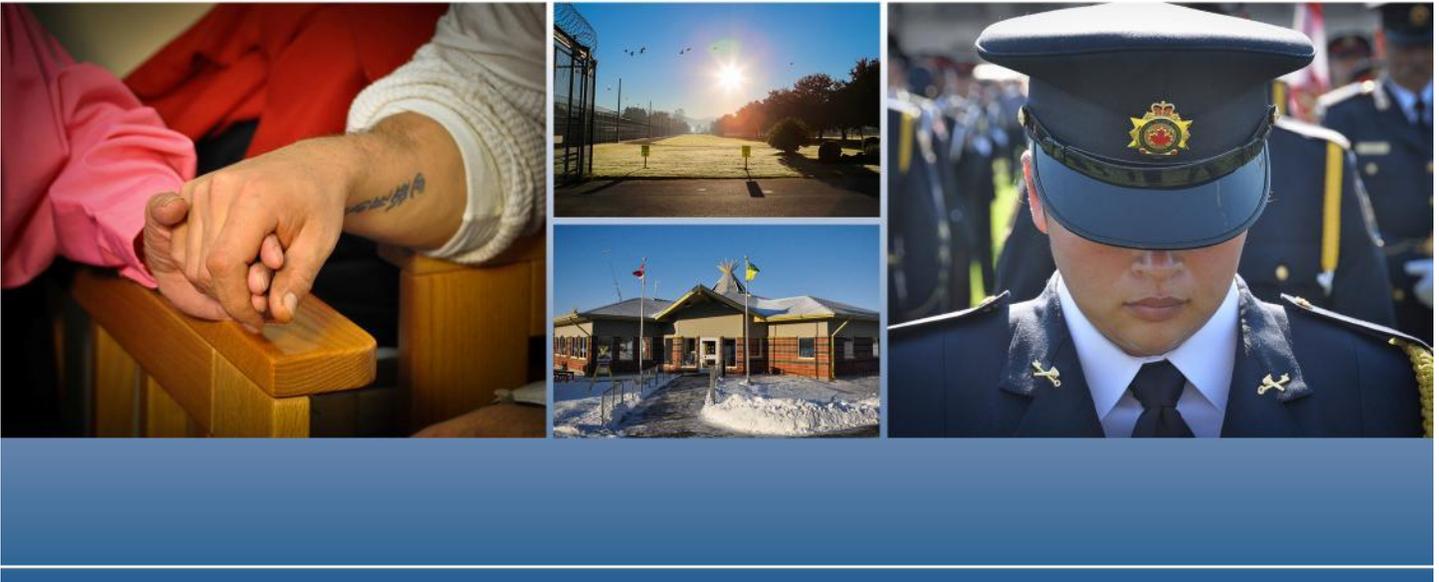


CORRECTIONAL SERVICE CANADA

CHANGING LIVES. PROTECTING CANADIANS.



Quarterly Financial Report

FOR THE QUARTER ENDED JUNE 30, 2025

Table of Contents

1. Introduction	3
1.1 Basis of presentation.....	3
2. Highlights of fiscal quarter and fiscal year to date (YTD) results	4
2.1 Significant changes to authorities	4
2.2 Explanation of significant variances from previous year expenditures	6
3. Risks and uncertainties	7
4. Significant changes in relation to operations, personnel and programs	8
5. Approvals by senior officials	8
6. Statement of authorities (unaudited)	9
7. Departmental budgetary expenditures by standard object (unaudited)	10

1. Introduction

This quarterly report has been prepared by management as required by section 65.1 of the [Financial Administration Act](#) and in the form and manner prescribed by the Treasury Board. This quarterly report should be read in conjunction with the [Main Estimates](#). This report has not been subject to an external audit or review.

The purpose of the federal correctional system, as defined by law, is to contribute to the maintenance of a just, peaceful and safe society by carrying out sentences imposed by courts through the safe and humane custody and supervision of offenders; and by assisting the rehabilitation of offenders and their safe reintegration into the community as law-abiding citizens through the provision of programs in penitentiaries and in the community (Corrections and Conditional Release Act, s.3). A summary description of Correctional Service Canada (CSC)'s program activities can be found in [Part II of the Main Estimates](#) and the [Departmental Plan 2025 to 2026](#).

