

Courts Administration Service

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

2022-23

TABLE OF CONTENTS

- 1 INTRODUCTION..... 1
- 2 DEPARTMENTAL SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING2
 - 2.1 Internal control management.....2
 - 2.2 Service arrangements relevant to financial statements.....2
- 3 DEPARTMENTAL ASSESSMENT RESULTS FOR FISCAL YEAR 2022-23..... 3
 - 3.1 New or significantly amended key controls3
 - 3.2 Ongoing monitoring program.....3
- 4 DEPARTMENTAL ACTION PLAN FOR THE NEXT FISCAL YEAR AND SUBSEQUENT YEARS4
 - 4.1 Rotational ongoing monitoring plan.....4

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 [2022-23 Departmental Results Report](#) and [2023-24 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 established in accordance with the internal controls management system, in order 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; for instance, when services delivered do not compromise the judiciary independence and are at arm's length from the Government of Canada; 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 2022-23

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

Progress during fiscal year 2022-23

Previous fiscal year’s rotational ongoing monitoring plan for current fiscal year	Status
Capital Assets	Due to the delay in the implementation of the new asset system module, the design testing of this business process could not be launched until June 2023.
Planning, budgeting and forecasting	Operational testing completed; remedial actions started.
Investment planning	Operational testing completed; remedial actions started.
Costing	Operational testing completed; no deficiencies noted.
Chief financial officer attestation (included in Cabinet submissions)	Operational testing completed; no deficiencies noted.

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, CAS has no new or significantly amended key controls.

3.2 Ongoing monitoring program

As part of its ongoing rotational monitoring plan, CAS completed the operational 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	One control deficiency was identified; a management response and action plan are already in place.
Investment planning	One control deficiency was identified; a management response and action plan are already in place and remedial actions have started.
Costing	No significant control deficiencies were identified
Chief financial officer attestation (included in Cabinet submissions)	No significant control deficiencies were identified

In 2022-23, 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 2022-23:

Progress during fiscal year 2022-23

Key Control Area	Status
Entity level controls: Ongoing Monitoring	CAS has approved the terms of reference for the Diversity, inclusion and Anti-racism committee. Terms of reference for the Senior management committee and ExCom were also reviewed. Ongoing communication and training sessions such as Values and Ethics and Harassment and Violence Prevention were delivered.
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 position 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 outlined in the table below and is comprehensive of Internal Controls over Financial Management (ICFM) elements to meet the Policy on Financial Management requirements. The ongoing monitoring plan is based on:

- An annual validation of medium and high-risk processes and controls; and,
- Required adjustments to the ongoing monitoring plan, as needed.

4.1 Rotational ongoing monitoring plan

	Key Control Area	Fiscal year 2023-24	Fiscal year 2024-25	Fiscal year 2025-26
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, design effectiveness and operational testing		
	Financial statements	Monitoring		
ICFM	Planning, budgeting and forecasting			Monitoring
	Investment planning			Monitoring
	Costing			Monitoring
	Chief financial officer attestation (included in Cabinet submissions)			Monitoring

Note: As CAS is upgrading its financial systems, the ongoing monitoring plan focuses on the processes that are changing in 2023-24. It is 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.