



Quarterly Financial Report for the Quarter ended June 30, 2014



Parole Board of Canada

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 Accounting Standard 1.3. This quarterly report should be read in conjunction with the Main Estimates and Supplementary Estimates. It has not been subject to an external audit or review.

Authority and Objectives

The Parole Board of Canada (PBC or the Board) is an independent administrative tribunal responsible for making decisions about the timing and conditions of release of offenders to the community on various forms of conditional release. The Board also makes record suspension decisions and recommendations for the exercise of clemency through the [Royal Prerogative of Mercy](#) (RPM).

Legislation governing the Board includes the [Corrections and Conditional Release Act](#) (CCRA), the [Criminal Records Act](#) (CRA), and the [Criminal Code](#). The CCRA empowers the Board to make conditional release decisions for federal offenders and offenders in provinces and territories without their own parole boards. Provincial Boards currently exist in Quebec and Ontario. The CRA entitles the Board to order, deny and revoke record suspensions for convictions under federal acts or regulations. The Governor General or the Governor in Council approves the use of the RPM for those convicted of a federal offence, in all jurisdictions, based on investigations by the Board and recommendations from the Minister of Public Safety.

The Board has one strategic outcome: Conditional release and record suspension decisions and decision processes that safeguard Canadian communities. This strategic outcome is the cornerstone of the Board's public accountability and reporting of results.

Further details on the Board's authority, mandate and program activities may be found in the PBC's [Report on Plans and Priorities](#).

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Board's spending authorities granted by Parliament and those used by the department, consistent with the Main Estimates and Supplementary Estimates for the 2014-2015 fiscal year. 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 moneys can be spent by the Government. 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.

When Parliament is dissolved for the purposes of a general election, section 30 of the Financial Administration Act authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

The Board uses the full accrual method of accounting to prepare and present its annual departmental financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

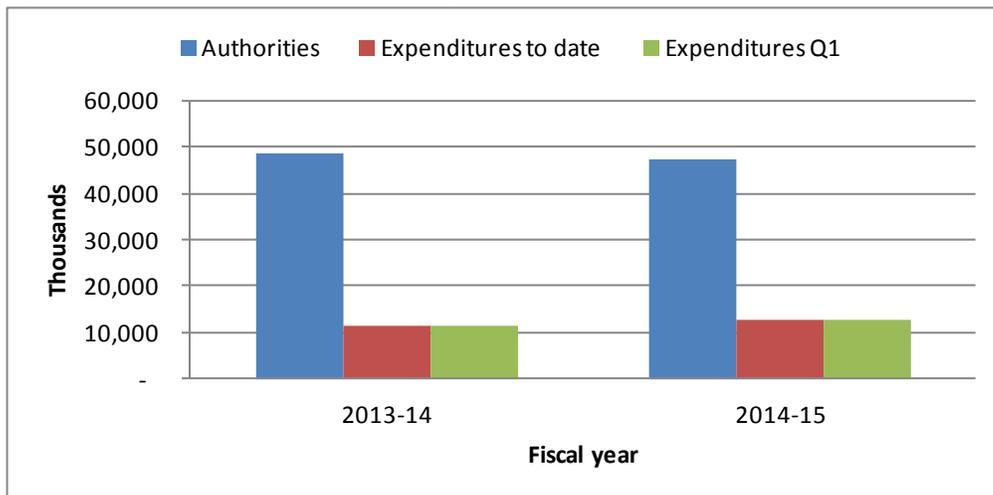
Highlights of Fiscal Quarter and Fiscal Year-to-Date Results

Significant Changes to Authorities

As at June 30, 2014, total authorities available for the year have decreased by \$1.5M compared to the same quarter of the previous year, from \$48.6M to \$47.1M. The major changes are as follows:

- A decrease of \$2.1 million due to savings identified as part of Budget 2012 Spending Review;
- A decrease of \$0.3 million related to the Employee Benefit Plan;
- A decrease of \$0.1 million related to the transfer to Public Works and Government Services to consolidate all federal government pay administration services into one centre of expertise in Miramichi, New Brunswick;
- An increase of \$0.9 million, the last of six annual increases related to the Government's Truth in Sentencing Act (Bill C-25);
- An increase of \$0.1 million due to the compensation for collective agreement.

Figure 1 - First Quarter Expenditures Compared to Annual Authorities



Significant Changes to Gross Budgetary Expenditures

Quarterly and year-to-date spending, net of revenue, increased by \$1,136K or 10% in 2014-15, compared with the same quarter in 2013-14. Gross budgetary expenditures increased by \$951k or 8% in 2014-15 compared to 2013-14, and revenue decreased in 2014-15 by \$185K, or 18%, compared to 2013-14.

The following paragraphs provide detail of significant changes.

