STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING

Responsibility for the integrity and objectivity of the accompanying consolidated financial statements for the year ended March 31, 2025, and all information contained in these statements rests with the management of the Correctional Service of Canada (CSC). These consolidated financial statements have been prepared by management using the Government of Canada's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these consolidated financial statements. Some of the information in the consolidated financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of CSC's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in CSC's Departmental Results Report, is consistent with these consolidated financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout CSC and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

A risk-based assessment of the system of ICFR for the year ended March 31, 2025 was completed in accordance with the Treasury Board Policy on Financial Management and the results and action plans are summarized in the annex.

The effectiveness and adequacy of CSC's system of internal control is reviewed by the work of internal audit staff, who conduct periodic audits of different areas of CSC's operations, and by the Departmental Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

The consolidated financial statements of CSC have not been audited.

Original signed by	Original signed by
Anne Kelly, Commissioner	Tony Matson, Chief Financial Officer

Ottawa, Canada
August 20, 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

As at March 31
(in thousands of dollars)

	2025	2024 Restated (note 16)
Liabilities		
Accounts payable and accrued liabilities (note 4)	1,089,408	1,312,850
Environmental liabilities and asset retirement obligations (note 5)	120,666	129,605
Vacation pay and compensatory leave	93,116	91,803
Employee future benefits (note 6)	37,927	37,300
Inmate Trust Fund (note 7)	35,185	32,326
Deferred revenue (note 8)	936	694
Total net liabilities	1,377,238	1,604,578
Assets		
Financial assets		
Due from Consolidated Revenue Fund	553,325	337,902
Accounts receivable, advances and loans (note 9)	62,713	71,465
Inventories held for resale (note 10)	11,831	12,218
Total gross financial assets	627,869	421,585
Financial assets held on behalf of Government		
Accounts receivable, advances and loans (note 9)	(622)	(1,452)
Total financial assets held on behalf of Government	(622)	(1,452)
Total net financial assets	627,247	420,133
Organizational net debt	749,991	1,184,445
Non-financial assets		
Inventories not for resale (note 10)	31,036	27,525
Tangible capital assets (note 11)	2,606,712	2,522,955
Total non-financial assets	2,637,748	2,550,480
Organizational net financial position	**1,887,757**	**1,366,035**

Contractual obligations (note 12)
Contingent liabilities and contingent assets (note 13)

The accompanying notes form an integral part of these consolidated financial statements.

Original signed by

Anne Kelly,
Commissioner

Original signed by

Tony Matson,
Chief Financial Officer

Ottawa, Canada
August 20, 2025

CORRECTIONAL SERVICE OF CANADA

CONSOLIDATED STATEMENT OF OPERATIONS AND ORGANIZATIONAL NET FINANCIAL POSITION (unaudited)

For the Year Ended March 31
(in thousands of dollars)

	2025 Planned Results	2025 Actual	2024 Actual Restated (note 16)
Expenses			
Care and Custody	1,995,575	1,962,445	2,646,673
Correctional Interventions	611,770	664,118	692,555
Community Supervision	198,861	233,876	222,672
Internal Services	468,743	479,041	513,149
Expenses incurred on behalf of Government	-	(7,628)	(20,089)
Total expenses	3,274,949	3,331,852	4,054,960
Revenues			
Sales of goods and services	50,825	66,393	57,997
Miscellaneous revenues	3,943	6,058	4,544
Other	3,479	3,659	5,047
Revenues earned on behalf of Government	(3,479)	(4,285)	(5,037)
Total revenues	54,768	71,825	62,551
Net cost of operations before government funding and transfers	3,220,181	3,260,027	3,992,409
Government funding and transfers			
Net cash provided by Government of Canada		3,358,002	3,300,524
Change in due from Consolidated Revenue Fund		215,423	39,439
Services provided without charge by other government departments (note 14a)		208,674	197,967
Transfer of the transition payments for implementing salary payments in arrears		(2)	--
Transfer of tangible capital assets (to) other government departments (note 14d)		-	(32)
Other transfers of assets and liabilities (to) from other government departments (note 14d)		(348)	9
Total Government Funding and Transfers		3,781,121	3,537,907
(Revenue from) net cost of operations after government funding and transfers		(521,722)	454,502
Organizational net financial position – Beginning of year		1,366,035	1,820,537
Organizational net financial position – End of year		1,887,757	1,366,035

Segmented information (note 15)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGE IN ORGANIZATIONAL NET DEBT (unaudited)

For the Year Ended March 31
(in thousands of dollars)

	2025	2024 Restated (note 16)
(Revenue from) net cost of operations after government funding and transfers	**(521,722)**	**454,502**
Change due to tangible capital assets		
Acquisition of tangible capital assets (note 11)	**250,223**	**258,664**
Amortization of tangible capital assets (note 11)	**(149,687)**	**(130,703)**
Proceeds from disposal of tangible capital assets	**(2,985)**	**(2,086)**
(Loss) on disposal of tangible capital assets	**(10,498)**	**(4,333)**
Tangible capital assets adjustments (note 11)	**(3,296)**	**(432)**
Transfer to other government departments (note 14d)	**-**	**(32)**
Total change due to tangible capital assets	**83,757**	**121,078**
Change due to inventories not for resale	**3,511**	**1,872**
(Decrease) increase in organizational net debt	**(434,454)**	**577,452**
Organizational net debt – Beginning of year	**1,184,445**	**606,993**
Organizational net debt – End of year	**749,991**	**1,184,445**

The accompanying notes form an integral part of these consolidated financial statements.

