

CORRECTIONAL SERVICE CANADA

CHANGING LIVES. PROTECTING CANADIANS.



Quarterly Financial Report

FOR THE QUARTER ENDED SEPTEMBER 30, 2025

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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 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 the Correctional Service of Canada's (CSC) 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.

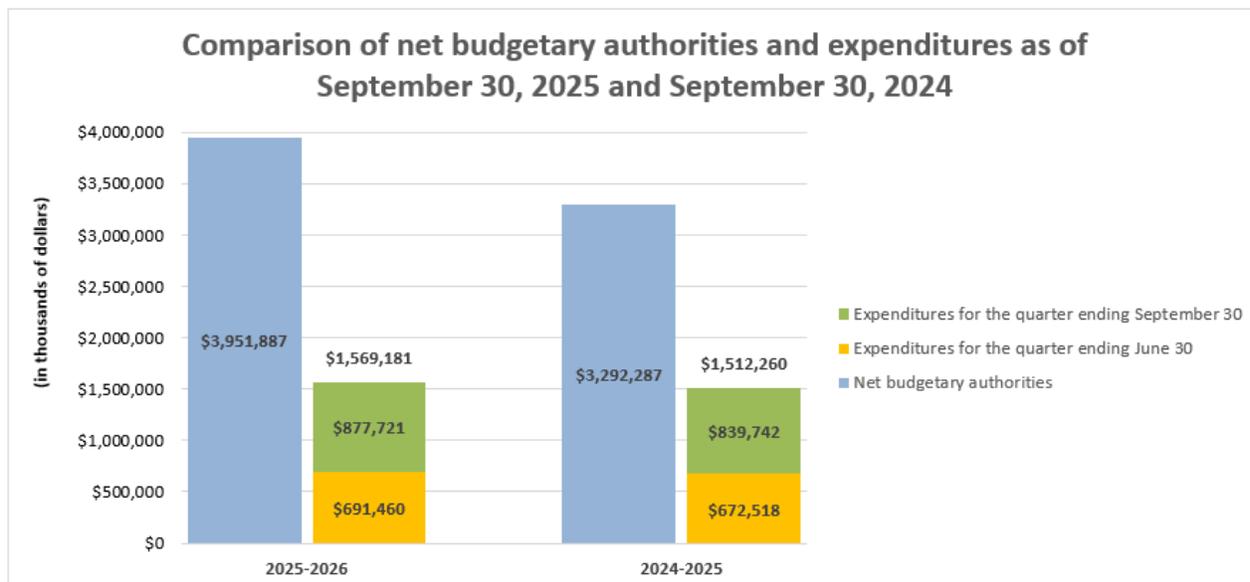
The authority of Parliament is required before money can be spent by the Department. Approvals are given in the form of annually approved limits through appropriation acts, or through legislation in the form of statutory spending authority for specific purposes.

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 September 30, 2025 and September 30, 2024 for CSC's combined operating, capital and budgetary statutory authorities.



Text equivalent for figure 1

This graph depicts net budgetary authorities of \$3,951,887 thousand as of September 30, 2025, with net budgetary expenditures of \$691,460 thousand for the first quarter ended June 30, 2025, net budgetary expenditures of \$877,721 thousand for the second quarter ended September 30, 2025, and total year-to-date net budgetary expenditures of \$1,569,181 thousand as of September 30, 2025. In 2024 to 2025, the net budgetary authorities were \$3,292,287 thousand as of September 30, 2024, with net budgetary expenditures of \$672,518 thousand for the first quarter ended June 30, 2024, net budgetary expenditures of \$839,742 thousand for the second quarter ended September 30, 2024, and total year-to-date net budgetary expenditures of \$1,512,260 thousand as of September 30, 2024.

2.1 Significant changes to authorities

As reflected in the [Statement of Authorities](#) for the period ending September 30, 2025, CSC has seen an **increase** in total authorities of **\$659.6 million or 20.0%** for the current fiscal year compared to the previous fiscal year.

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

Net authorities available *	2025 to 2026	2024 to 2025	Variance
Vote 1 – Operating expenditures	3,275.1	2,765.3	509.8
Vote 5 – Capital expenditures	377.3	272.2	105.1
Statutory	299.5	254.7	44.8
Total net budgetary authorities	3,951.9	3,292.3	659.6

* Numbers may not add up due to rounding.

Vote 1 - Operating

CSC's Operating Vote **increased by \$509.8 million or 18.4%** compared to the authorities at the end of September 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 \$62.1 million** related to funding from the operating budget carry forward
- 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 \$105.1 million or 38.6%** compared to the authorities at the end of September 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 \$30.4 million** in funding related to the capital budget carry forward
- an **increase of \$30.0 million** in funding to maintain and repair correctional facilities

Budgetary statutory authorities

CSC's budgetary statutory authorities **increased by \$44.8 million or 17.6%** compared to September 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 September 30, 2025, CSC has seen an **increase** in total net budgetary expenditures of **\$56.9 million or 3.8%** for the current fiscal year compared to the previous fiscal year.

