



# Quarterly Financial Report for the Quarter ended September 30, 2018



## **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 Directive on Accounting Standards, GC 4400 Departmental Quarterly Financial Report. This quarterly report should be read in conjunction with the Main Estimates and Supplementary Estimates.

A summary description of the Parole Board of Canada (PBC), its Raison d'être and core responsibilities can be found in [Part II of the Main Estimates](#).

This Quarterly Report has not been subject to an external audit or review.

## **Basis of Presentation**

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the PBC's spending authorities granted by Parliament and those used by the department. Authorities include amounts granted through the Main Estimates and Supplementary Estimates for the 2018-19 fiscal year and any spendable revenue earned and available for use to quarter end. 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.

The PBC 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.

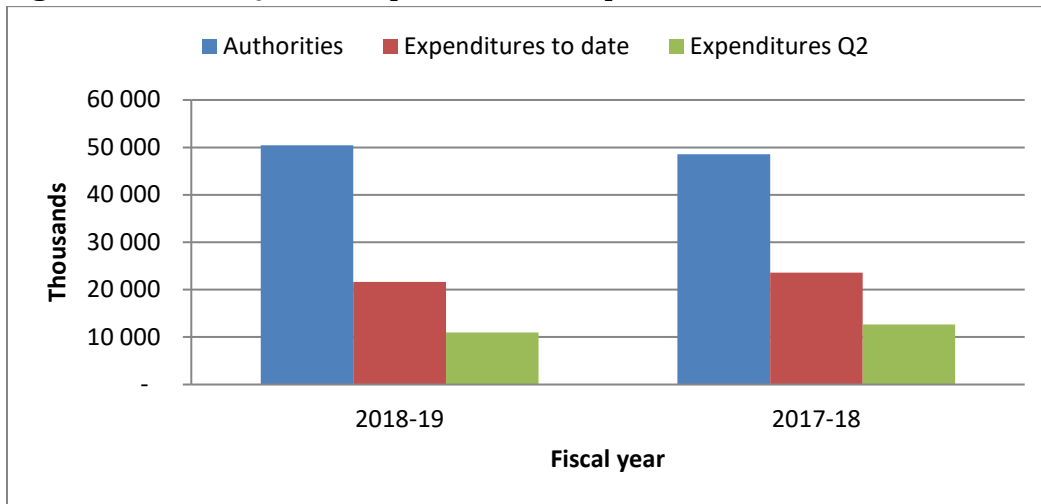
## **Highlights of Fiscal Quarter and Fiscal Year-to-Date Results**

### Significant Changes to Authorities

Since June 30, 2018, PBC's total authorities available for the year have increased by \$2.3M, as a result of receiving its carry-forward funding of unused authorities from 2017-18. As at September 30, 2018, total authorities available for the year have increased by \$1.9M compared to the same quarter of the previous year, from \$48.6M to \$50.5M. This increase is attributed to compensation for collective agreements and an increase for Employee Benefit Plans (EBP).

As illustrated in Figure 1, the PBC has spent approximately 43% of its authorities at the end of the second quarter, which is less than last year's rate of 48%. As PBC's most significant expense is salaries, its spending is generally distributed equally throughout the year.

**Figure 1 - Second Quarter Expenditures Compared to Annual Authorities**



### Significant Changes to Gross Budgetary Expenditures

Year-to date gross budgetary expenditures decreased by \$1,993K or 8% in 2018-19 compared to 2017-18, and revenue decreased in 2018-19 by \$84K, or 4%, compared to 2017-18. The following paragraphs provide details of key changes:

- Year-to-date personnel expenditures decreased by \$2,038K, or 8%, in 2018-19 compared to 2017-18. The variance is attributable to the payment of retroactive pay under signed collective agreements last year. This event also explains the decrease of \$2,121K between personnel expenditures reported for the second quarter of 2018-19 compared to the second quarter of 2017-18. Note that advances provided to employees due to pay issues are now reported under Personnel expenditures rather than Loans, Investments & Advances. Comparative figures presented for 2017-18 have been reclassified to conform to the presentation for 2018-19.
- Spending on acquisitions of machinery and equipment dropped by \$100K in the second quarter this fiscal year, and is mostly attributed to the purchase of software for the GX financial system made last year.

### Significant Changes to Revenues

Revenues decreased by \$310K, or 23%, compared with the second quarter of 2017-18; however, year-to-date revenues have decreased by only \$84K or 4%. The variance between quarters is attributed to timing differences in the receipt and processing of applications.