CORRECTIONAL SERVICE OF CANADA

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

For the Year Ended March 31
(in thousands of dollars)

	2025	2024 Restated (note 16)
Operating activities		
Net cost of operations before government funding and transfers	3,260,027	3,992,409
Non-cash items		
Amortization of tangible capital assets (note 11)	(149,687)	(130,703)
(Loss) on disposal of tangible capital assets	(10,498)	(4,333)
Tangible capital assets adjustments (note 11)	(3,296)	(432)
Services provided without charge by other government departments (note 14a)	(208,674)	(197,967)
Transition payments for implementing salary payments in arrears	2	-
Variations in Consolidated Statement of Financial Position		
Decrease (increase) in accounts payable and accrued liabilities (note 4)	223,442	(587,201)
(Increase) decrease in vacation pay and compensatory leave	(1,313)	780
Decrease (increase) in environmental liabilities and asset retirement obligations (note 5)	8,939	(2,872)
(Increase) decrease in employee future benefits (note 6)	(627)	1,887
(Increase) decrease in Inmate Trust Fund (note 7)	(2,859)	1,657
(Increase) in deferred revenue (note 8)	(242)	(19)
(Decrease) in accounts receivable, advances and loans (note 9)	(7,922)	(30,931)
Increase in inventories (note 10)	3,124	1,680
Transfer of assets to (from) other government departments (note 14d)	348	(9)
Cash used in operating activities	**3,110,764**	**3,043,946**
Capital investing activities		
Acquisitions of tangible capital assets (note 11)	250,223	258,664
Proceeds from disposal of tangible capital assets	(2,985)	(2,086)
Cash used in capital investing activities	**247,238**	**256,578**
Net cash provided by Government of Canada	**3,358,002**	**3,300,524**

The accompanying notes form an integral part of these consolidated financial statements.

1. Authority and Objectives

The constitutional and legislative framework that guides the Correctional Service of Canada (CSC) is set out by the *Constitution Act 1982* and the *Corrections and Conditional Release Act* (CCRA).

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).

It delivers its mandate under the following core responsibilities:

Care and Custody: CSC provides for the safety, security and humane care of inmates, including day-to-day needs of inmates such as food, clothing, accommodation, mental health services, and physical health care. It also includes security measures within institutions such as drug interdiction, and appropriate control practices to prevent incidents;

Correctional Interventions: CSC conducts assessment activities and program interventions to support federal offenders' rehabilitation and facilitate their reintegration into the community as law-abiding citizens. CSC also engages Canadian citizens as partners in its correctional mandate, and provides services to victims of crime;

Community Supervision: CSC supervises offenders in the community and provides structure and services to support their safe and successful reintegration into the community. Services include accommodation options, community health services, and the establishment of community partnerships. CSC manages offenders on parole, statutory release, and long-term supervision orders; and

Internal Services: Internal services are the services that are provided within a department so that it can meet its corporate obligations and deliver its programs. There are ten categories of internal services: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Management Services; Materiel Management Services; and Acquisition Management Services.

2. Summary of Significant Accounting Policies

These consolidated financial statements are prepared using CSC's accounting policies stated below, which are 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) Parliamentary authorities

CSC is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to CSC do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Consolidated Statement of Operations and Organizational Net Financial Position and in the Consolidated Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the "Expenses" and "Revenues" sections of the Consolidated Statement of Operations and Organizational Net Financial Position are the amounts reported in the Consolidated Future-Oriented Statement of Operations included in the 2024-2025 Departmental Plan. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2024-2025 Departmental Plan.

b) Consolidation

These consolidated financial statements include the accounts of the sub-entity for which the Commissioner is accountable. The accounts of this sub-entity, the CORCAN Revolving Fund, have been consolidated with those of CSC and all intra-organizational balances and transactions have been eliminated.

c) Net Cash Provided by Government

CSC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by CSC is deposited to the CRF and all cash disbursements made by CSC are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Federal Government.

d) Amounts due from or to the Consolidated Revenue Fund (CRF)

Amounts due from or to the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that CSC is entitled to draw from the CRF without further authorities to discharge its liabilities.

2. Summary of Significant Accounting Policies (continued)

e) Revenues

- Revenues are recognized in the period the event giving rise to the revenues occurred.
- Deferred revenue consists of amounts received in advance of the delivery of goods and rendering of services that will be recognized as revenue in a subsequent fiscal year as it is earned.
- CSC also earns revenues through charging other government departments for internal support services that are then respendable as part of agreements with those departments.
- Revenues that are non-respendable are not available to discharge CSC's liabilities. While the Commissioner is expected to maintain accounting control, she 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 in reduction of CSC's gross revenues.

f) Expenses

Expenses are recorded on an accrual basis:

- 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 carrying value.
- Transfer payments are recorded as an expense in the year the transfer is authorized and all eligibility criteria have been met by the recipient.

g) Employee future benefits

- Pension benefits – Eligible employees participate in the Public Service Pension Plan, a multi-employer pension plan administered by the Government. CSC's contributions to the Plan are charged to expenses in the year incurred and represent the total organizational obligation to the Plan. CSC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.
- Severance benefits – The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

2. Summary of Significant Accounting Policies (continued)

h) Financial instruments

A contract establishing a financial instrument creates, at its inception, rights, and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. CSC recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of accounts and loans receivable. Accounts and loans receivable are initially recorded at cost. When necessary, an allowance for valuation is recorded to reduce the carrying value of accounts and loans receivable to amounts that approximate their net recoverable value.

i) Inventories

- Inventories held for resale include raw materials, finished goods and work-in-progress. They belong to the CORCAN Revolving Fund and are valued at the lower of cost or net realizable value. The organization makes provisions for excess and obsolete inventory.

- Inventories not for resale consist of materials and supplies held for future program delivery and are valued at cost. Inventories that no longer have any service potential, are valued at the lower of cost or net realizable value.

j) Tangible capital assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets, as described in Note 11. All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost. Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*, works of art, museum collections and Crown land to which no acquisition cost is attributable; and intangible assets.

k) Contingent liabilities and Contingent assets

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a provision is accrued and an expense recorded to other expenses. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements.