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

Net year-to-date expenditures*	2025 to 2026	2024 to 2025	Variance
Vote 1 – Operating expenditures	1,368.7	1,295.6	73.2
Vote 5 – Capital expenditures	60.3	101.9	(41.6)
Statutory	140.1	114.8	25.3
Total net year-to-date expenditures	1,569.2	1,512.3	56.9

* Numbers may not add up due to rounding.

Vote 1 - Operating

CSC's operating expenditures **increased by \$73.2 million**, compared to the second quarter of 2024 to 2025, mainly due to the following:

- personnel expenditures **increased by \$90.2 million** primarily due to the ratification of Correctional Officer Collective Agreement in February 2025
- professional and special services **decreased by \$21.6 million** primarily due to a decrease in legal services because of a delay in billing from Justice Canada for prepaid legal fees
- 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
- other subsidies and payments **increased by \$11.5 million** primarily due to an increase in court ordered payments

Vote 5 – Capital

CSC's capital expenditures **decreased by \$41.6 million**, compared to the second quarter of 2024 to 2025, mainly due to the following:

- acquisition of land, buildings and works **decreased by \$28.4 million**, mainly due to delays in construction projects, as well as delays in certain activities and projects caused by the prorogation of the federal government
- acquisition of machinery and equipment **decreased by \$15.3 million** primarily due to the essential investments in the first two quarters of 2024 to 2025

Budgetary statutory expenditures

CSC's statutory expenditures **increased by \$25.3 million**, compared to the second 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 second 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
November 23, 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 September 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 September 30, 2024	Year to date used at quarter-end
<i>(in thousands of dollars)</i>						
Vote 1 – Operating expenditures						
Gross operating expenditures	3,279,054	769,930	1,371,251	2,771,422	726,915	1,298,346
Vote-netted revenues	(3,943)	(422)	(2,503)	(6,093)	(2,762)	(2,762)
Net operating expenditures	3,275,111	769,508	1,368,748	2,765,329	724,153	1,295,584
Vote 5 – Capital expenditures	377,276	41,951	60,343	272,219	60,615	101,899
Budgetary statutory authorities						
CORCAN gross expenditures	136,280	32,600	57,796	116,425	30,465	54,680
CORCAN revenues	(136,280)	(40,790)	(66,605)	(117,552)	(39,061)	(67,101)
CORCAN net expenditures	0	(8,190)	(8,809)	(1,127)	(8,596)	(12,421)
Spending of proceeds from disposal of surplus Crown assets	1,712	0	0	1,577	18	68
Contributions to employee benefits plans	297,788	74,447	148,894	254,289	63,552	127,104
Refunds of amounts credited to revenues in previous years	0	5	5	0	0	26
Net budgetary statutory authorities	299,500	66,262	140,090	254,739	54,974	114,777
Total budgetary authorities	3,951,887	877,721	1,569,181	3,292,287	839,742	1,512,260
Non-budgetary authorities	45	0	0	45	0	0
Total authorities	3,951,932	877,721	1,569,181	3,292,332	839,742	1,512,260

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 September 30, 2025	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended September 30, 2024	Year to date used at quarter-end
<i>(in thousands of dollars)</i>						
Expenditures						
Personnel	2,352,300	627,130	1,198,264	2,230,446	560,086	1,083,407
Transportation and communications	29,723	6,831	11,451	27,937	6,409	11,287
Information	989	183	241	579	(1,062)	360
Professional and special services	644,286	133,149	201,138	513,330	156,198	222,133
Rentals	44,973	7,629	13,040	49,489	7,823	18,981
Purchased repair and maintenance	42,609	7,647	11,186	34,282	7,568	11,628
Utilities, materials and supplies	226,037	46,266	82,107	193,945	41,207	82,131
Acquisition of land, buildings and works*	248,603	21,669	26,719	204,314	37,018	55,157
Acquisition of machinery and equipment*	76,542	8,779	14,842	54,183	13,930	29,246
Transfer payments	1,700	474	474	1,620	662	662
Other subsidies and payments	424,348	59,176	78,827	105,807	51,726	67,131
Total gross budgetary expenditures	4,092,110	918,933	1,638,289	3,415,932	881,565	1,582,123
Less revenues netted against expenditures						
Vote-netted revenues	(3,943)	(422)	(2,503)	(6,093)	(2,762)	(2,762)
CORCAN	(136,280)	(40,790)	(66,605)	(117,552)	(39,061)	(67,101)
Total revenues netted against expenditures	(140,223)	(41,212)	(69,108)	(123,645)	(41,823)	(69,863)
Total net budgetary expenditures	3,951,887	877,721	1,569,181	3,292,287	839,742	1,512,260

Note: Numbers may not add up due to rounding.

* These are mainly Vote 5 (Capital) expenditures.