### **Risks and Uncertainties**

The PBC receives the majority of its funding through annual Parliamentary authorities. As a result, its operations are affected by any changes in funding approved through Parliament. The PBC also collects user fees for processing record suspension/pardon applications, and has the authority to spend revenues received during the year on related activities. Significant variances in

the volume of applications and the revenue collected may occur in response to legislative or policy changes affecting this program.

### **Significant Changes in Relation to Operations, Personnel, and Programs**

During the second quarter of 2018-19, there have been no significant changes in relation to operations, personnel and programs.

Subsequent to the close of the second quarter, the Government announced plans to table legislation that would enable Canadians with a record for simple cannabis possession to apply for a pardon with no waiting period or fee, both of which are currently required. These changes will only be active after legislation is passed.

### **Approval by Senior Officials**

Approved by,

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Jennifer Oades  
Chairperson

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Chantal Lemyre, CPA, CGA  
Chief Financial Officer

Ottawa, Canada  
November 16, 2018

## Statement of Authorities (unaudited)

(in thousands of dollars)	Fiscal year 2018-19		
	Total available for use for the year ending March 31, 2019*	Used during the quarter ended September 30, 2018	Year-to-date used at quarter-end
Vote 1 – Program expenditures	50,419	10,607	21,109
Less revenues netted against expenditures	**5,645	1,050	2,295
<b>Total net Program expenditures</b>	<b>44,774</b>	<b>9,557</b>	<b>18,814</b>
Budgetary statutory authorities – EBP	5,679	1,419	2,839
<b>Total authorities</b>	<b>50,453</b>	<b>10,976</b>	<b>21,653</b>

(in thousands of dollars)	Fiscal year 2017-18		
	Total available for use for the year ending March 31, 2018*	Used during the quarter ended September 30, 2018	Year-to-date used at quarter-end
Vote 1 – Program expenditures	48,639	12,605	23,149
Less revenues netted against expenditures	**5,645	1,360	2,379
<b>Total net Program expenditures</b>	<b>42,994</b>	<b>11,245</b>	<b>20,770</b>
Budgetary statutory authorities – EBP	5,586	1,396	2,792
<b>Total authorities</b>	<b>48,580</b>	<b>12,641</b>	<b>23,562</b>

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

\*\*The amount of revenues netted against expenditures reported in the Main Estimates is based on an estimated amount of 12,000 accepted applications multiplied by the portion of the \$631 user fee that is responsible by PBC (\$470).

## Departmental budgetary expenditures by Standard Object (unaudited)

(in thousands of dollars)	Fiscal year 2018-19		
	Planned expenditures for the year ending March 31, 2019*	Expended during the quarter ended September 30, 2018	Year-to-date used at quarter-end
<b>Expenditures</b>			
Personnel	47,739	10,844	22,125
Transportation and communications	3,116	665	1,082
Information	121	5	9
Professional and special services	4,206	349	466
Rentals	159	45	74
Repair and maintenance	90	15	28
Utilities, materials and supplies	289	36	41
Acquisition of machinery and equipment	373	38	44
Other subsidies and payments	4	29	79
Loans, Investments and Advances	-	-	-
<b>Total gross budgetary expenditures</b>	<b>56,098</b>	<b>12,026</b>	<b>23,948</b>
<b>Less Revenues netted against expenditures:</b>			
User fee revenues netted against expenditures	5,645	1,050	2,295
<b>Total net budgetary expenditures</b>	<b>50,453</b>	<b>10,976</b>	<b>21,653</b>

(in thousands of dollars)	Fiscal year 2017-18		
	Planned expenditures for the year ending March 31, 2018*	Expended during the quarter ended September 30, 2017	Year-to-date used at quarter-end
<b>Expenditures</b>			
Personnel**	43,483	12,965	24,163
Transportation and communications	3,960	587	993
Information	374	1	1
Professional and special services	5,362	262	474
Rentals	198	28	49
Repair and maintenance	142	(20)	30
Utilities, materials and supplies	424	33	58
Acquisition of machinery and equipment	265	139	144
Other subsidies and payments**	17	6	29
Loans, Investments and Advances**	-	-	-
<b>Total gross budgetary expenditures</b>	<b>54,225</b>	<b>14,001</b>	<b>25,941</b>
<b>Less Revenues netted against expenditures:</b>			
User fee revenues netted against expenditures	5,645	1,360	2,379
<b>Total net budgetary expenditures</b>	<b>48,580</b>	<b>12,641</b>	<b>23,562</b>

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

\*\*Comparative figures have been reclassified to conform to the current year's presentation.