

## OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

### Statement of Management Responsibility Including Internal Control over Financial Reporting - 2022-23

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2023, and all information contained in these financial statements rests with the management of the Office of the Director of Public Prosecutions (ODPP), also known as the Public Prosecution Service of Canada (PPSC). These financial statements have been prepared by management using the Government of Canada's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the ODPP's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in the PPSC's Departmental Results Report, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the ODPP and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an on-going process to identify key risks, to assess the effectiveness of associated controls, and to make any necessary adjustments. A risk-based assessment of the system of ICFR for the year ended March 31, 2023 was completed in accordance with the Treasury Board Policy on Financial Management and the results and action plans are summarized in the annex.

The effectiveness and adequacy of the ODPP's system of internal control are included as part of the internal audit staff's risk-based approach to evaluate and improve the effectiveness of risk management, control and governance processes and supported by the Departmental Audit Committee, which oversees management responsibilities for maintaining control systems and the quality of financial reporting, and, which recommends the financial statements to the Director of Public Prosecution Services.

The financial statements of the ODPP have not been audited.

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

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***Mélanie Lamoureux, CPA***  
Chief Financial Officer

Ottawa, Ontario

Date: \_\_\_\_\_

## OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

### Statement of Financial Position (Unaudited)

As at March 31

(in thousands of dollars)

	2023	2022
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	34,578	29,313
Vacation pay and compensatory leave	12,249	12,082
Employee future benefits (note 5)	3,755	4,291
<b>Total liabilities</b>	<b>50,582</b>	<b>45,686</b>
<b>Financial assets</b>		
Due from Consolidated Revenue Fund	21,824	19,125
Accounts receivable and advances (note 6)	6,779	7,366
<b>Total gross financial assets</b>	<b>28,603</b>	<b>26,491</b>
<b>Financial assets held on behalf of Government</b>		
Accounts receivable and advances (note 6)	(151)	(47)
<b>Total financial assets held on behalf of Government</b>	<b>(151)</b>	<b>(47)</b>
<b>Total net financial assets</b>	<b>28,452</b>	<b>26,444</b>
<b>Departmental net debt</b>	<b>22,130</b>	<b>19,242</b>
<b>Non-financial assets</b>		
Tangible capital assets (note 7)	16,144	14,410
<b>Total non-financial assets</b>	<b>16,144</b>	<b>14,410</b>
<b>Departmental net financial position</b>	<b>(5,986)</b>	<b>(4,832)</b>

Contingent liabilities and contingent assets (note 8)

The accompanying notes form an integral part of the financial statements.

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

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*Mélanie Lamoureux, CPA*  
Chief Financial Officer

Ottawa, Ontario

Date: \_\_\_\_\_

## OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

### Statement of Operations and Departmental Net Financial Position (Unaudited)

For the Year Ended March 31

(in thousands of dollars)

	2023 Planned Results	2023 Actual	2022 Actual
<b>Expenses</b>			
Prosecution Services	224,450	208,512	201,446
Internal Services	30,269	40,540	40,633
<b>Total expenses</b>	<b>254,719</b>	<b>249,052</b>	242,079
<b>Revenues</b>			
Prosecution Services*	22,542	19,112	16,812
Internal Services*	200	113	104
Fines, forfeitures and court costs**	56,645	77,946	56,364
Rent from residential housing provided to employees**	514	746	705
Other**	46	-	20
Proceeds from disposal of tangible capital assets**		-	11
Revenues earned on behalf of Government	(57,205)	(78,692)	(57,100)
<b>Total revenues</b>	<b>22,742</b>	<b>19,225</b>	16,916
<b>Net cost of operations before government funding and transfers</b>	<b>231,977</b>	<b>229,827</b>	225,163
<b>Government funding and transfers</b>			
Net cash provided by Government of Canada	-	200,797	193,418
Change in due from Consolidated Revenue Fund	-	2,699	(1,551)
Services provided without charge by other government departments (note 9)	-	25,197	24,934
Other transfers of asset and liabilities (to) from other government departments	-	(20)	22
<b>Net cost of operations after government funding and transfers</b>	<b>-</b>	<b>1,154</b>	8,340
<b>Departmental net financial position - Beginning of year</b>	<b>-</b>	<b>(4,832)</b>	3,508
<b>Departmental net financial position - End of year</b>	<b>-</b>	<b>(5,986)</b>	(4,832)

\* Reallocation of revenues in the amount of \$113k between Prosecution Services and Internal Services. The reallocation does not impact total revenues.