Contingent assets are possible assets which may become actual assets when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, the contingent asset is disclosed in the notes to the financial statements.

2. Summary of Significant Accounting Policies (continued)

l) Environmental liabilities and asset retirement obligations

An environmental liability for the remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, CSC is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects CSC's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination.

An asset retirement obligation is recognized when all of the following criteria are satisfied: there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past event or transaction giving rise to the retirement liability has occurred, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The costs to retire an asset are normally capitalized and amortized over the asset's estimated remaining useful life. An asset retirement obligation may arise in connection with a tangible capital asset that is not recognized or no longer in productive use. In this case, the asset retirement cost would be expensed. The measurement of the liability is CSC's best estimate of the amount required to retire a tangible capital asset.

When the future cash flows required to settle or otherwise extinguish a liability are estimable, predictable and expected to occur over extended future periods, a present value technique is used. The discount rate used reflects the CSC's cost of borrowing, associated with the estimated number of years to complete remediation.

The recorded liabilities are adjusted each year, as required, for inflation, new obligations, changes in management estimates and actual costs incurred.

m) Measurement uncertainty

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. The most significant areas where estimates are used are contingent and settled claim liabilities, environmental liabilities, the liability for employee future benefits, the fair value of non-monetary transactions related to leased tangible capital assets and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the consolidated financial statements in the year they become known.

Environmental liabilities and asset retirement obligations as discussed in Note 5 are subject to measurement uncertainty due to the evolving technologies used in the estimation of the costs for remediation of contaminated sites, the use of future estimated costs, and the fact that not all sites have had a complete assessment of the extent and nature of remediation. Changes to underlying assumptions, the timing of the expenditures, the technology employed, or the revisions to environmental standards or changes in regulatory requirements could result in significant changes to the environmental liabilities recorded.

2. Summary of Significant Accounting Policies (continued)

n) Related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

i. Services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.

ii. Certain services received on a without charge basis are recorded for departmental financial statement purposes at the carrying amount.

3. Parliamentary Authorities

CSC receives most of its funding through annual Parliamentary authorities. Items recognized in the Consolidated Statement of Operations and Organizational Net Financial Position and the Consolidated Statement of Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, CSC has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

a) *Reconciliation of net cost of operations to current year authorities used*

(in thousands of dollars)	**2025**	**2024 Restated (note 16)**
Net cost of operations before government funding and transfers	**3,260,027**	**3,992,409**
Adjustments for items affecting net cost of operations but not affecting authorities:		
Add (Less):		
Amortization of tangible capital assets (note 11)	(149,687)	(130,703)
Net loss on disposal of tangible capital assets and other adjustments	(13,794)	(9,662)
Services provided without charge by other government departments (note 14a)	(208,674)	(197,967)
(Increase) decrease in vacation pay and compensatory leave	(1,313)	780
(Increase) decrease in employee future benefits	(627)	1,887
Decrease (increase) in environmental liabilities and asset retirement obligations	8,939	(2,872)
Refund of prior years' expenditures	5,478	6,083
Other	440,634	(549,955)
	80,956	**(882,409)**
Adjustments for items not affecting net cost of operations but affecting authorities:		
Add (Less):		
Acquisitions of tangible capital assets (note 11)	250,223	258,664
Increase in inventories	3,124	1,680
Transition payments for implementing salary payments in arrears	2	-
Other	6,186	4,618
	259,535	**264,962**
Current year authorities used	**3,600,518**	**3,374,962**

3. Parliamentary Authorities (continued)

b) Authorities provided and used

(in thousands of dollars)	2025	2024
Vote 1 – Operating expenditures	**3,312,807**	**3,127,665**
Vote 5 – Capital expenditures	**289,464**	**269,046**
Statutory items:		
CORCAN Revolving Fund	**15,670**	**19,532**
Other Statutory Items	**277,533**	**281,865**
	3,895,474	**3,698,108**
Less:		
Authorities available for future years (excluding CORCAN)	**966**	**141**
CORCAN Revolving Fund available authority	**22,518**	**21,670**
Lapsed authorities: Vote 1 – Operating expenditures	**228,260**	**288,652**
Lapsed authorities: Vote 5 – Capital expenditures	**43,212**	**12,683**
Current year authorities used	**3,600,518**	**3,374,962**

4. Accounts Payable and Accrued Liabilities

The following table presents details of CSC's accounts payable and accrued liabilities:

(in thousands of dollars)	2025	2024
Accounts payable - Other government departments and agencies	**68,865**	**66,423**
Accounts payable - External parties	**92,436**	**101,107**
Total accounts payable	**161,301**	**167,530**
Accrued liabilities (1)	**928,107**	**1,145,320**
Total accounts payable and accrued liabilities	**1,089,408**	**1,312,850**

1. Settled claim liabilities included as part of accrued liabilities above total $401,986 thousand as at March 31, 2025 ($843,195 thousand as at March 31, 2024)

5. Environmental Liabilities and Asset Retirement Obligations

(in thousands of dollars)	2025	2024
Remediation liability for contaminated sites	**678**	**1,794**
Asset retirement obligations	**119,988**	**127,811**
Total environmental liabilities and asset retirement obligations	**120,666**	**129,605**

a) Remediation of contaminated sites

The Government's "Federal Approach to Contaminated Sites" sets out a framework for management of contaminated sites using a risk-based approach. Under this approach the Government has inventoried the contaminated sites identified on federal lands, allowing them to be classified, managed and recorded in a consistent manner. This systematic approach aids in identification of the high-risk sites in order to allocate limited resources to those sites which pose the highest risk to human health and the environment.

