

CORRECTIONAL SERVICE CANADA

CHANGING LIVES. PROTECTING CANADIANS.



Quarterly Financial Report

FOR THE QUARTER ENDED DECEMBER 31, 2024

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1. Introduction

This quarterly report has been prepared by management as required by section 65.1 of the [Financial Administration Act](#) and in the form and manner prescribed by the Treasury Board. This quarterly report should be read in conjunction with the [Main Estimates](#). This report has not been subject to an external audit or review.

The purpose of the federal correctional system, as defined by law, is to contribute to the maintenance of a just, peaceful and safe society by carrying out sentences imposed by courts through the safe and humane custody and supervision of offenders; and by assisting the rehabilitation of offenders and their safe reintegration into the community as law-abiding citizens through the provision of programs in penitentiaries and in the community (Corrections and Conditional Release Act, s.3). A summary description of Correctional Service Canada (CSC)'s program activities can be found in [Part II of the Main Estimates](#) and the [Departmental Plan 2024 to 2025](#).

1.1 Basis of presentation

This quarterly report has been prepared using an expenditure basis of accounting. The accompanying [Statement of authorities](#) includes CSC's spending authorities granted by Parliament and those used by the organization, consistent with the [Main Estimates](#) and [Supplementary Estimates](#) (as applicable). This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

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

CSC uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on a cash expenditure basis.

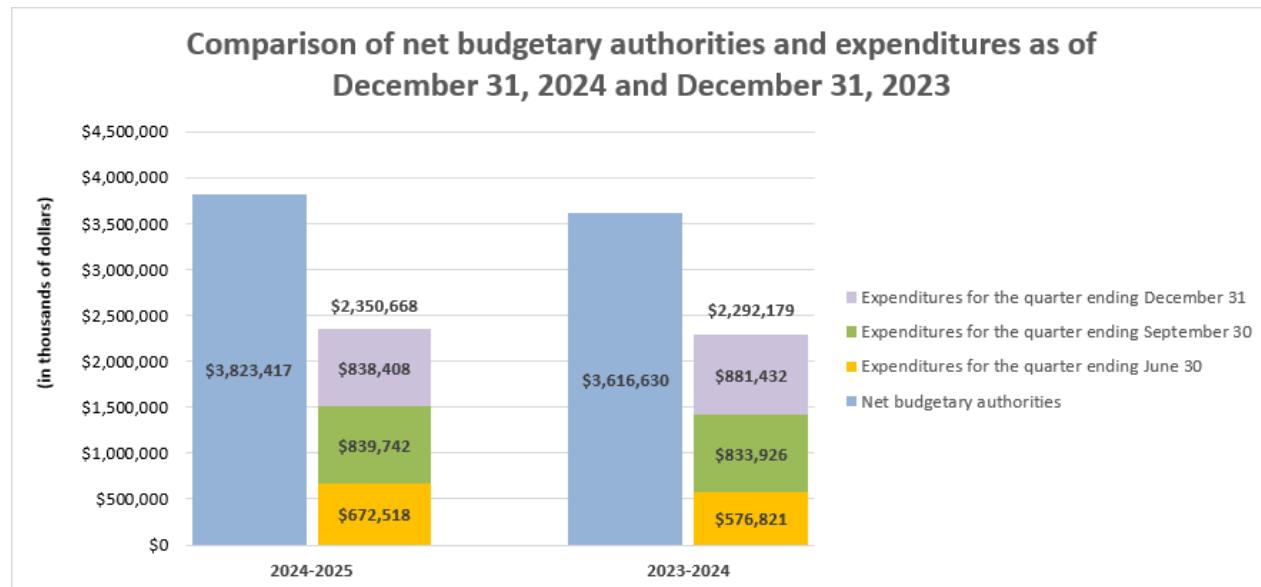
CSC has an active Revolving Fund (CORCAN) that is included in the statutory authorities of the enclosed [Statement of authorities](#). CORCAN's purpose is to aid in the safe reintegration of offenders into Canadian society by providing employment and training opportunities to offenders incarcerated in federal penitentiaries and, for brief periods, after they are released into the community. CORCAN has a continuing non-lapsing authority from Parliament to make payments out of the Consolidated Revenue Fund (CRF) for working capital, capital acquisitions and temporary financing of accumulated operating deficits, the total of which is not to exceed \$11.0 million at any time during 2024 to 2025. Through Supplementary Estimates (A), 2020 to 2021¹, the drawdown limit was increased from a previous amount of \$5.0 million. The increase was requested as a consequence of reduced sales and operations resulting from the COVID-19 pandemic.