\*\* Non-respendable revenue

Segmented information (note 10)

The accompanying notes form an integral part of the financial statements.

## OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

### Statement of Change in Departmental Net Debt (Unaudited)

For the Year Ended March 31

(in thousands of dollars)

	2023 Planned Results	2023 Actual	2022 Actual
Net cost of operations after government funding and transfers	-	1,154	8,340
<b>Change due to tangible capital assets</b>			
Acquisition of tangible capital assets (note 7)	-	3,681	1,851
Adjustments to tangible capital assets (note 7)	-	-	-
Amortization of tangible capital assets (note 7)	-	(1,947)	(2,001)
<b>Total change due to tangible capital assets</b>	-	1,734	(150)
<b>Increase (decrease) in departmental net debt</b>	-	2,888	8,190
Departmental net debt - Beginning of year	-	19,242	11,052
<b>Departmental net debt - End of year</b>	-	22,130	19,242

The accompanying notes form an integral part of the financial statements.

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS****Statement of Cash Flows (Unaudited)****For the Year Ended March 31**

(in thousands of dollars)

	2023	2022
<b>Operating activities</b>		
Net cost of operations before government funding and transfers	229,827	225,163
Non-cash items:		
Amortization of tangible capital assets (note 7)	(1,947)	(2,001)
Gain (Loss) on disposal of tangible capital assets including adjustments	-	11
Services provided without charge by other government departments (note 9)	(25,197)	(24,934)
Other transfers of assets and liabilities from / (to) other government departments	20	(22)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	(691)	(5,438)
Decrease (increase) in accounts payable and accrued liabilities	(5,265)	1,551
Decrease (increase) in vacation pay and compensatory leave	(167)	(3,238)
Decrease (increase) in employee future benefits	536	486
<b>Cash used in operating activities</b>	<b>197,116</b>	<b>191,578</b>
<b>Capital investing activities</b>		
Acquisitions of tangible capital assets (note 7)	3,681	1,851
Proceeds from disposal of tangible capital assets	-	(11)
<b>Cash used in capital investing activities</b>	<b>3,681</b>	<b>1,840</b>
<b>Net cash provided by Government of Canada</b>	<b>200,797</b>	<b>193,418</b>

The accompanying notes form an integral part of the financial statements.

## Notes to the Financial Statements (Unaudited)

### 1. Authority and objectives

On December 12, 2006, the Office of the Director of Public Prosecution (ODPP), also known as the Public Prosecution Service of Canada, was created by the *Director of Public Prosecutions Act*, which is Part 3 of the *Federal Accountability Act*. The ODPP took over the duties of the former Federal Prosecution Service within the Department of Justice.

The ODPP has one core responsibility in addition to internal services:

#### **Prosecution Services**

The Office of the Director of Public Prosecutions (ODPP) prosecutes criminal and regulatory offences under federal law in an independent, impartial and fair manner. It also provides prosecutorial legal advice to investigative agencies.

#### **Internal services**

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 refers 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.

### 2. Summary of significant accounting policies

These financial statements have been prepared using the Government's accounting policies stated below, which are 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) Parliamentary authorities**

The ODPP is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the ODPP do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Departmental Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the "Expenses" and "Revenues" sections of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-oriented Statement of Operations included in the 2022-23 Departmental Plan. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and the Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2022-23 Departmental Plan.

#### **(b) Net cash provided by Government**

The ODPP operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Office is deposited to the CRF, and all cash disbursements made by the ODPP are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

#### **(c) Amounts due from or to the CRF**

Amounts due from or to the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the ODPP is entitled to draw from the CRF without further authorities to discharge its liabilities.

**Notes to the Financial Statements (Unaudited)**

**2. Summary of significant accounting policies (continued)**

**(d) Revenues**

Revenues derived from the provision of prosecution-related advice or the conduct of prosecutions and revenues derived from the provision of internal services are recognized based on the services provided in the year. Fines, forfeitures and court costs are recognized upon receipt of payment by the ODPP. Revenues that are non-respendable are not available to discharge the ODPP's liabilities. While the Deputy Head is expected to maintain accounting control, he or she 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 in reduction of the entity's gross revenues.

**(e) Expenses**

Expenses are recorded on the accrual basis. 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 and employer contributions to the health and dental insurance plans are recorded as operating expenses at their carrying value.

**(f) Employee future benefits**

**i. Pension benefits**

Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. The ODPP's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The ODPP's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

**ii. Severance benefits**

The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the government as a whole.