CSC has identified a total of 9 sites (29 sites in 2024) where contamination may exist and assessment, remediation and monitoring may be required. Of these, CSC has identified 6 sites (12 sites in 2024) where action is required and for which a gross liability of $551 thousand ($1,045 thousand in 2024) has been recorded. This liability estimate has been determined based on-site assessments performed by environmental experts.

In addition, a statistical model based upon a projection of the number of sites that will proceed to remediation and upon which current and historical costs are applied is used to estimate the liability for a group of unassessed sites. As a result, 1 site is projected to have a liability (6 sites in 2024) where a liability estimate of $127 thousand ($749 thousand in 2024) has been recorded using this model.

These two estimates combined, totalling $678 thousand ($1,794 thousand in 2024), represents management's best estimate of the costs required to remediate the sites to the current minimum standard for its use prior to contamination, based on information available at the financial statement date.

For the remaining 2 sites (14 sites in 2024), no liability for remediation has been recognized. Some of these sites are at various stages of testing and evaluation and if remediation is required, liabilities will be reported as soon as a reasonable estimate can be determined. For these sites, CSC does not expect to give up any future economic benefit (there is likely no significant environmental impact or human health threats). These sites will be re-examined and a liability for remediation will be recognized if future economic benefits will be given up.

5. Environmental Liabilities and Asset Retirement Obligations (continued)

a) Remediation of contaminated sites (continued)

The following table presents the total estimated amounts of these liabilities by nature and source and the total undiscounted future expenditures as at March 31, 2025 and March 31, 2024. When the liability estimate is based on a future cash requirement, the amount is adjusted for inflation using a forecast CPI rate of 2.0% (2.0% in 2024). Inflation is included in the undiscounted amount.

NATURE & SOURCE OF LIABILITY

	2025			2024		
Nature & Source	**Total Number of Sites**	**Number of Sites with a liability**	**Estimated Liability and Total Undiscounted Expenditures[4]** (in thousands of dollars)	**Total Number of Sites**	**Number of Sites with a liability**	**Estimated Liability and undiscounted expenditures[4]** (in thousands of dollars)
Fuel Related Practices [1]	3	2	323	12	5	568
Landfills/Waste Sites [2]	3	2	184	9	6	765
Other [3]	3	3	171	8	7	461
Totals	**9**	**7**	**678**	**29**	**18**	**1,794**

(1) Contamination primarily associated with fuel storage and handling, e.g. accidental spills related to fuel storage tanks or former fuel handling practices, e.g. petroleum hydrocarbons, polyaromatic hydrocarbons and BTEX.
(2) Contamination associated with former landfill/waste site or leaching from materials deposited in the landfill/waste site, e.g. metals, petroleum hydrocarbons, polyaromatic hydrocarbons, BTEX, other organic contaminants, etc.
(3) Contamination from other sources, e.g. use of pesticides, herbicides, fertilizers at agricultural sites; use of PCBs, firefighting training areas, firing ranges and training facilities, etc.
(4) It was determined that the effects of discounting of these liabilities for each fiscal year is immaterial for CSC. Therefore, the present value technique has not been used to calculate the discounted value for each site.

Also, during the year 20 sites (3 sites in 2024) were closed as they were either remediated or assessed to confirm that they no longer meet all the criteria required to record a liability for contaminated sites and no sites (no sites in 2024) were re-opened.

5. Environmental Liabilities and Asset Retirement Obligations (continued)

b) Asset Retirement Obligations

CSC has recorded asset retirement obligations for the removal of asbestos and other hazardous materials in buildings, closure and post-closure obligations associated with other works and infrastructure, retirement activities linked to machinery and equipment, and other asset retirement obligations.

The changes in asset retirement obligations during the year are as follows:

	2025				2024
(in thousands of dollars)	**Asbestos and other hazardous material in buildings**	**Storage tanks**	**Closure and post-closure obligations - other works and infrastructure**	**Total**	
Opening balance	126,029	1,508	274	127,811	124,725
Revisions in estimated cash flows	(11,152)	(135)	(10)	(11,297)	-
Accretion expense(1)	3,425	41	8	3,474	3,086
Closing balance	**118,302**	**1,414**	**272**	**119,988**	**127,811**

(1) Accretion expense is the increase in the carrying amount of an asset retirement obligation due to the passage of time.

The undiscounted future expenditures, adjusted for inflation, for the planned projects comprising the liability are $144,276 thousand ($153,640 thousand as at March 31, 2024). There were no new liabilities nor settlement of liabilities in 2024-2025.

Key assumptions used in determining the provision are as follows:

	2025	2024
Discount rate	**2.84%**	**2.45%**
Discount period and timing of settlement		
Asbestos and other hazardous material in buildings	**1 to 29 years**	**10 years**
Storage tanks	**1 to 14 years**	**10 years**
Closure and post-closure obligations - other works and infrastructure	**1 to 31 years**	**10 years**
Long-term rate of inflation	**2.00%**	**2.00%**

CSC's ongoing efforts to assess contaminated sites and asset retirement obligations may result in additional environmental liabilities and asset retirement obligations.

6. Employee Future Benefits

a) Pension Benefits

CSC's employees participate in the public service pension plan (the "Plan"), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Both the employees and CSC contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2024-2025 expense amounts to $180,957 thousand ($168,828 thousand in 2023-2024). For Group 1 members, the expense represents approximately 1.02 times (1.02 times in 2023-2024) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2023-2024) the employee contributions.