1.1 Basis of presentation

This quarterly report has been prepared using an expenditure basis of accounting. The accompanying [Statement of Authorities](#) includes CSC's spending authorities granted by Parliament and those used by the organization, consistent with the [Main Estimates](#) and [Supplementary Estimates](#) (as applicable). This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

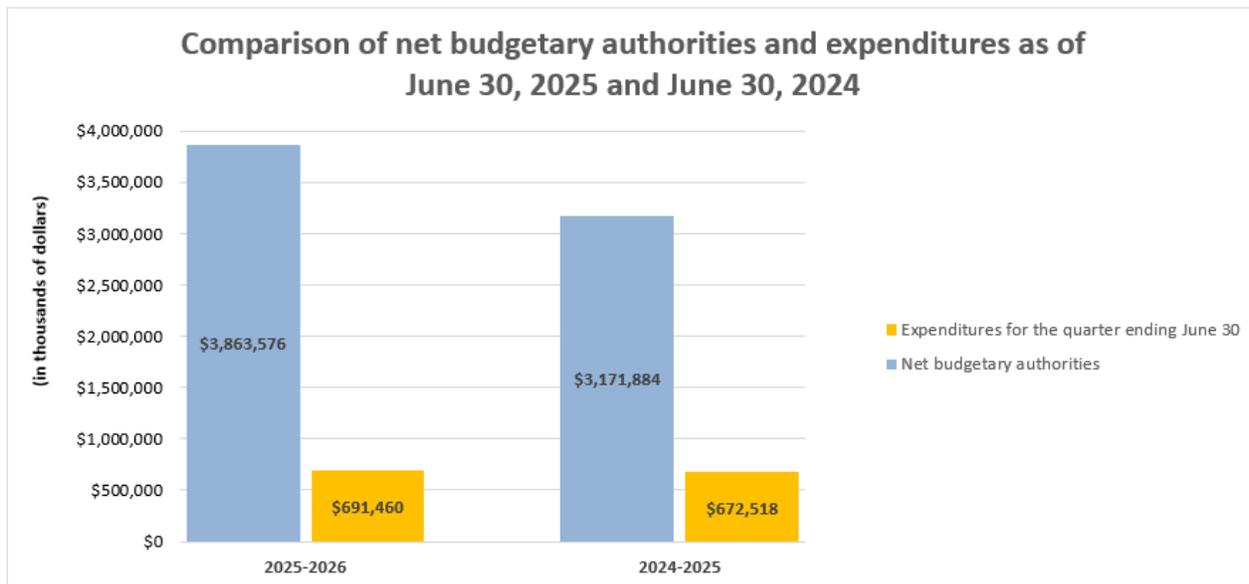
The authority of Parliament is required before money can be spent by the Department. Approvals are given in the form of annually approved limits through appropriation acts, or through legislation in the form of statutory spending authority for specific purposes.

CSC uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on a cash expenditure basis.

CSC has an active Revolving Fund (CORCAN) that is included in the statutory authorities of the enclosed [Statement of Authorities](#). CORCAN's purpose is to aid in the safe reintegration of offenders into Canadian society by providing employment and training opportunities to offenders incarcerated in federal penitentiaries and, for brief periods, after they are released into the community. CORCAN has a continuing non-lapsing authority from Parliament to make payments out of the Consolidated Revenue Fund (CRF) for working capital, capital acquisitions and temporary financing of accumulated operating deficits, the total of which is not to exceed \$5.0 million.

2. Highlights of fiscal quarter and fiscal year to date (YTD) results

The following graph provides a comparison of the net budgetary authorities and expenditures as of June 30, 2025 and June 30, 2024 for CSC's combined operating, capital and budgetary statutory authorities.



Text equivalent for figure 1

This graph depicts the net budgetary authorities as \$3,863,576 thousand and the year-to-date net budgetary expenditures as \$691,460 thousand for the first quarter ending June 30, 2025. In 2024 to 2025, the net budgetary authorities were \$3,171,884 thousand for the first quarter ending June 30, 2024, and the year to date net budgetary expenditures were \$672,518 thousand.

2.1 Significant changes to authorities

As reflected in the [Statement of Authorities](#) for the period ending June 30, 2025, CSC has seen an **increase** in total authorities of **\$691.7 million or 21.8%** for the current fiscal year compared to the previous fiscal year.

Table 1: Comparison of net budgetary authorities for the quarters ended June 30, 2025, and June 30, 2024 (in millions of dollars)

Net authorities available *	2025 to 2026	2024 to 2025	Variance
Vote 1 – Operating expenditures	3,227.4	2,655.5	571.9
Vote 5 – Capital expenditures	337.4	262.7	74.6
Statutory	298.8	253.7	45.1
Total net budgetary authorities	3,863.6	3,171.9	691.7

* Numbers may not add up due to rounding.