**(g) Financial instruments**

A contract establishing a financial instrument creates, at its inception, rights, and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The ODPP recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of accounts and loans receivable, and accounts payable and accrued liabilities.

All financial assets and liabilities are recorded at cost or amortized cost. Any associated transaction costs are added to the carrying value upon initial recognition.

For financial instruments measured at amortized cost, the effective interest method is used to determine interest revenue or expense.

Accounts and loans receivable are initially recorded at cost and, where necessary, are discounted to reflect their concessionary terms. Concessionary terms of loans include cases where loans are made on a long-term, low interest or interest-free basis or include forgiveness clauses. Unconditionally repayable contributions are recognized as loans receivable. When necessary, an allowance for valuation is recorded to reduce the carrying value of accounts and loans receivable to amounts that approximate their net recoverable value. Loans receivable are subsequently measured at amortized cost.

**Notes to the Financial Statements (Unaudited)**

**2. Summary of significant accounting policies (continued)**

**(h) Non-financial assets**

The costs of acquiring land, buildings, equipment, and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets, as described in Note 7. All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. Tangible capital assets do not include immovable assets located on reserves as defined in the Indian Act, works of art, museum collection and Crown land to which no acquisition cost is attributable, and intangible assets.

**(i) Contingent liabilities**

Contingent liabilities, including the allowance for guarantees, are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

**(j) Contingent assets**

Contingent assets are possible assets which may become actual assets when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, the contingent asset is disclosed in the notes to the financial statements.

**(k) Measurement uncertainty**

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits and the useful life of tangible capital assets.

Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

**(l) Related party transactions**

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis, and are measured at the carrying amount, except for the following:

- i. Services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.
- ii. Certain services received on a without charge basis are recorded for departmental financial statement purposes at the carrying amount.



## OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

### Notes to the Financial Statements (Unaudited)

### 3. Parliamentary authorities

The ODPP receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current, or future years. Accordingly, the ODPP has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

#### (a) Reconciliation of net cost of operations to current year authorities used

(in thousands of dollars)	2023	2022
Net cost of operations before government funding and transfers	229,827	225,163
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(25,197)	(24,934)
Amortization of tangible capital assets	(1,947)	(2,001)
Increase / (decrease) in employee future benefits	536	486
Increase / (decrease) in vacation pay and compensatory leave	(167)	(3,238)
Employee benefits recovered	2,924	1,576
Refund of prior year's expenditures	1,868	2,444
Increase / (decrease) in accrued liabilities not charged to authorities	(3,187)	(403)
Bad debt expense	(75)	(9)
Total items affecting net cost of operations but not affecting authorities	(25,245)	(26,079)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	3,681	1,851
Other	464	445
Total items not affecting net cost of operations but affecting authorities	4,145	2,296
<b>Current year authorities used</b>	<b>208,727</b>	<b>201,380</b>

#### (b) Authorities provided and used

(in thousands of dollars)	2023	2022
<b>Authorities provided:</b>		
Vote 1 - Operating expenditures	209,241	199,460
Statutory amounts	19,849	18,876
<b>Total authorities provided</b>	<b>229,090</b>	<b>218,336</b>
Lapsed: Operating	(20,363)	(16,956)
Authorities available for future years	-	(11)
<b>Current year authorities used</b>	<b>208,727</b>	<b>201,380</b>

**Notes to the Financial Statements (Unaudited)**

**4. Accounts payable and accrued liabilities**

The following table presents details of the ODPP's accounts payable and accrued liabilities:

(in thousands of dollars)	2023	2022
Accounts payable - Other government departments and agencies	639	473
Accounts payable - External parties	2,604	2,861
<b>Total accounts payable</b>	<b>3,243</b>	<b>3,334</b>
Accrued liabilities	31,335	25,979
<b>Total accounts payable and accrued liabilities</b>	<b>34,578</b>	<b>29,313</b>

**5. Employee future benefits**

**(a) Pension benefits**

The ODPP's employees participate in the Public Service Pension Plan (the "Plan"), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the ODPP contribute to the cost of the Plan. Due to the amendment of the Public Service Superannuation Act following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into two groups - Group 1 relates to existing plan members as of December 31, 2012, and Group 2 relates to members joining the plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2022-23 expense amounts to \$12,960,157 (\$12,752,495 in 2021-22). For Group 1 members, the expense represents approximately 1.02 time (1.01 time for 2021-22) the employee contributions and, for Group 2 members, approximately 1.00 time (1.00 time for 2021-22) the employee contributions.

