

STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING

CORRECTIONAL SERVICE OF CANADA

Responsibility for the integrity and objectivity of the accompanying consolidated financial statements for the year ended March 31, 2015, 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'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 the *CSC's Departmental Performance 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, 2015 was completed in accordance with the Treasury Board *Policy on Internal Control* 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, and which recommends the consolidated financial statements to the Commissioner.

The consolidated financial statements of CSC have not been audited.

Signed by

Anne Kelly, A/Commissioner
Ottawa, Canada
August 25, 2015

Signed by

Liette Dumas-Sluyter, CPA, CMA
Chief Financial Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

CORRECTIONAL SERVICE OF CANADA

As at March 31
(in thousands of dollars)

	2015	2014
Liabilities		
Accounts payable and accrued liabilities (note 4)	233,042	217,158
Vacation pay and compensatory leave	52,559	59,991
Deferred revenue (note 5)	107	249
Employee future benefits (note 6b)	95,559	147,364
Inmate trust fund (note 7)	18,250	18,248
<i>Total net liabilities</i>	399,517	443,010
Assets		
Financial assets		
Due from Consolidated Revenue Fund	223,174	180,481
Accounts receivable, advances and loans (note 8)	15,030	13,545
Inventory held for resale (note 9)	10,219	10,895
<i>Total gross financial assets</i>	248,423	204,921
Financial assets held on behalf of Government		
Accounts receivable, advances and loans (note 8)	(539)	(1,999)
<i>Total financial assets held on behalf of Government</i>	(539)	(1,999)
<i>Total net financial assets</i>	247,884	202,922
Organizational net debt	151,633	240,088
Non-financial assets		
Prepaid expenses	6	66
Inventory not for resale (note 9)	34,917	33,168
Tangible capital assets (note 10)	2,175,557	2,103,028
<i>Total non-financial assets</i>	2,210,480	2,136,262
Organizational net financial position	2,058,847	1,896,174

Contingent liabilities (note 11)
Contractual obligations (note 12)

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

Signed by

Anne Kelly, A/Commissioner
Ottawa, Canada
August 25, 2015

Signed by

Liette Dumas-Sluyter, CPA, CMA
Chief Financial Officer

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

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

(in thousands of dollars)

	2015 Planned Results	2015	2014
Expenses			
Custody	1,505,010	1,626,484	1,622,423
Correctional Interventions	539,524	503,282	531,187
Community Supervision	104,849	135,197	134,404
Internal Services	334,183	317,891	352,389
Expenses incurred on behalf of Government	-	(16)	(120)
<i>Total expenses</i>	2,483,566	2,582,838	2,640,283
Revenues			
Sales of goods and services	47,936	49,230	40,153
Miscellaneous revenues	3,432	4,180	2,828
Revenues earned on behalf of Government	(3,432)	(4,180)	(2,847)
<i>Total revenues</i>	47,936	49,230	40,134
Net cost of operations before government funding and transfers	2,435,630	2,533,608	2,600,149
Government funding and transfers			
Net cash provided by Government		2,553,237	2,706,300
Change in due from Consolidated Revenue Fund		42,693	(11,575)
Services provided without charge by other government departments (note 13a)		152,320	154,931
Transfer of the transition payments for implementing salary payments in arrears (note 15)		(51,973)	-
Transfer of tangible capital assets from other government departments		4	2
Net cost of operations after government funding and transfers		(162,673)	(249,509)
Organizational net financial position – Beginning of year		1,896,174	1,646,665
Organizational net financial position – End of year		2,058,847	1,896,174

Segmented information (note 14)

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

CONSOLIDATED STATEMENT OF CHANGE IN ORGANIZATIONAL NET DEBT (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

(in thousands of dollars)

	2015	2014
Net cost of operations after government funding and transfers	(162,673)	(249,509)
Change due to tangible capital assets		
Acquisition of tangible capital assets (note 10)	196,226	342,999
Amortization of tangible capital assets (note 10)	(120,070)	(95,458)
Proceeds from disposal of tangible capital assets	(1,635)	(774)
Adjustments of tangible capital assets / Net loss on disposals	(1,996)	6,326
Transfer from other government departments	4	2
<i>Total change due to tangible capital assets</i>	72,529	253,095
Change due to inventories not for resale	1,749	(2,932)
Change due to prepaid expenses	(60)	(10)
Net increase (decrease) in organizational net debt	(88,455)	644
Organizational net debt – Beginning of year	240,088	239,444
Organizational net debt – End of year	151,633	240,088

