

OFFICE OF THE CORRECTIONAL INVESTIGATOR

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2023, and all information contained in these statements rests with the management of the Office of the Correctional Investigator (OCI). 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 organization's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in the OCI'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 OCI and through conducting a periodic 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 ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

The financial statements of the OCI have not been audited.


Dr. Ivan Zinger
Correctional Investigator
Ottawa, Canada
Date:

Mitrovic, Sonja
Sonja Mitrovic
Chief Financial Officer

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OFFICE OF THE CORRECTIONAL INVESTIGATOR

Statement of Financial Position (Unaudited)

As at March 31

(in dollars)

	2023	2022
Liabilities		
Accounts payable and accrued liabilities (note 4)	\$413,881	\$192,825
Vacation pay and compensatory leave	250,691	257,893
Employee future benefits (note 5)	79,660	113,078
Total liabilities	744,232	563,796
Financial assets		
Due from Consolidated Revenue Fund	335,559	87,746
Accounts receivable and advances (note 6)	208,359	198,607
Total financial assets	543,918	286,353
Departmental net debt	200,314	277,443
Departmental net financial position	\$(200,314)	\$(277,443)

The accompanying notes form an integral part of these financial statements



Dr. Ivan Zinger
 Correctional Investigator
 Ottawa, Canada
 Date:

Mitrovic, Sonja

Sonja Mitrovic
 Chief Financial Officer

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OFFICE OF THE CORRECTIONAL INVESTIGATOR

Statement of Operations and Departmental Net Financial Position (Unaudited)

For the Year Ended March 31

(in dollars)

	2023	2023	2022
	Planned Results	Actual	Actual
Expenses			
Ombudsman for federal offenders	\$5,238,994	4,710,236	\$4,706,867
Internal Services	761,057	1,647,491	989,426
Total expenses	6,000,051	6,357,727	5,696,293
Revenues			
Regulatory fees	294	0	15
Revenues earned on behalf of government	(294)	0	(15)
Total revenues	0	0	0
Net cost of operations before government funding and transfers	\$6,000,051	6,357,727	5,696,293
Government Funding and Transfers			
Net cash provided by Government		5,507,129	5,074,862
Change in due from the Consolidated Revenue Fund		247,813	(5,096)
Services provided without charge by other government departments (note 7)		679,914	670,705
Net cost of operations after government funding and transfers		(77,129)	(44,178)
Departmental net financial position - Beginning of Year		(277,443)	(321,621)
Departmental net financial position - End of Year		\$(200,314)	\$(277,443)

Segmented information [\(note 8\)](#)

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

OFFICE OF THE CORRECTIONAL INVESTIGATOR

Statement of Change in Departmental Net Debt (Unaudited)

For the Year Ended March 31

(in dollars)

	<u>2023</u>	<u>2022</u>
	Actual	Actual
Net cost of operations after government funding and transfers	\$(77,129)	(44,178)
Increase (decrease) in departmental net debt	(77,129)	(44,178)
Departmental net debt - Beginning of Year	277,443	321,621
Departmental net debt - End of Year	200,314	277,443

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

OFFICE OF THE CORRECTIONAL INVESTIGATOR

Statement of Cash Flows (Unaudited)

For the Year Ended March 31

(in dollars)

	2023	2022
Operating activities		
Net cost of operations before government funding and transfers	\$6,357,727	\$5,696,293
Non-cash items:		
Services provided without charge by other government departments (note 7)	(679,914)	(670,705)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	9,751	57,358
Decrease (increase) in accounts payable and accrued liabilities	(221,056)	(81,048)
Decrease (increase) in vacation pay and compensatory leave	7,202	42,276
Decrease (increase) in employee future benefits	33,418	30,688
Cash used in operating activities	5,507,129	5,074,862
Net cash provided by Government of Canada	\$5,507,129	\$5,074,862

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

OFFICE OF THE CORRECTIONAL INVESTIGATOR

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

1. Authority and objectives

The Office of the Correctional Investigator (OCI) was established in 1973 pursuant to Part II of the *Inquiries Act*. With the proclamation in November 1992 of Part III of the *Corrections and Conditional Release Act*, this is now the enabling legislation. The mandate of the Correctional Investigator, as defined by this legislation, is to function as an Ombudsman to federal offenders. The Correctional Investigator is independent of the Correctional Service of Canada and may initiate an investigation on receipt of a complaint by or on behalf of an offender, at the request of the Minister or on his own initiative. The Correctional Investigator is required by legislation to report annually through the Minister of Public Safety to both Houses of Parliament.