The ODPP's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Consolidated Financial Statements of the Government of Canada, as the Plan's sponsor.

**(b) Severance benefits**

Severance benefits provided to the ODPP's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011 the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By March 31, 2023, substantially all settlements for immediate cash out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligations during the year were as follows:

(in thousands of dollars)	2023	2022
<b>Accrued benefit obligation - Beginning of year</b>	<b>4,291</b>	<b>4,777</b>
Expense for the year	(291)	10
Benefits paid during the year	(245)	(496)
<b>Accrued benefit obligation - End of year</b>	<b>3,755</b>	<b>4,291</b>

## OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

### Notes to the Financial Statements (Unaudited)

#### 6. Accounts receivable and advances

The following table presents details of the ODPP's accounts receivable and advances balances:

(in thousands of dollars)	2023	2022
Receivables - Other government departments and agencies	3,349	3,967
Receivables - External parties	3,511	3,404
Employee advances	4	5
Sub-total	6,864	7,376
Allowance for doubtful accounts on receivables from external parties	(85)	(10)
<b>Gross accounts receivable</b>	<b>6,779</b>	<b>7,366</b>
Accounts receivable held on behalf of Government	(151)	(47)
<b>Net accounts receivable</b>	<b>6,628</b>	<b>7,319</b>

The following table provides an aging analysis of accounts receivable from external parties and the associated valuation allowances used to reflect their net recoverable value.

(in thousands of dollars)	2023	2022
Accounts receivable from external parties		
Not past due	3,395	3,229
Number of days past due		
1 to 30	7	9
31 to 60	3	4
61 to 90	-	-
91 to 365	8	140
Over 365	98	22
Sub-total	3,511	3,404
Less: Valuation allowance	(85)	(10)
<b>Total</b>	<b>3,426</b>	<b>3,394</b>

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS**

**Notes to the Financial Statements (Unaudited)**

**7. Tangible capital assets**

All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their initial cost. The ODPP does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on reserves as defined in the *Indian Act*, and museum collections.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

<u>Asset class</u>	<u>Amortization Period</u>
Informatics hardware	3 to 5 years
Informatics software	3 to 5 years
Furniture and furnishings	10 years
Motor vehicles	5 years
Leasehold improvements	Lesser of the remaining term of lease or useful life of the improvement
Assets under construction	Once in service, in accordance with asset type

Assets under construction are recorded in the applicable asset class in the year they are put into service and are not amortized until they are put into service.

(in thousands of dollars)	Cost					Amortization					Net Book Value	
	Opening Balance	Acquisitions	Adjustments*	Disposal and Write-Offs	Closing balance	Opening Balance	Amortization	Adjustments	Disposal and Write-Offs	Closing Balance	2023	2022
Computer hardware	31	-	-	-	31	31	-	-	-	31	-	-
Computer purchased and developed software	49	-	-	-	49	49	-	-	-	49	-	-
Other equipment (furniture and furnishings)	989	-	-	-	989	804	95	-	-	899	90	185
Motor vehicles	122	-	-	-	122	89	9	-	-	98	24	33
Leasehold improvements on properties where the custodian is an OGD	18,851	-	1,479	-	20,330	10,568	1,843	-	-	12,411	7,919	8,283
Assets under construction - leasehold improvements	-	1,760	(1,479)	-	281	-	-	-	-	-	281	-
Assets under construction - software development	5,909	1,921	-	-	7,830	-	-	-	-	-	7,830	5,909
<b>Total Cost</b>	<b>25,951</b>	<b>3,681</b>	<b>-</b>	<b>-</b>	<b>29,632</b>	<b>11,541</b>	<b>1,947</b>	<b>-</b>	<b>-</b>	<b>13,488</b>	<b>16,144</b>	<b>14,410</b>

\*Adjustments include assets under construction of \$1,479 thousand that were transferred to leasehold improvements upon completion of the assets.

**Notes to the Financial Statements (Unaudited)**

**8. Contingent liabilities and contingent assets**

**(a) Contingent liabilities**

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown.

**Claims and litigation**

Claims have been made against the ODPP in the normal course of operations. These claims include items with pleading amounts and others for which no amount is specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. The ODPP has recorded an allowance for claims and litigations where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. Claims and litigation for which the outcome is not determinable and a reasonable estimate can be made by management amount to approximately \$9,390,000 (\$7,350,000 at March 31, 2022) at March 31, 2023.

**(b) Contingent assets**

ODPP has determined that there are no contingent assets which require disclosure in these financial statements.

## OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

### Notes to the Financial Statements (Unaudited)

## 9. Related party transactions

The ODPP is related as a result of common ownership to all government departments, agencies, and Crown corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual.

The ODPP enters into transactions with these entities in the normal course of business and on normal trade terms.

### (a) Common services provided without charge by other government departments

During the year, the ODPP received services without charge from certain common service organizations, related to accommodation, legal services and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded at the carrying value in the ODPP's Statement of Operations and Departmental Net Financial Position as follows:

(in thousands of dollars)	2023	2022
Accommodation	14,523	14,234
Employer's contribution to the health and dental insurance plans	10,674	10,700
<b>Total services provided without charge</b>	<b>25,197</b>	<b>24,934</b>

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada are not included in the Statement of Operations and Departmental Net Financial Position.

### (b) Common services provided without charge to other government departments

During the year, the ODPP provided services without charge to other government departments, related to the provision of legal services, in the amount of \$4,764,658 (\$7,444,836 in 2021-22)

### (c) Other transactions with other government departments and agencies

(in thousands of dollars)	2023	2022
Expenses	28,567	26,809
Revenues	18,766	16,703

Expenses and revenues disclosed in (c) exclude common services provided without charge, which are already disclosed in (a).

## OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

### Notes to the Financial Statements (Unaudited)

## 10. Segmented Information

Presentation by segment is based on the ODPP's core responsibility. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main core responsibility, by major object of expense and by major type of revenue. The segment results for the period are as follows:

(in thousands of dollars)				
	Prosecution Services	Internal Services	2023 Total	2022 Total
<b>Expenses</b>				
Salaries and employee benefits	145,929	24,101	170,030	165,148
Professional and special services- Counsel fees	33,638	-	33,638	36,792
Accommodation	14,476	2,181	16,657	16,044
Professional and special services- Other	2,833	6,260	9,093	8,745
Travel and relocation	5,027	878	5,905	3,185
Allowance for contingent liabilities	3,187	-	3,187	403
Communication	756	1,310	2,066	1,947
Machinery and equipment	320	1,698	2,018	1,445
Amortization of tangible capital assets	9	1,938	1,947	2,001
Utilities, materials and supplies	1,348	331	1,679	1,822
Repairs and maintenance	41	721	762	624
Rental	54	637	691	1,330
Claims and ex-gratia payments	609	4	613	1,950
Information	174	274	448	356
Other	111	207	318	285
<b>Total expenses</b>	<b>208,512</b>	<b>40,540</b>	<b>249,052</b>	<b>242,077</b>
<b>Revenues</b>				
Prosecution Services	19,112	-	19,112	16,812
Internal Services	-	113	113	104
Fines, forfeitures and court costs	57	77,889	77,946	56,364
Rent from residential housing provided to employees	746	-	746	704
Other	-	-	-	20
Proceeds from disposal of tangible capital assets*	-	-	-	11
Revenues earned on behalf of Government	(803)	(77,889)	(78,692)	(57,099)
<b>Total revenues</b>	<b>19,112</b>	<b>113</b>	<b>19,225</b>	<b>16,916</b>
<b>Net cost of operations</b>	<b>189,400</b>	<b>40,427</b>	<b>229,827</b>	<b>225,161</b>

## 11. Comparative information

Certain comparative figures have been reclassified to conform to the current year's presentation. Revenues from 2021-22 have been reallocated between Prosecution Services and Internal Services with no impact on total revenues.

## 12. Subsequent events

On June 12, 2023, PPSC determined that an asset under construction - software was no longer viable. An analysis is underway to determine the value of the project that will be reusable. The write down will be reflected in the 2023-24 financial statements.

# Standard Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting

## 1. Introduction

This document provides summary information on the measures taken by the Office of the Director of Public Prosecutions (ODPP), also known as the Public Prosecution Service of Canada (PPSC) to maintain an effective system of internal control over financial reporting, as well as information on internal control management, assessment results and related action plans.

Detailed information on PPSC's authority, mandate and core responsibilities can be found in the *Departmental Plans* for the 2023 to 2024 fiscal year and the *Departmental Results Report* for the 2022 to 2023 fiscal year.