- Personnel expenditures decreased by \$424K, or 4%, in the first quarter of 2014-15. The majority of this decrease relates to a reduced usage of part-time Board members compared to the first quarter of 2013-14. As well, payments for severance pay upon retirement in the first quarter of 2014-15 were less than those in the same quarter of 2013-14.
- Professional and Special Services expenditures decreased by \$52K, or 15%, compared with the first quarter last year, largely due to timing differences in payment of legal fees. The payment related to legal services made in the first quarter of 2013-14 was not made in the first quarter in 2014-15, but was made in the second quarter.
- Rental expenditures increased by \$56K, or 311%, compared with the first quarter last year, largely due to timing differences in payment of rental of office space. The payment related to the rental of office space for the Pardons backlog group made in the first quarter of 2014-15 was made in the second quarter of 2013-14.
- Acquisitions increased by \$96K or 565% compared with the first quarter last year. This increase is related to expenditures for the Board's Medium to Long Term Accommodation Plan for fit up costs at National Office.
- Other subsidies and payments increased by \$1,301K compared with the first quarter last year due to a one-time transition payment of \$ 1,291K for implementing salary payment in arrears by the Government of Canada.

Significant Changes to Revenues Collected

The number of record suspension applications accepted in the first quarter of 2014-15 was 1,740, which is 18% less than the same quarter of 2013-14. This resulted in a corresponding 18% or \$185K decrease in revenues collected in the first quarter of 2014-15, compared to 2013-14.

Risks and Uncertainties

The PBC receives its funding through annual Parliamentary authorities. As a result, its operations are affected by any changes in funding approved through Parliament. The Board collects user fees for processing record suspension applications, and has the authority to spend revenues received during the year on activities related to processing applications for record suspensions. Lower-than-expected volumes from forecasts will have an impact on the Board's net financial situation.

Significant Changes in Relation to Operations, Personnel, and Programs

On May 20, 2014, Martin van Ginhoven was named Regional Director General, Quebec Region.

Budget 2012 Implementation

This section provides an overview of the savings measures, announced in Budget 2012, that are being implemented in order to refocus government and programs, make it easier for Canadians and business to deal with their government, and modernize and reduce the back office.

The PBC will achieve Budget 2012 savings of \$4.8M by 2014-15 through internal efficiency measures and through operational changes to how some conditional release reviews are conducted. The Board will maintain its focus on public safety, and the long term protection of society, by making quality decisions regarding conditional release and record suspensions.

In the first year of implementation, the Board achieved savings of \$1.6M. Savings increased to \$2.7M in 2013-14 and to \$4.8M in 2014-15 ongoing. To date, cost savings have been achieved through the use of office reviews in place of hearings and reduction in quorum for certain types of post-release decisions, reduced travel due to telework by Board members, and increased use of video-conferencing in hearings and internal meetings and other various efficiency measures.

The balance of Budget 2012 savings will be reflected later in the fiscal year.

There are no financial risks or uncertainties related to these savings. Work on all initiatives is underway or completed in accordance with plans.

Approval by Senior Officials

Approved by,

Harvey Cenaiko
Chairperson

Cathy Gaudet, CPA, CA
Chief Financial Officer

Statement of Authorities (unaudited)

(In thousands of dollars)	Fiscal year 2014-2015			Fiscal year 2013-2014		
	Total available for uses for the year ending March 31, 2015*	Used during the quarter ended June 30, 2014	Year-to-date used at quarter-end	Total available for uses for the year ending March 31, 2014*	Used during the quarter ended June 30, 2013	Year-to-date used at quarter-end
Vote 35 – Program expenditures	47,003	12,050	12,050	48,001	10,982	10,982
Less revenues netted against expenditures	5,645	818	818	5,645	1,003	1,003
Total net Program expenditures	41,358	11,232	11,232	42,356	9,979	9,979
Budgetary statutory authorities - EBP	5,771	1,443	1,443	6,241	1,560	1,560
Total authorities	47,129	12,675	12,675	48,597	11,539	11,539

Departmental Budgetary Expenditures by Standard Object (unaudited)

(In thousands of dollars)	Fiscal year 2014-2015			Fiscal year 2013-2014		
	Planned expenditures for the year ending March 31, 2015*	Expended during the quarter ended June 30, 2014	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2014*	Expended during the quarter ended June 30, 2013	Year-to-date used at quarter-end
Expenditures						
Personnel	40,749	11,227	11,227	42,108	11,651	11,651
Transportation and communications	3,615	436	436	3,930	462	462
Information	226	10	10	155	11	11
Professional and special services	4,505	302	302	4,491	354	354
Rentals	302	74	74	284	18	18
Repair and maintenance	1,412	7	7	1,420	6	6
Utilities, materials and supplies	490	23	23	509	23	23
Acquisition of machinery and equipment	1,475	113	113	1,334	17	17
Other subsidies and payments	-	1,301	1,301	11	-	-
Total gross budgetary expenditures	52,774	13,493	13,493	54,242	12,542	12,542
Total revenues netted against expenditures	5,645	818	818	5,645	1,003	1,003
Total net budgetary expenditures	47,129	12,675	12,675	48,597	11,539	11,539

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