CSC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Consolidated Financial Statements of the Government of Canada, as the Plan's sponsor.

b) Severance benefits

Severance benefits provided to CSC's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011 the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By March 31, 2025, substantially all settlements for immediate cash out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligations during the year were as follows:

(in thousands of dollars)	**2025**	**2024**
Accrued benefit obligation – Beginning of year	**37,300**	**39,187**
Expenses for the year	**3,286**	**(145)**
Benefits paid during the year	**(2,659)**	**(1,742)**
Accrued benefit obligation – End of year	**37,927**	**37,300**

7. Inmate Trust Fund

Pursuant to section 111 of the *Corrections and Conditional Release Regulations*, this account is credited with all moneys brought into the institution by an inmate on admission or readmission, and all moneys that are received on the inmate's behalf while in custody, including, monetary gifts from a third party, payments for program participation, pay earned while on work release or conditional release in the community, moneys received from a third party for work performed in an institution or a CSC approved inmate operated business enterprise, sale of hobby craft or custom work, a payment, allowance or income paid by either a private or government source. Deductions may be made from this account for issues such as debts to the Crown, the Inmate Welfare Fund, canteen expenditures, telephone calls, payments to assist in the reformation and rehabilitation of the inmate, and any other payments for which the inmate is liable.

(in thousands of dollars)	2025	2024
Beginning of year	**32,326**	**33,983**
Receipts	**52,865**	**49,004**
Disbursements	**(50,006)**	**(50,661)**
End of year	**35,185**	**32,326**

8. Deferred Revenue

Deferred revenue represents the balance at year-end of unearned revenues stemming from amounts received from external parties which are restricted to fund the expenditures related to specific projects, and amounts received for fees prior to services being performed. Revenue is recognized in the period that these expenditures are incurred or in which the service is performed. Details of the transactions related to this account are as follows:

(in thousands of dollars)	2025	2024
Opening balance	**694**	**675**
Amounts received	**9,909**	**7,676**
Revenue recognized	**(9,667)**	**(7,657)**
Ending balance	**936**	**694**

9. Accounts Receivable, Advances and Loans

The following table presents details of CSC's accounts receivable, advances, and loans balances:

(in thousands of dollars)	**2025**	**2024**
Receivables - Other government departments and agencies	**11,956**	**10,752**
Receivables - External parties	**76,622**	**78,226**
Employee advances	**2,021**	**2,393**
Parolee loans and advances to individuals other than employees	**121**	**193**
	90,720	**91,564**
Allowance for doubtful accounts on receivables from external parties	**(28,002)**	**(20,094)**
Allowance for doubtful accounts for parolee loans	**(5)**	**(5)**
Gross accounts receivable and advances	**62,713**	**71,465**
Accounts receivable held on behalf of Government	**(622)**	**(1,452)**
Net accounts receivable and advances	**62,091**	**70,013**

The following table provides an aging analysis of accounts receivable from external parties and the associated valuation allowances used to reflect their net recoverable value.

(in thousands of dollars)	**2025**	**2024 Reclassified (note 17)**
Accounts receivable from external parties		
Not past due	**72,050**	**73,889**
Number of days past due		
1 to 30	**318**	**303**
31 to 60	**355**	**378**
61 to 90	**416**	**11**
91 to 365	**1,234**	**1,681**
Over 365	**2,119**	**1,904**
Impaired	**130**	**60**
Subtotal	**76,622**	**78,226**
Less: Valuation allowance for accounts receivable	**(28,002)**	**(20,094)**
Total	**48,620**	**58,132**

10. Inventories

The following table presents details of CSC's inventories:

(in thousands of dollars)	**2025**	**2024 Restated (note 16)**
Inventories held for resale		
Raw materials	**8,659**	**8,816**
Work in progress	**217**	**199**
Finished goods	**4,040**	**4,723**
	12,916	**13,738**
Provision for obsolete inventory	**(1,085)**	**(1,520)**
Total inventories held for resale	**11,831**	**12,218**
Inventories not for resale		
Pharmaceuticals	**8,710**	**9,989**
Other Supplies	**5,241**	**3,445**
Clothing	**12,733**	**9,991**
Other Inventory	**4,352**	**4,100**
Total inventories not for resale	**31,036**	**27,525**
Total Inventories	**42,867**	**39,743**

The cost of consumed inventories not for resale recognized as an expense in the Consolidated Statement of Operations and Organizational Net Financial Position is $147,490 thousand in 2025 ($141,031 thousand in 2024).

11. Tangible Capital Assets

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset Class	Amortization Period
Buildings	25 to 40 years
Works and Infrastructure	20 to 25 years
Machinery and Equipment	10 years
Informatics Hardware and Software	3 to 10 years
Vehicles	5 to 10 years
Leasehold Improvements	Straight Line over the lesser of useful life of improvement or lease term
Assets under Capital Leases	Straight Line over the lesser of useful life of improvement or lease term

Assets under construction are recorded in the applicable asset class in the year they are put into service and are not amortized until they are put into service.

11. Tangible Capital Assets (continued)

	Cost					Accumulated Amortization					Net Book Value	
Capital Asset Class	Opening Balance	Acquisitions	Adjustments (1)	Disposals and Write-Offs	Closing Balance	Opening Balance	Amortization	Adjustments (1)	Disposals and Write-Offs	Closing Balance	**2025**	**2024**
	(in thousands of dollars)											
Land	14,545	-	-	-	14,545	-	-	-	-	-	14,545	14,545
Buildings	3,038,967	-	100,040	(30,193)	3,108,814	1,756,567	85,419	755	(28,691)	1,814,050	1,294,764	1,282,400
Works and infrastructure	875,937	-	38,649	(12,492)	902,094	594,727	35,953	324	(10,387)	620,617	281,477	281,210
Machinery and equipment	142,883	19,360	(277)	(4,299)	157,667	93,604	6,334	(1,156)	(3,983)	94,799	62,868	49,279
Informatics Hardware and Software	135,264	-	18,517	(1,747)	152,034	103,635	7,260	(687)	(1,747)	108,461	43,573	31,629
Vehicles	113,662	16,599	1,597	(7,796)	124,062	68,729	9,388	1,522	(6,886)	72,753	51,309	44,933
Leasehold Improvements	82,818	-	3,181	-	85,999	56,295	5,333	-	-	61,628	24,371	26,523
Assets under construction	792,436	214,264	(164,245)	(8,650)	833,805	-	-	-	-	-	833,805	792,436
Total	**5,196,512**	**250,223**	**(2,538)**	**(65,177)**	**5,379,020**	**2,673,557**	**149,687**	**758**	**(51,694)**	**2,772,308**	**2,606,712**	**2,522,955**

(1) Adjustments include assets under construction of $164,033 thousand ($102,779 thousand in 2024) that were transferred to the other capital asset classes upon completion of individual projects. Other net adjustments of $3,296 thousand ($464 thousand in 2024) are as a result of the capital asset validation exercise undertaken during the fiscal year including the write-off of various projects that were deemed to not meet CSC's capitalization criteria.

