

COURTS ADMINISTRATION SERVICE

Future-Oriented Statement of Operations (Unaudited)

For the year ending March 31	Forecast Results	Planned Results
(in thousands of dollars)	2022-23	2023-24
Expenses		
Administration Services for the Federal Courts	98,628	95,756
Internal services	43,318	37,290
Total Expenses	141,946	133,046
Revenues		
Recovery of administration costs - Employment Insurance (Note 3(c))	1,012	838
Filing fees	1,471	1,471
Fines	-	26
Miscellaneous	7	7
Revenues earned on behalf of Government	(2,490)	(2,342)
Total Revenues	-	-
Net cost of operations before government funding and transfers	141,946	133,046

The accompanying notes form an integral part of the Future-Oriented Statement of Operations.

Original signed by

Darlene H. Carreau, LL.B
Deputy Head
Chief Administrator

Ottawa, Canada
February 10, 2023

Original signed by

Jean- Francois Talbot
Chief Financial Officer
Executive Director, Corporate Services

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Notes to the Future-Oriented Statement of Operations (Unaudited)

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1. Methodology and Significant Assumptions

The Future-Oriented Statement of Operations has been prepared on the basis of the Courts' priorities and the plans of the Courts Administration Service, as described in the Departmental Plan.

The information in the forecast results for fiscal year 2022-23 is based on actual results as at November 30, 2022 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2023-24.

The main assumptions underlying the forecasts are as follows:

- (a) The Courts Administrative Service's activities will remain substantially the same as in the previous year.
- (b) The forecasts for expenses and revenues (excluding fine revenue), including the determination of amounts internal and external to the government, are based on experience and professional judgement.
- (c) Fine revenue for fiscal year 2022-23 is forecasted based on payments received. Fine revenue for fiscal year 2023-24 is forecasted based on a prior years trend analysis (three-year average). Given their nature, actual amounts collected from fines could vary considerably from these forecasted amounts.
- (d) The planned results for fiscal year 2023-24 reflect the amounts expected to be allocated to the Courts Administration Service in the 2023-24 Main Estimates.
- (e) The outbreak of the Coronavirus disease "COVID-19" has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. CAS received additional funding in 2022-23 for operating costs associated with sanitization expenses, social distancing and virtual Courts business.

These assumptions are adopted as at November 30, 2022.

2. Variations and Changes to the Forecast Financial Information

Although every attempt has been made to forecast final results for the remainder of 2022-23 and for 2023-24, actual results achieved for both years are likely to differ from the forecast information presented, and this variation could be material.

In preparing the Future-Oriented Statement of Operations, the Courts Administration Service has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimate and assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

Factors that could lead to material differences between the Future-Oriented Statement of Operations and the historical statement of operations include:

- (a) The timing and amounts of acquisitions and disposals of tangible capital assets may affect gains/losses and amortization expense;
- (b) The implementation of new collective agreements;
- (c) Changes to the operating budget through additional new initiatives or technical adjustments, including payroll shortfalls, later in the year; and
- (d) The timing and amounts of fine revenue.

After the Departmental Plan is tabled in Parliament, the Courts Administration Service will not be updating the forecasts for any changes in financial resources made in ensuring supplementary estimates. Variances will be explained in the Departmental Results Report.

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3. Summary of Significant Accounting Policies

The Future-Oriented Statement of Operations has been prepared using the Government of Canada's accounting policies in effect for fiscal year 2022-23, and is 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) Expenses

Expenses are recorded on the accrual basis.

- ✓ Expenses are generally recorded when goods are received or services are rendered and include expenses related to personnel, professional and special services, repair and maintenance, utilities, materials and supplies, as well as amortization of tangible capital assets. Provisions to reflect changes in the value of assets or liabilities, such as advances, utilization of prepaid expenses, and other are also included in expenses
- ✓ 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, legal services, and workers' compensation are recorded as operating expenses at their estimated cost.

(b) Revenues

- ✓ Revenues consist primarily of filing fees, fines and sales of copies of filed documentation, including copies of judgments and orders. All such revenue is non-respendable, meaning it cannot be spent by the Courts Administration Service and is deposited to the Consolidated Revenue Fund.
- ✓ All revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue is taking place.
- ✓ Revenues that are non-respendable are not available to discharge the Courts Administration Service's liabilities. While the Deputy Head is expected to maintain accounting control, he 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.
- ✓ Recovery of administration costs - Employment Insurance: At the end of each fiscal year, the Courts Administration Service determines the cost associated with the administration of Employment Insurance (EI) cases. The total cost allocated by the Courts Administration Service for handling EI cases is expended against Employment and Social Development Canada, the department responsible for the Employment Insurance Operating Account. As such, Employment and Social Development Canada would show an expense and the Courts Administration Service would show an equivalent, non-respendable revenue item. The purpose of this accounting exercise is to reflect more accurately the total cost of running the EI program and does not involve any transfer of authorities or funds.

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4. Parliamentary Authorities

The Courts Administration Service is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the Courts Administration Service differs from financial reporting according to generally accepted accounting principles because authorities are based mainly on cash flow requirements. Items recognized in the Future-Oriented Statement of Operations in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the Courts Administration Service has different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the tables below.

(a) Reconciliation of net cost of operations to requested authorities	Forecast Results	Planned Results
(in thousands of dollars)	2022-23	2023-24
Net cost of operations before government funding and transfers	141,946	133,046
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(31,443)	(31,526)
Amortization of tangible capital assets	(5,516)	(7,402)
Decrease (increase) in vacation pay and compensatory leave	237	237
Decrease (increase) in employee future benefits	(515)	(32)
Refund of previous years' expenditures	23	-
Adjustments of previous years payables at year-end (PAYE)	78	-
Total items affecting net cost of operations but not affecting authorities	(37,136)	(38,723)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	6,477	7,202
Salary overpayments	76	76
Variation in advances	19	19
Decrease in prepaid expenses	101	(243)
Total items not affecting net cost of operations but affecting authorities	6,673	7,054
Requested authorities forecasted to be used	111,483	101,377
(b) Authorities requested	Forecast Results	Planned Results
(in thousands of dollars)	2022-23	2023-24
Authorities requested:		
Vote 1 - Program expenditures	103,324	92,593
Statutory amounts	8,783	8,784
Less:		
Total authorities requested	112,107	101,377
Less: Estimated unused authorities and other adjustments	(624)	-
Requested authorities forecasted to be used	111,483	101,377