In addition, Section 19 of the *Corrections and Conditional Release Act* requires that the Correctional Service of Canada “where an inmate dies or suffers serious bodily injury” conduct an investigation and provide a copy of the report to the Correctional Investigator.

Internal Services supports the delivery of the OCI's Ombudsman role for offenders as well as its corporate obligations to the Central Agencies of Government.

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 OCI is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the OCI 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 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.

2. Summary of significant accounting policies (continued)

(b) Net cash provided by Government

The OCI operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the OCI is deposited to the CRF and all cash disbursements made by the OCI 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 OCI is entitled to draw from the CRF without further authorities to discharge its liabilities.

(d) Revenues

Revenues from regulatory fees are recognized based on the services provided in the year. Revenues are then recognized in the period in which the related expenses are incurred. Other revenues are recognized in the period the event giving rise to the revenues occurred. Revenues that are non-respendable are not available to discharge the OCI's liabilities. While the Chair 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 as a 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, employer contributions to the health and dental insurance plans are recorded as operating expenses at their carrying value.

2. Summary of significant accounting policies (continued)

(f) Employee future benefits

Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government of Canada. The OCI's contributions to the Plan are charged to expenses in the year incurred and represent the total OCI's obligation to the Plan. The OCI'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.

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) Accounts receivable and advances

Accounts receivable are initially recorded at cost and where necessary, are discounted to reflect their concessionary terms. When necessary, an allowance for valuation is recorded to reduce the carrying value of accounts receivable to amounts that approximate their net recoverable value.

(h) 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, environmental liabilities, the liability for employee future 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.

OFFICE OF THE CORRECTIONAL INVESTIGATOR

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

(i) 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.

3. Parliamentary authorities

The OCI 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 OCI 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:

OFFICE OF THE CORRECTIONAL INVESTIGATOR

Notes to the Financial Statements (Unaudited)

For Year Ended March 31, 2023

3. Parliamentary authorities (continued)

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

	2023	2022
		(in dollars)
Net cost of operations before government funding and transfers	\$6,357,727	\$5,696,293
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Services provided without charge by other government departments	(679,914)	(670,705)
Decrease (increase) in vacation pay and compensatory leave	7,202	42,276
Decrease (increase) in employee future benefits	33,418	30,687
Refund of prior year expenditures	19,149	20,709
Adjustments to previous years' payables at year-end	407	0
	(619,738)	(577,033)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Increase in salary overpayments	23,470	33,734
Increase in other loans and advances to employees	255	-
	23,725	33,734
Current year authorities used	\$5,761,714	\$5,152,994

(b) Authorities provided and used:

	2023	2022
		(in dollars)
Authorities provided		
Vote 1 – Program expenditures	\$5,425,478	\$5,025,451
Contributions to employee benefits plan	573,609	538,459
	5,999,087	5,563,910
Less:		
Lapsed : Operating	(237,373)	(410,916)
Current year authorities used	\$5,761,714	\$5,152,994

4. Accounts payable and accrued liabilities

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

	2023	2022
		(in dollars)
Accounts payable to other government departments and agencies	\$44,734	6,659
Accounts payable to external parties	225,711	42,590
Total accounts payable	270,445	49,249
Accrued liabilities	143,436	143,576
Total accounts payable and accrued liabilities	413,881	192,825

OFFICE OF THE CORRECTIONAL INVESTIGATOR

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

5. Employee future benefits

(a) Pension benefits

The OCI'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 Plan benefits and they are indexed to inflation.