In April 2012, the Government of Canada announced it would close three institutions (Kingston Penitentiary, Ontario Regional Treatment Centre (ORTC) and Leclerc Institution). The closures were completed in September 2013 as planned. In December 2019, CSC received a market appraisal for the Kingston Penitentiary and ORTC. In accordance with PSAS 3150, this appraisal triggered an analysis of CSC's valuation of the properties and whether any adjustments to the net book values were required. In 2019, it was determined that Kingston Penitentiary and ORTC assets should be written-down to their combined net realizable value of $4,688 thousand, which resulted in a write-down of $40,512 thousand. This assessment of Kingston Penitentiary and ORTC's residual value was based on the market appraisal provided to CSC. CSC will continue to assess Kingston Penitentiary and ORTC yearly to determine if any future write-downs or other adjustments are required. There is no change from 2021-2022 to the Ontario RHQ net book value of $789 thousand. Should a further change in the Kingston Penitentiary's, ORTC's, or Ontario RHQ's net book values become known, any applicable amounts will be recorded at that time. Leclerc Institution was sold to the Province of Quebec in 2024-2025.

CSC also has Buildings and Works and Infrastructure located on reserves as defined in the *Indian Act* which are not recognized above.

12. Contractual Obligations

The nature of the CSC's activities can result in some large multi-year contracts and obligations whereby the organization will be obligated to make future payments in order to carry out its transfer payment programs or when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)	**2026**	**2027**	**2028**	**2029**	**2030 and thereafter**	**Total**
Acquisition of goods and services	153,698	21,306	16,160	1,263	-	**192,427**
Operating Leases	322	322	322	293	-	**1,259**
Total	**154,020**	**21,628**	**16,482**	**1,556**	**-**	**193,686**

13. Contingent Liabilities and Contingent Assets

a) Contingent Liabilities

Claims & Litigation

Claims have been made against CSC in the normal course of operations. These claims include items with pleading amounts and others for which no amount is specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. CSC has recorded an allowance for claims and litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. Claims and litigation for which the outcome is not determinable and a reasonable estimate can be made by management, amount to approximately $73,728 thousand as at March 31, 2025 ($25,469 thousand in 2023-2024).

b) Contingent Assets

CSC may bring a claim as part of its normal course of operations which could result in a contingent asset, however no claims with a likely outcome are known to exist as at March 31, 2025.

14. Related Party Transactions

CSC is related as a result of common ownership to all government departments, agencies, and Crown corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual.

CSC enters into transactions with these entities in the normal course of business and on normal trade terms.

During the year, CSC did not enter into material transactions at a value different from that which would have been arrived at if the parties were unrelated.

a) Common services provided without charge by other government departments

During the year, CSC received services without charge from certain common service organizations related to accommodation, legal services, the employer's contribution to the health and dental insurance plans, and worker's compensation coverage. These services without charge have been recorded at their carrying value in CSC's Consolidated Statement of Operations and Organizational Net Financial Position as follows:

(in thousands of dollars)	**2025**	**2024**
Employer’s contribution to the health and dental insurance plans	**185,418**	**174,542**
Accommodation	**19,275**	**19,091**
Workers’ compensation	**2,547**	**2,770**
Legal services	**1,434**	**1,564**
Total	**208,674**	**197,967**

The Government has centralized some of its administrative activities for efficient, cost-effective, and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada, audit services provided by the Office of the Auditor General, and information technology services provided by Shared Services Canada, are not included in CSC's Consolidated Statement of Operations and Organizational Net Financial Position.

b) Administration of programs on behalf of other government departments

Under a memorandum of understanding signed with Canada Border Service Agency (CBSA) on November 14, 2024, CSC administered the preparation for the establishment of a designated immigrant station at Sainte-Anne-des-Plaines grounds. During the year, CSC incurred expenses of $356 thousand ($0 in 2023-2024) on behalf of CBSA. These expenses are reflected in the financial statements of CBSA and are not recorded in these financial statements.

c) Other transactions with other government departments

(in thousands of dollars)	**2025**	**2024**
Accounts receivable	**11,956**	**10,752**
Accounts payable	**68,865**	**66,423**
Expenses	**569,934**	**556,396**
Revenues	**134,331**	**126,916**

Expenses and revenues disclosed in *c)* exclude common services provided without charge, which are already disclosed in *a)*.

14. Related Party Transactions (continued)

d) Transfers of assets and liabilities from (to) other government departments

During the year, CSC transferred salary overpayments receivable to other government departments for a net amount of $348 thousand ($9 thousand transferred from other government departments to CSC in 2024).