¹ Released through Order in Council P.C. [2020-510](#) on June 26, 2020.

The limit will decrease by a further \$6.0 million during the 2025 to 2026 fiscal year, at which point it will return to the original \$5.0 million threshold.

2. Highlights of fiscal quarter and fiscal year to date (YTD) results

The following graph provides a comparison of the net budgetary authorities and expenditures as of December 31, 2024 and December 31, 2023 for CSC's combined operating, capital and budgetary statutory authorities.



2.1 Significant changes to authorities

As reflected in the [Statement of authorities](#) for the period ending December 31, 2024, CSC has seen an **increase** in total authorities of **\$206.8 million or 5.7%** for the current fiscal year compared to the previous fiscal year.

Comparison of net budgetary authorities for the quarters ended December 31, 2024, and December 31, 2023

(in millions of dollars)

Net authorities available *	2024 to 2025	2023 to 2024	Variance
Vote 1 – Operating expenditures	3,270.5	3,077.7	192.8
Vote 5 – Capital expenditures	289.5	260.2	29.3
Statutory	263.4	278.7	(15.3)
Total net budgetary authorities	3,823.4	3,616.6	206.8

* Numbers may not add up due to rounding.

Vote 1 - Operating

CSC's Operating Vote **increased by \$192.8 million or 6.3%** compared to the authorities at the end of December 2023, which is attributed to the net effect of the following significant items:

- an **increase of \$99.1 million** related to funding for class action lawsuits
- an **increase of \$58.1 million** in funding to cover incremental expenditures due to changes in offender population volumes and price fluctuations
- an **increase of \$29.7 million** in funding to stabilize operations related to workplace injuries
- an **increase of \$16.9 million** in funding related to the operating budget carry forward
- an **increase of \$13.4 million** related to funding for the operation of the National Satellite Training Academy
- an **increase of \$12.3 million** in the funding received to date from Treasury Board's Vote 30 for Paylist Requirements reimbursements of maternity allowances and severance payments
- an **increase of \$11.6 million** in funding related to *Transforming Federal Corrections* (Bill C-83)
- a **decrease of \$28.3 million** in funding related to Refocusing Government Spending
- a **decrease of \$18.6 million** in funding related to compensation for the funded portion of collective agreement increases

Vote 5 - Capital

CSC's Capital Vote **increased by \$29.3 million or 11.2%** compared to the authorities at the end of December 2023, which is related to the net effect of the following significant items:

- an **increase of \$51.6 million** in funding to maintain and repair correctional facilities
- an **increase of \$18.9 million** related to the reprofile of unused funding from prior years for the completion of capital projects
- an **increase of \$13.3 million** in funding to reduce suspension points in correctional facilities
- a **decrease of \$41.0 million** related to funding from the capital budget carry forward
- a **decrease of \$15.0 million** related to Refocusing Government Spending

Budgetary statutory authorities

CSC's budgetary statutory authorities **decreased by \$15.3 million or -5.5%** compared to December 2023, which is mainly related to the department's allocation of the employer's share of the employee benefit plan.

2.2 Explanation of significant variances from previous year expenditures

As reflected in the [Statement of authorities](#) for the period ending December 31, 2024, CSC has seen an **increase** in total net budgetary expenditures of **\$58.5 million or 2.6%** for the current fiscal year compared to the previous fiscal year.