Vote 1 - Operating

CSC's Operating Vote **increased by \$571.9 million or 21.5%** compared to the authorities at the end of June 2024, which is attributed to the net effect of the following significant items:

- an **increase of \$365.1 million** related to funding for class action lawsuits
- an **increase of \$108.4 million** in funding to cover incremental expenditures due to changes in offender population volumes and price fluctuations
- an **increase of \$61.0 million** in funding to stabilize operations related to workplace injuries
- an **increase of \$29.8 million** related to compensation for the funded portion of collective agreement increases
- an **increase of \$13.4 million** related to funding for the operation of the National Satellite Training Academy
- an **increase of \$11.8 million** in funding to continue enhanced cleaning protocols across correctional facilities
- a **decrease of \$11.8 million** related to Refocusing Government Spending
- a **decrease of \$5.5 million** for a transfer to Shared Services Canada for the Microsoft 365 E5 Enterprise Standard

Vote 5 - Capital

CSC's Capital Vote **increased by \$74.6 million or 28.4%** compared to the authorities at the end of June 2024, which is related to the net effect of the following significant items:

- an **increase of \$39.5 million** in funding for the construction of a Health Centre of Excellence
- an **increase of \$30.0 million** in funding to maintain and repair correctional facilities

Budgetary statutory authorities

CSC's budgetary statutory authorities **increased by \$45.1 million or 17.8%** compared to June 2024, which is mainly related to the department's allocation of the employer's share of the employee benefit plan.

2.2 Explanation of significant variances from previous year expenditures

As reflected in the [Statement of Authorities](#) for the period ending June 30, 2025, CSC has seen an **increase** in total net budgetary expenditures of **\$18.9 million or 2.8%** for the current fiscal year compared to the previous fiscal year.

Table 2: Comparison of net budgetary expenditures for the quarters ended June 30, 2025, and June 30, 2024 (in millions of dollars)

Net year-to-date expenditures*	2025 to 2026	2024 to 2025	Variance
Vote 1 – Operating expenditures	599.2	571.4	27.8
Vote 5 – Capital expenditures	18.4	41.3	(22.9)
Statutory	73.8	59.8	14.0
Total net year-to-date expenditures	691.5	672.5	18.9

* Numbers may not add up due to rounding.

Vote 1 - Operating

CSC's operating expenditures **increased by \$27.8 million**, compared to the first quarter of 2024 to 2025, mainly due to the following:

- personnel expenditures **increased by \$35.2 million** primarily due to the ratification of collective agreements in 2024 to 2025
- rental expenditures **decreased by \$5.9 million** primarily due to a decrease in license / maintenance fees for client software expenditures as a result of the transfer of funding to Shared Services Canada
- utilities, materials and supplies **decreased by \$5.5 million** primarily due to a delay in medical supplies purchases and due to a decrease in the allowance for footwear, which is payable every second year
- other subsidies and payments **increased by \$4.2 million** due to an increase in court ordered payments

Vote 5 – Capital

CSC's capital expenditures **decreased by \$22.9 million**, compared to the first quarter of 2024 to 2025, mainly due to the following:

- acquisition of land, buildings and works **decreased by \$13.1 million**, mainly due to the prorogation of the federal government, which led to temporary delays in certain activities and projects
- acquisition of machinery and equipment **decreased by \$9.0 million** primarily due to the essential investments in the first quarter of 2024 to 2025

Budgetary statutory expenditures

CSC's statutory expenditures **increased by \$14.0 million**, compared to the first quarter of 2024 to 2025, mainly due to an increase in expenditures related to the employer's contributions to the employee benefit plan. This will be adjusted at year-end based on total salary expenditures.

3. Risks and uncertainties

CSC's specific risks, as outlined in CSC's [Departmental Plan 2025-2026](#), are the increasingly complex and diverse profile of the offender population, the maintenance of required levels of operational safety and security in institutions and the community, and the potential loss of support of partners delivering critical services and providing resources for offenders.

CSC will address existing financial challenges and will continue working on a modernization plan over the three-year planning period.

CSC continues to experience ongoing issues related to the Phoenix Pay System. Given the complexity of our workforce coupled with the operational nature of our organization, CSC has experienced a significantly high number of pay related issues. CSC is continuously working internally and with external stakeholders to resolve these issues.

CSC has put in place risk mitigation strategies to address the stated risks. The integrated approach allows CSC to handle risk-related challenges, ensure operational sustainability to fulfill its mandate.

Treasury Board of Canada Secretariat has provided CSC with its baseline calculations for the spending reduction targets resulting from the Refocusing Government Spending, for which CSC is working on a multi-year savings plan.