15. Segmented Information

Presentation by segment is based on CSC's departmental results framework. The presentation by segment is based on the same accounting policies as described in the Summary of Significant Accounting Policies in note 2. The following table presents the expenses incurred and revenues generated for the main programs, by major objects of expense and by major types of revenue. The segment results for the period are as follows:

(in thousands of dollars)	2025						2024 Restated (note 16)
	Care and Custody	Correctional Interventions	Community Supervision	Internal Services	Intra-entity Transactions (with CORCAN)	Total	Total
Transfer payments							
Organizations and municipalities	235	591	5,220	-	-	**6,046**	**5,571**
Total transfer payments	235	591	5,220	-	-	**6,046**	**5,571**
Operating expenses							
Salaries and employee benefits	1,788,129	542,613	32,971	351,653	-	**2,715,366**	**2,479,923**
Professional and special services	200,452	73,947	173,224	53,316	(37,046)	**463,893**	**455,898**
Utilities, materials and supplies	173,237	41,457	2,841	5,205	(5,912)	**216,828**	**204,121**
Amortization of tangible capital assets	136,106	1,360	3,315	8,906	-	**149,687**	**130,703**
Rentals	3,692	3,587	4,215	27,129	-	**38,623**	**38,937**
Payment in lieu of taxes	36,704	-	-	-	-	**36,704**	**35,279**
Machinery and equipment	18,170	2,946	169	6,843	(5,146)	**22,982**	**32,664**
Repairs and maintenance	36,248	3,091	1,193	580	(18,806)	**22,306**	**25,355**
Accommodation	-	-	10,105	9,170	-	**19,275**	**19,091**
Inmate pay	-	17,942	-	-	-	**17,942**	**17,041**
Travel	7,714	3,845	288	5,129	-	**16,976**	**16,534**
Loss (gain) on disposal of tangible capital assets	(2,445)	57	48	12,838	-	**10,498**	**4,366**
Damages and Claims Against the Crown	4,656	12	-	4	-	**4,672**	**5,229**
Telecommunications	238	3	620	3,448	-	**4,309**	**3,649**
Relocation	-	1	-	2,767	-	**2,768**	**3,284**
Environmental liabilities and asset retirement obligations	(1,701)	-	19	-	-	**(1,682)**	**2,872**
Other subsidies and expenses	(412,669)	9,415	293	(4,602)	(150)	**(407,713)**	**594,532**
Intra-entity Transactions (with CORCAN)	(26,321)	(36,749)	(645)	(3,345)	67,060	**-**	**-**
Total operating expenses	**1,962,210**	**663,527**	**228,656**	**479,041**	**-**	**3,333,434**	**4,069,478**
Sub-Total Expenses	**1,962,445**	**664,118**	**233,876**	**479,041**	**-**	**3,339,480**	**4,075,049**
Expenses incurred on behalf of Government	(4,694)	(1,545)	(99)	(1,290)	-	**(7,628)**	**(20,089)**
Total Expenses	**1,957,751**	**662,573**	**233,777**	**477,751**	**-**	**3,331,852**	**4,054,960**

15. Segmented Information (continued)

(in thousands of dollars)	2025						2024 Restated (note 16)
	Care and Custody	**Correctional Interventions**	**Community Supervision**	**Internal Services**	**Intra-entity Transactions (with CORCAN)**	**Total**	**Total**
Revenues							
Sales of goods and services	-	97,174	-	-	(30,781)	**66,393**	**57,997**
Miscellaneous revenues	-	-	-	6,058	-	**6,058**	**4,544**
Other	3,622	36,332	-	(16)	(36,279)	**3,659**	**5,047**
Revenues earned on behalf of Government	(3,622)	(52)	-	(611)	-	**(4,285)**	**(5,037)**
Intra-entity Transactions (with CORCAN)	-	(67,060)	-	-	67,060	-	-
Total Revenues	**-**	**66,394**	**-**	**5,431**	**-**	**71,825**	**62,551**
Net cost of operations before government funding and transfers	**1,957,751**	**596,179**	**233,777**	**472,320**	**-**	**3,260,027**	**3,992,409**

16. Adjustments to prior year's results

In 2024-2025, CSC updated its accounting policy for inventories not for resale to exclude immaterial items and items that do not meet the department's definition of consumable inventory. As a result of the update, CSC identified inventories no longer recognized as non-financial assets and accounted for these items as being expensed immediately upon purchase. This change has been applied retroactively and comparative information for 2023-2024 has been restated. The effect of this adjustment is presented in the table below.

A reconciliation of the restatement for the significant consolidated financial statement line items follows:

(in thousands of dollars)

	2024 As previously stated	**Effect of the adjustment**	**2024 Restated**
Consolidated statement of financial position			
Inventories not for resale (note 10)	52,677	(25,152)	27,525
Total non-financial assets	2,575,632	(25,152)	2,550,480
Organizational net financial position	1,391,187	(25,152)	1,366,035
Consolidated statement of operations and organizational net financial position			
Total expenses	4,069,908	(14,948)	4,054,960
(Revenue from) Net cost of operations before government funding and transfers	4,007,357	(14,948)	3,992,409
(Revenue from) Net cost of operations after government funding and transfers	469,450	(14,948)	454,502
Organizational net financial position - Beginning of year	1,860,637	(40,100)	1,820,537
Organizational net financial position - End of year	1,391,187	(25,152)	1,366,035
Consolidated statement of change in organizational net debt			
(Revenue from) net cost of operations after government funding and transfers	469,450	(14,948)	454,502
Change due to inventories not for resale	(13,076)	14,948	1,872
Consolidated statement of cash flows			
Net cost of operations before government funding and transfers	4,007,357	(14,948)	3,992,409
(Decrease) increase in inventories (note 10)	(13,268)	14,948	1,680

17. Comparative information

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

ANNEX TO THE STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING (unaudited)

SUMMARY OF THE ASSESSMENT OF EFFECTIVENESS OF THE SYSTEMS OF INTERNAL CONTROL OVER FINANCIAL REPORTING FOR FISCAL YEAR 2024-2025 AND THE ACTION PLAN OF CORRECTIONAL SERVICE OF CANADA

1. INTRODUCTION

This document provides summary information on the measures taken by Correctional Service of Canada (CSC) to maintain an effective system of internal control over financial reporting (ICFR) including information on internal control management, assessment results and related action plans.