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

CONSOLIDATED STATEMENT OF CASH FLOW *(unaudited)*

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

(in thousands of dollars)

	2015	2014
Operating activities		
Net cost of operations before government funding and transfers	2,533,608	2,600,149
Non-cash items		
Amortization of tangible capital assets (note 10)	(120,070)	(95,458)
Net loss on disposal of tangible capital assets	(1,060)	(2,122)
Tangible capital assets adjustments	(936)	8,448
Services provided without charge by other government departments (note 13a)	(152,320)	(154,931)
Transition payments for implementing salary payments in arrears (note 15)	51,973	-
Variations in Consolidated Statement of Financial Position		
(Increase) decrease in accounts payable and accrued liabilities	(15,884)	1,059
Decrease in deferred revenue	142	348
Decrease in vacation pay and compensatory leave	7,432	29
Decrease in employee future benefits	51,805	36,938
(Increase) decrease in Inmate Trust Fund	(2)	214
Increase (decrease) in accounts receivable, advances and loans	2,945	(25,897)
Decrease in prepaid expenses	(60)	(10)
Increase (decrease) in inventory	1,073	(4,692)
Cash used in operating activities	2,358,646	2,364,075
Capital investing activities		
Acquisitions of tangible capital assets (note 10)	196,226	342,999
Proceeds from disposal of tangible capital assets	(1,635)	(774)
Cash used in capital investing activities	194,591	342,225
Net cash provided by Government of Canada	2,553,237	2,706,300

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*unaudited*)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

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 four major programs:

Custody: This program includes providing for the day-to-day needs of offenders, including health and safety, food, clothing, 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: This program includes assessment activities and program interventions for federal offenders, as well as activities directed toward engaging Canadian citizens as partners in CSC's correctional mandate and outreach to victims of crime. Correctional Interventions are designed to assist the rehabilitation of offenders and facilitate their reintegration into the community as law abiding citizens;

Community Supervision: This program includes all program activities that protect society through the administration of community operations, including the provision of accommodation options, establishment of community partnerships and provision of community health services as necessary. Community supervision provides the structure to assist offenders to safely and successfully reintegrate into society; and

Internal Services: Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

2. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared using the Government'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 2014-2015 *Report on Plans and Priorities*. Planned results are not presented in "Government funding and transfers" section of the Consolidated Statement of Operations and Organizational Net Financial Position and in the Consolidated Statement of Change in Organizational Net Debt because these amounts were not included in the 2014-2015 *Report on Plans and Priorities*.

b) Consolidation

These consolidated financial statements include the accounts of the sub-entity that are under the control of the organization. The accounts of CORCAN Revolving Fund have been consolidated with those of the organization and all inter-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 Government.

d) Due from the Consolidated Revenue Fund (CRF)

Amounts due from 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

2. Summary of Significant Accounting Policies (continued)

e) Revenues

- Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. These revenues are recognized in the period in which the services are rendered or goods are sold.
- Revenues from regulatory fees are recognized in the accounts based on the services provided in the year.
- Funds that have been received are recorded as deferred revenue, provided the organization has an obligation to other parties for the provision of goods, services or the use of assets in the future.
- Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.
- Revenues that are non-respendable are not available to discharge CSC's liabilities. While the Commissioner is expected to maintain accounting control, he has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented in reduction of the entity's gross revenues.

f) Expenses

Expenses are recorded on the 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 contribution to the health and dental insurance plans, legal services and worker's compensation are recorded as operating expenses at their estimated cost.
- Transfer payments are recorded as expenses when authorization for the payment exists and the recipient has met the eligibility criteria or the entitlements established for the transfer payment program. In situations where payments do not form part of an existing program, transfer payments are recorded as expenses when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements. Transfer payments that become repayable as a result of conditions specified in the contribution agreement that have come into being are recorded as a reduction to transfer payment expense and as a receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

2. Summary of Significant Accounting Policies (continued)

g) Employee future benefits

- Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer 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: Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

h) Accounts and loans receivable from external parties

Accounts and loans receivables are stated at the lower of cost and net recoverable value. However, when the terms of the loans are concessionary, such as those provided with a low or no interest clause, they are recorded at their estimated present value. A portion of the unamortized discount is recorded as revenue each year to reflect the change in the present value of the loans outstanding. Transfer payments that are unconditionally repayable are recognized as loans receivable. A valuation allowance is recorded for accounts and loans receivable where recovery is considered uncertain.

i) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

2. Summary of Significant Accounting Policies (continued)

j) Environmental liabilities

Environmental liabilities consist of estimated costs related to the remediation of contaminated sites as well as estimated costs related to obligations associated with the retirement of tangible capital assets and other environmental liabilities.