Comparison of net budgetary expenditures for the quarters ended December 31, 2024, and December 31, 2023

(in millions of dollars)

Net year-to-date expenditures *	2024 to 2025	2023 to 2024	Variance
Vote 1 – Operating expenditures	1,990.5	1,952.9	37.6
Vote 5 – Capital expenditures	170.9	137.4	33.5
Statutory	189.3	201.9	(12.6)
Total net year-to-date expenditures	2,350.7	2,292.2	58.5

* Numbers may not add up due to rounding.

Vote 1 - Operating

CSC's operating expenditures **increased by \$37.6 million**, compared to the third quarter of 2023 to 2024, mainly due to the following:

- personnel expenditures **increased by \$2.7 million** primarily due to an increase in the Workers' Compensation Boards (WCB) expenditures and related to the collective agreement increases
- professional and special services **increased by \$14.2 million** primarily due to an increase in incremental expenditures which are due to changes in offender population volumes and price fluctuations
- utilities, materials and supplies **increased by \$6.1 million** primarily due to an increase in incremental expenditures which is caused by changes in offender population volumes and price fluctuations, and an increase in the allowance for footwear
- other subsidies and payments **increased by \$14.9 million** primarily due to an increase in court ordered payments and Workers' Compensation Boards (WCB) expenditures

Vote 5 – Capital

CSC's capital expenditures **increased by \$33.5 million**, compared to the third quarter of 2023 to 2024, mainly due to the following:

- personnel expenditures **increased by \$7.6 million** primarily due to new employees hired since June 2023 in relation to funding received following Budget announcements, and related to the collective agreement increases
- professional and special services **increased by \$8.3 million** primarily due to an increase in information technology and telecommunications consultants fees and in management consulting services
- acquisition of land, buildings and works **decreased by \$2.3 million**, mainly due to invoices being processed later this year than last year
- acquisition of machinery and equipment **increased by \$21.0 million** primarily due to essential investments to meet operational requirements

Budgetary statutory expenditures

CSC's statutory expenditures **decreased by \$12.6 million**, compared to the third quarter of 2023 to 2024, mainly due to the following:

- a **decrease of \$6.8 million** in expenditures related to the employer's contributions to the employee benefit plan. This will be adjusted at year-end based on total salary expenditures
- a **decrease of \$1.8 million** in expenditures in spending of proceeds from the disposal of surplus Crown assets mainly due to a delay in processing invoices
- an **increase \$4.0 million** in CORCAN's net revenues

3. Risks and uncertainties

CSC's specific risks, as outlined in CSC's [Departmental Plan 2024 to 2025](#), are the increasingly complex and diverse profile of the offender population, the maintenance of required levels of operational safety and security in institutions and the community, the inability to implement its mandate and ensure the financial sustainability and modernization of the organization, the potential loss of support of partners delivering critical services and providing resources for offenders, the maintenance of public confidence in the federal correctional system, and the maintenance of a safe, secure, healthy, respectful, and collaborative working environment as established by its legal and policy obligations, mission, and values statement.

CSC will address existing financial challenges and will continue working on a modernization plan over the three-year planning period.

CSC continues to experience ongoing issues related to the Phoenix Pay System. Given the complexity of our workforce coupled with the operational nature of our organization, CSC has experienced a

significantly high number of pay related issues. CSC is continuously working internally and with external stakeholders to resolve these issues.

CSC has put in place risk mitigation strategies to address the stated risks. The integrated approach allows CSC to handle risk-related challenges, ensure operational sustainability to fulfill its mandate.

CSC is working on a multi-year savings plan in order to meet the reduction targets resulting from Refocusing Government Spending.

4. Significant changes in relation to operations, personnel and programs

There have been no changes to key executives in the third quarter of 2024 to 2025.