Detailed information on CSC's authority, mandate, and program activities can be found in the *Departmental Plan* and the *Departmental Results Report.*

2. DEPARTMENTAL SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING

CSC recognizes the importance of setting the tone from the top to ensure that employees throughout the organization understand their roles and responsibilities in maintaining an effective system of ICFR. CSC's focus is to ensure that risks are well managed through a responsive and risk-based control environment that enables continuous improvement and innovation.

2.1 Internal Control Management

CSC has a well-established governance and accountability structure to support organizational assessment efforts and oversight of its system of internal control. CSC's Internal Controls over Financial Reporting (ICFR) Framework, approved by the Commissioner in May 2018, is in place and includes:

- Organizational accountability structures as they relate to internal control management to support sound financial management, including roles and responsibilities which span from senior managers across to CSC employees in their areas of responsibility for control management;
- Internal control structure and management approach, which depicts the overall approach for internal control identification, documentation and evaluation;
- Monitoring and regular updates on internal control management, as well as the provision of related assessment results and action plans to the Commissioner, Senior Management and the Departmental Audit Committee (DAC).

The Departmental Audit Committee provides advice to the Commissioner on the adequacy and functioning of the department's risk management, control and governance frameworks and processes.

ANNEX TO THE STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING (unaudited)

2.2 Service Arrangements relevant to financial statements

CSC relies on other organizations for the processing of certain transactions that are recorded in its financial statements as follows:

- Public Services and Procurement Canada, which administers the payment of salaries and the procurement of goods and services, as per CSC's Delegation of Authority and provides accommodation services;
- Treasury Board of Canada Secretariat, which provides information used to calculate various accruals and allowances, such as the accrued severance liability;
- The Department of Justice, which provides legal services; and
- Shared Services Canada, which provides information technology (IT) infrastructure services in the areas of data centre and network services.

Readers of this annex may refer to the annexes of the above-noted departments for a greater understanding of the system of internal control over financial reporting related to these specific services.

3. CSC'S ASSESSMENT RESULTS FOR THE 2024-2025 FISCAL YEAR

The following table summarizes the status of the ongoing monitoring activities according to the previous fiscal year's rotational plan. Due to operational and risk considerations, some scheduling modifications were made to the plan:

Work Performed during the 2024-2025 fiscal year based on the 2024-2025 monitoring plan, unless stated otherwise:

Processes	Status as at March 31, 2025
Financial Close and Reporting	Completed as planned; remedial actions started (from the 2023-2024 plan).
Revenues, Receivables, Receipts (RRR)	Completed as planned; remedial actions started.
Purchases, Payables, and Payments: -Professional services expenditures	Testing is ongoing with planned completion in 2025-2026.
Pay Administration	Testing is ongoing (from the 2023-2024 plan with planned completion in 2025-2026).
Inmate Trust Fund	Substantially completed.
Capital Assets - Asset Retirement Obligations	Deferred to fiscal year 2025-2026 due to operational considerations.
Costing – Non-Capital Costing	Completed as planned (from the 2023-2024 plan).
CFO Attestation	Completed as planned.
Power BI Resource Management Tool - Information Technology General Controls (ITGC)	Completed as planned.

ANNEX TO THE STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING (unaudited)

The key findings and significant adjustments required from the current year's assessment activities are summarized below.

New or significantly amended key controls:

CSC re-assesses key controls affected by new or significantly amended processes identified in its ongoing risk-based monitoring plan. CSC will monitor the impacts of the changing work environment on key controls and adapt ongoing monitoring activities accordingly. There were no significantly amended key controls in existing processes that required a reassessment. A new platform, PowerBI, was implemented to replace the Resource Management Tool as the corporate budget management, planning, forecasting and reporting solution. In fiscal 2024-2025, CSC assessed design and operating effectiveness of all new automated controls associated with this platform.

Ongoing risk-based monitoring plan:

As part of its ongoing risk-based monitoring plan, CSC completed reassessments of the processes listed in the table above.

For the most part, the key controls that were tested performed as intended with some opportunities for improvement, and management action plans addressing recommendations were developed by process owners as required.

4. CSC'S ACTION PLAN FOR THE NEXT FISCAL YEAR AND SUBSEQUENT FISCAL YEARS

CSC's rotational ongoing risk-based monitoring plan over the next five years, based on an annual validation of the high-risk processes and controls and related adjustments to the ongoing monitoring plan as required, is shown in the following table.

ANNEX TO THE STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING (unaudited)

Rotational Ongoing Risk-Based Monitoring Plan

Key Control Areas- Process	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
Entity Level Controls (ELC)					
Entity-Level Controls	✓				
Internal Control over Financial Management (ICFM)					
Forecasting				✓	
Planning & Budgeting (including Investment Planning)		✓			
Costing		✓			
CFO Attestation					✓
Internal Control over Financial Reporting (ICFR)					
Financial Close and Reporting		✓			
Revenues, Receivables, and Receipts (RRR)					✓
Purchases, Payables, and Payments	✓			✓	
Pay Administration	✓		✓		
Inmate Trust Fund			✓		
Inventory				✓	
Capital Assets and Asset Retirement Obligations (AROs)	✓		✓		✓
Information Technology General Controls (ITGC)					
Information Technology General Controls (various)[1]	✓	✓	✓	✓	✓

[1] To maintain focus on effective risk mitigation and accountability, a follow-up on the Management Response and Action Plans (MRAPs) for all completed ITGC assessments from fiscal year 2019-2020 to 2024-2025 will be conducted in fiscal year 2025-2026 to evaluate the implementation status and ensure that high and medium risk findings have been appropriately addressed by management.