In July 2025, the Government has launched a Comprehensive Expenditure Review (CER). As part of this initiative, departments have been asked to identify savings of 15% of their allocated budget drawn from planned spending in the 2025-26 Main estimates. The department is currently reviewing and prioritizing its activities to identify potential savings opportunities. The approved government-wide savings reflected will begin to be reflected in the 2026-2027 Main Estimates.

4. Significant changes in relation to operations, personnel and programs

There have been no changes to key executives in the first quarter of 2025 to 2026.

5. Approvals by senior officials

Approved by:

Original signed by _____
Anne Kelly,
Commissioner

Original signed by _____
Tony Matson,
Chief Financial Officer

Ottawa, Canada
August 19, 2025

6. Statement of authorities (unaudited)

	<i>Fiscal year 2025 to 2026</i>			<i>Fiscal year 2024 to 2025</i>		
	Total available for use for the year ending March 31, 2026*	Used during the quarter ended June 30, 2025	Year to date used at quarter-end	Total available for use for the year ending March 31, 2025*	Used during the quarter ended June 30, 2024	Year to date used at quarter-end
<i>(in thousands of dollars)</i>						
Vote 1 – Operating expenditures						
Gross operating expenditures	3,231,327	601,321	601,321	2,659,396	571,431	571,431
Vote-netted revenues	(3,943)	(2,081)	(2,081)	(3,943)	0	0
Net operating expenditures	3,227,384	599,240	599,240	2,655,453	571,431	571,431
Vote 5 – Capital expenditures	337,357	18,392	18,392	262,743	41,284	41,284
Budgetary statutory authorities						
CORCAN gross expenditures	136,280	25,196	25,196	116,424	24,215	24,215
CORCAN revenues	(136,280)	(25,815)	(25,815)	(117,551)	(28,040)	(28,040)
CORCAN net expenditures	0	(619)	(619)	(1,127)	(3,825)	(3,825)
Spending of proceeds from disposal of surplus Crown assets	1,047	0	0	608	50	50
Contributions to employee benefits plans	297,788	74,447	74,447	254,207	63,552	63,552
Refunds of amounts credited to revenues in previous years	0	0	0	0	26	26
Net budgetary statutory authorities	298,835	73,828	73,828	253,688	59,803	59,803
Total budgetary authorities	3,863,576	691,460	691,460	3,171,884	672,518	672,518
Non-budgetary authorities	45	0	0	45	0	0
Total authorities	3,863,621	691,460	691,460	3,171,929	672,518	672,518

Note: Numbers may not add up due to rounding.

* Includes only authorities available for use and granted by Parliament at quarter-end.

7. Departmental budgetary expenditures by standard object (unaudited)

	<i>Fiscal year 2025 to 2026</i>			<i>Fiscal year 2024 to 2025</i>		
	Planned expenditures for the year ending March 31, 2026	Expended during the quarter ended June 30, 2025	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended June 30, 2024	Year to date used at quarter-end
<i>(in thousands of dollars)</i>						
Expenditures						
Personnel	2,310,317	571,134	571,134	2,156,085	523,321	523,321
Transportation and communications	29,723	4,620	4,620	27,936	4,878	4,878
Information	989	58	58	579	1,422	1,422
Professional and special services	636,330	67,989	67,989	496,215	65,935	65,935
Rentals	44,973	5,411	5,411	48,899	11,158	11,158
Purchased repair and maintenance	42,609	3,539	3,539	34,282	4,060	4,060
Utilities, materials and supplies	223,944	35,841	35,841	191,944	40,924	40,924
Acquisition of land, buildings and works*	226,924	5,050	5,050	202,712	18,139	18,139
Acquisition of machinery and equipment*	63,488	6,063	6,063	48,055	15,316	15,316
Transfer payments	1,700	0	0	1,620	0	0
Other subsidies and payments	422,802	19,651	19,651	85,052	15,405	15,405
Total gross budgetary expenditures	4,003,799	719,356	719,356	3,293,379	700,558	700,558
Less revenues netted against expenditures						
Vote-netted revenues	(3,943)	(2,081)	(2,081)	(3,943)	0	0
CORCAN	(136,280)	(25,815)	(25,815)	(117,552)	(28,040)	(28,040)
Total revenues netted against expenditures	(140,223)	(27,896)	(27,896)	(121,495)	(28,040)	(28,040)
Total net budgetary expenditures	3,863,576	691,460	691,460	3,171,884	672,518	672,518

Note: Numbers may not add up due to rounding.

* These are mainly Vote 5 (Capital) expenditures.