access required by each positions in order to ensure segregation of duty was appropriate, or that compensatory controls were in place.</p>

4 DEPARTMENTAL ACTION PLAN FOR THE NEXT FISCAL YEAR AND SUBSEQUENT YEARS

The ongoing monitoring plan over the next three fiscal years is shown in the following table and is comprehensive of Internal Controls over Financial Management (ICFM) elements to meet the Policy on Financial Management requirements by 2023. The ongoing monitoring plan is based on:

- an annual validation of medium and high-risk processes and controls; and
- related adjustments to the ongoing monitoring plan as required.

4.1 Rotational ongoing monitoring plan

	Key Control Area	Fiscal year 2022-23	Fiscal year 2023-24	Fiscal year 2024-25
ICFR	Entity-level controls		Monitoring	
	Information technology general controls		Monitoring	
	Procure-to-pay			Monitoring
	Payroll and benefits			Monitoring
	Deposit accounts			Monitoring
	Tangible Capital Assets	Documentation and design testing	Operational testing	
	Financial statements		Monitoring	
ICFM (New business processes)	Planning, budgeting and forecasting	Operational testing		
	Investment planning	Operational testing		
	Costing	Operational testing		
	Chief financial officer attestation (included in Cabinet submissions)	Operational testing		

Note: As CAS is upgrading its financial systems, the ongoing monitoring plan focuses on the processes that are changing in 2022-23. It is also understood that the quality assurance function will be increased during the stabilization phase as a detective control, due to increased risks related to the system implementation.