Both the employees and the OCI 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 \$374,739(\$363,783 in 2021-22). For Group 1 members, the expense represents approximately 1.02 times (1.01 times in 2021-22) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2021-22) the employee contributions.

The OCI'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.

(b) Severance benefits

Severance benefits provided to the OCI'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:

	2023	2022
		(in dollars)
Accrued benefit obligation - Beginning of year	\$113,078	\$143,766
Expense for the year	(33,418)	(31,929)
Benefits paid during the year	0	1,242
Accrued benefit obligation - End of year	\$79,660	\$113,078

OFFICE OF THE CORRECTIONAL INVESTIGATOR

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

6. Accounts receivable and advances

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

	2023	2022
	(in dollars)	
Receivables – Other government departments and agencies	\$73,224	\$54,034
Receivables – External parties	106,563	116,257
Employee advances	28,572	28,316
Net accounts receivable	\$208,359	\$198,607

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.

	2023	2022
	(in thousands of dollars)	
Accounts receivable from external parties		
Not past due	\$101,466	\$ 111,160
Number of days pas due:		
1 to 30	0	0
31 to 60	0	0
61 to 90	0	0
91 to 365	0	0
Over 365	5,097	5,097
Sub-total	106,564	116,257
Less: Valuation allowance	0	0
Total	\$106,564	\$116,257

7. Related party transactions

The OCI 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 OCI enters into transactions with these entities in the normal course of business and on normal trade terms. In addition, the OCI has an agreement with Public Safety Canada related to the provision of financial, contracting and procurement, human resource, information management/library, information technology and security services. During the year, the OCI received common services which were obtained without charge from other government departments as disclosed below.

OFFICE OF THE CORRECTIONAL INVESTIGATOR

Notes to the Financial Statements (Unaudited)

For Year Ended March 31, 2023

7. Related party transactions (continued)

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

During the year, the OCI received common services without charge from certain service organizations, related to accommodation and the employer's contribution to the health and dental insurance plans.

These services provided without charge have been recorded in the 's Statement of Operations and Departmental Net Financial Position as follows:

	2023	2022
		(in dollars)
Accommodation	\$319,155	\$309,733
Employer's contribution to the health and dental insurance plans	360,759	360,972
Total	679,914	\$670,705

The Government has centralized some of its administrative activities for efficiency and 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 and audit services provided by the Office of the Auditor General are not included in the OCI's Statement of Operations and Departmental Net Financial Position.

(b) Other transactions with related parties

	2023	2022
		(in dollars)
Accounts receivable – Other government departments and agencies	\$73,224	\$54,034
Accounts payable – Other government departments and agencies	44,734	-
Expenses – Other government departments and agencies	222,512	84,262

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

OFFICE OF THE CORRECTIONAL INVESTIGATOR

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

8. Segmented information

Presentation by segment is based on the OCI's program alignment architecture. 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 revenue generated for the two programs, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

Expenses	2023			2022
	Ombudsman for federal offenders	Internal services	Total	(in dollars) Total
Operating expenses				
Salaries and employee benefits	\$4,051,351	922,377	4,973,728	\$4,729,781
Accommodation	259,072	63,381	322,453	312,834
Professional and special services	119,655	379,058	498,713	231,679
Other	-	159,619	159,619	140,575
Equipment	70	50,381	50,451	116,549
Information	55,897	3,196	59,093	31,958
Rentals	8,992	37,861	46,853	27,239
Repair and maintenance	-	85	85	-
Travel and relocation	198,218	213	198,431	72,714
Utilities, materials and supplies	2,969	9,198	12,167	15,496
Communication	14,012	22,122	36,134	17,468
Total expenses	4,710,236	1,647,491	6,357,727	5,696,293
Revenues				
Regulatory fees	0	0	0	15
Revenue earned on behalf of government	0	0	0	(15)
Total revenues	0	0	0	0
Net cost of operations before government funding and transfers	\$4,710,236	1,647,491	6,357,727	\$5,696,293