5. Approvals by senior officials

Approved by:

Original signed by
Anne Kelly,
Commissioner

Original signed by
Tony Matson,
Chief Financial Officer

Ottawa, Canada
February 15, 2025

6. Statement of authorities (unaudited)

<i>(in thousands of dollars)</i>	<i>Fiscal year 2024 to 2025</i>			<i>Fiscal year 2023 to 2024</i>		
	Total available for use for the year ending March 31, 2025*	Used during the quarter ended December 31, 2024	Year to date used at quarter-end	Total available for use for the year ending March 31, 2024*	Used during the quarter ended December 31, 2023	Year to date used at quarter-end
Vote 1 – Operating expenditures						
Gross operating expenditures	3,278,744	694,854	1,993,200	3,081,662	737,112	1,954,865
Vote-netted revenues	(8,243)	-	(2,762)	(3,943)	-	(1,946)
Net operating expenditures	3,270,501	694,854	1,990,438	3,077,719	737,112	1,952,919
Vote 5 – Capital expenditures						
	289,464	69,027	170,926	260,203	65,740	137,426
Budgetary statutory authorities						
CORCAN gross expenditures	116,424	31,457	86,137	111,974	34,740	84,294
CORCAN revenues	(117,552)	(20,966)	(88,067)	(113,809)	(22,064)	(82,201)
CORCAN net expenditures	(1,128)	10,491	(1,930)	(1,835)	12,676	2,093
Spending of proceeds from disposal of surplus Crown assets	2,516	485	553	3,976	87	2,290
Contributions to employee benefits plans	262,064	63,551	190,655	276,567	65,817	197,451
Refunds of amounts credited to revenues in previous years	-	-	26	-	-	-
Net budgetary statutory authorities	263,452	74,527	189,304	278,708	78,580	201,834
Total budgetary authorities	3,823,417	838,408	2,350,668	3,616,630	881,432	2,292,179
Non-budgetary authorities	45	-	-	45	-	-
Total authorities	3,823,462	838,408	2,350,668	3,616,675	881,432	2,292,179

Note: Numbers may not add up due to rounding.

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

7. Departmental budgetary expenditures by standard object (unaudited)

(in thousands of dollars)	<i>Fiscal year 2024 to 2025</i>			<i>Fiscal year 2023 to 2024</i>		
	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended December 31, 2024	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2024	Expended during the quarter ended December 31, 2023	Year to date used at quarter-end
Expenditures						
Personnel	2,306,321	558,602	1,642,009	2,289,391	617,166	1,637,431
Transportation and communications	30,366	7,673	18,960	24,589	7,302	18,521
Information	579	340	700	599	1,474	1,696
Professional and special services	675,267	138,408	360,541	610,867	125,411	337,468
Rentals	50,122	8,970	27,951	36,236	8,705	28,807
Purchased repair and maintenance	34,282	11,931	23,559	31,861	10,604	20,733
Utilities, materials and supplies	227,010	45,353	127,484	190,448	46,246	122,909
Acquisition of land, buildings and works*	221,558	43,021	98,178	144,912	47,730	100,471
Acquisition of machinery and equipment*	55,542	11,688	40,934	50,312	13,680	24,959
Transfer payments	1,620	1,868	2,530	1,020	841	1,404
Other subsidies and payments	346,545	31,520	98,651	354,147	24,337	81,927
Total gross budgetary expenditures	3,949,212	859,374	2,441,497	3,734,382	903,496	2,376,326
Less revenues netted against expenditures						
Vote-netted revenues	(8,243)	-	(2,762)	(3,943)	-	(1,946)
CORCAN	(117,552)	(20,966)	(88,067)	(113,809)	(22,064)	(82,201)
Total revenues netted against expenditures	(125,795)	(20,966)	(90,829)	(117,752)	(22,064)	(84,147)
Total net budgetary expenditures	3,823,417	838,408	2,350,668	3,616,630	881,432	2,292,179

Note: Numbers may not add up due to rounding.

* These are mainly Vote 5 (Capital) expenditures.