## 2. ODPP's system of internal control over financial reporting

### 2.1 Internal control management

The ODPP has a well-established governance and accountability structure to support departmental assessment efforts and oversight of its system of internal control. An ODPP Internal Control over Financial Management Framework, approved by the Director of Public Prosecutions (DPP) and the Chief Financial Officer (CFO) is in place and includes:

- organizational accountability structures as they relate to internal control management to support sound financial management, including the roles and responsibilities of senior managers for control management in their areas of responsibility;
- values and ethics; including an ODPP code of conduct, educational and awareness programs;
- ongoing communication and training on the legislative and policy requirements for sound financial management and control; and
- monitoring and regular updates on internal control management, as well as provision of related assessment results and action plans to the Director of Public Prosecutions and the Senior Management Team and, as applicable, the Departmental Audit Committee.

The Departmental Audit Committee is an independent advisory committee to the DPP. It is responsible to provide advice to the DPP on the adequacy and functioning of the ODPP's risk management, control and governance frameworks and processes.



## **2.2 Service arrangements relevant to financial statements**

The ODPP relies on other departments for processing certain transactions that are recorded in its financial statements, as follows.

### **2.2.1 Common Arrangements**

- Public Services and Procurement Canada administers the payment of salaries, the procurement of goods and services, and provides accommodation services;
- Shared Services Canada (SSC) provides information technology (IT) infrastructure services to the ODPP;
- Department of Justice Canada provides legal services; and
- Treasury Board of Canada Secretariat provides information on public service insurance and centrally administers payment of the employer's share of contributions toward statutory employee benefit plans.

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.

### **2.2.2 Specific Arrangements**

- Justice Canada provides the ODPP with a SAP financial system platform to capture and report all financial transactions, a human resources management system (PeopleSoft) to capture and report human resources data, and a legal case management system (i.e. iCase) to capture and report all legal management information. Justice is also responsible for information technology general control design, operating effectiveness testing, and the related remediation on behalf of ODPP for these systems.
- Justice Canada provides certain internal services such as; human resources and professional development; financial services; information services; IT management services; corporate services; and iCase (case management, timekeeping and operational reporting application) operational support.

### **2.2.3 Service Arrangements Where the ODPP Is the Specific Service Provider**

- The ODPP is the provider of prosecution services to all federal departments and agencies, and as such, charges them for the provision of regulatory and economic crimes prosecution services; and
- The ODPP provides certain internal services to Justice's Canada Northern Regions offices, such as IT Management Services.

**3. ODP's assessment results for the 2022 to 2023 fiscal year**

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

**Progress during the 2022 to 2023 fiscal year**

<b>Previous fiscal year's ongoing monitoring plan for the current fiscal year</b>	<b>Status</b>
Pay Administration	Management Response and Action Plan for the Pay Administration was approved in 2022 and a progress update was provided in 2023.
Tangible Capital Assets	Documentation completed. Narrative and flowchart approval is planned for fiscal year 2023-24 and design effectiveness testing is planned for fiscal 2024-25.
Procurement Management	Completed as planned. The findings have been communicated to stakeholders.
Payables – Including Legal Agents (Section 33)	Legal Agents processes were documented. The design effectiveness testing has been postponed to fiscal year 2024-25.
Payables – Excluding Legal Agents (Section 33)	The assessment of the Account Verification model has been postponed to fiscal year 2023-24.
Entity-Level Control	Completed as planned. The findings have been communicated to stakeholders.
Financial Close and Reporting	The documentation of Financial Close and Reporting processes was started in fiscal year 2022-23 and design effectiveness testing is planned for fiscal year 2023-24.

**3.1 New or significantly amended key controls**

In the current fiscal year, there were no significantly amended key controls in existing processes that required reassessment.

**3.2 Ongoing monitoring program**

As part of its rotational ongoing monitoring plan, the ODP completed its reassessment of entity-level controls and the financial controls within the business of procurement management. The ODP performed assessment activities of its tangible capital assets and financial close and reporting processes. Monitoring of these controls will continue in 2023-24, along with the reporting of results and action plans.

## OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

### 4. ODPP's action plan for the next fiscal year and subsequent fiscal years

The ODPP's rotational ongoing monitoring plan over the next three years is shown in the following table. The ongoing monitoring plan is based on:

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

Key control areas	2023 to 2024 fiscal year	2024 to 2025 fiscal year	2025 to 2026 fiscal year	Future Years
Pay administration		X		
Financial Close and Reporting	X			X
Tangible Capital Assets		X		
Procurement, Payables and Payments – Legal Agents		X	X	
Procurement, Payables and Payments – Excluding Legal Agents	X	X	X	X
Entity-Level Controls				X
Information Technology General Controls		X	X	X
Planning, Budgeting and Forecasting			X	
Revenues, Receivables and Receipts	X	X		