Contaminated Sites:

A liability for remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, the government 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. The recorded environmental liabilities are adjusted each year, as required, for inflation, new obligations, changes in management estimates and actual costs incurred.

k) Inventories

- Inventory 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;
- Inventory not for resale consist of materials and supplies held for future program delivery and is valued at cost. If there is no longer any service potential, inventory is valued at the lower of cost or net realizable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

2. Summary of Significant Accounting Policies (continued)

l) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. CSC does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian reserves and museum collections.

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

Asset Class	Sub-Asset Class	Amortization Period
Buildings	Buildings	25 to 40 years
Works and infrastructure	Works and infrastructure	20 to 25 years
Machinery and equipment	Machinery and equipment	10 years
	Informatics hardware	3 to 4 years
	Informatics software	3 to 10 years
	Arms and weapons for defence	10 years
	Other equipment	10 years
Vehicles	Motor vehicles (non-military)	5 years
	Other vehicles	5 to 10 years
Leasehold improvements	Leasehold improvements	Term of lease

Assets under construction are recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

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. At the time of preparation of these consolidated statements, management believes the estimates and assumptions to be reasonable. The most significant areas where estimates are used are contingent 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

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

<i>(in thousands of dollars)</i>	2015	2014
Net cost of operations before government funding and transfers	2,533,608	2,600,149
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
<i>Add (Less):</i>		
Amortization of tangible capital assets	(120,070)	(95,458)
Net loss on disposal of tangible capital assets	(1,060)	(2,122)
Services provided without charge by other government departments (note 13a)	(152,320)	(154,931)
Decrease in vacation pay and compensatory leave	7,432	29
(Increase) decrease in obligation for termination benefits	(406)	13,968
Decrease in employee future benefits	51,805	36,938
Decrease (increase) in environmental liabilities and other provisions	2,241	(27)
Refund of prior years' expenditures	4,933	4,094
Other	(146)	9,355
	(207,591)	(188,154)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
<i>Add (Less):</i>		
Acquisitions of tangible capital assets (note 10)	196,226	342,999
Transition payments for implementing salary payments in arrears (note 15)	51,973	-
Increase (decrease) in inventory	1,073	(4,692)
Decrease in prepaid expenses	(60)	(10)
	249,212	338,297
Current year authorities used	2,575,229	2,750,292

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

3. Parliamentary Authorities (continued)

b) Authorities provided and used

<i>(in thousands of dollars)</i>	2015	2014
Vote 1 – Operating expenditures	2,163,605	2,204,206
Vote 5 – Capital expenditures	257,579	456,921
Statutory amounts	244,405	261,904
	2,665,589	2,923,031
Less:		
Authorities available for future years	4,552	6,000
Lapsed authorities: Operating	28,835	88,190
Lapsed authorities: Capital	56,973	78,549
Current year authorities used	2,575,229	2,750,292

4. Accounts Payable and Accrued Liabilities

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

<i>(in thousands of dollars)</i>	2015	2014
Accounts payable - Other government departments and agencies	33,389	58,535
Accounts payable - External parties	82,030	80,079
	115,419	138,614
Accrued liabilities	117,623	78,544
Total accounts payable and accrued liabilities	233,042	217,158

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

5. 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 the service is performed. Details of the transactions related to this account are as follows:

<i>(in thousands of dollars)</i>	2015	2014
Opening balance	249	597
Amounts received	18,702	24,118
Revenue recognized	(18,844)	(24,466)
Ending balance	107	249

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 Plans 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 *Canada's 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. CSC employees involved in operational service (work performed within a correctional institution) pay the same contribution rates as Group 1 members whether they joined the Plan before or after January 1, 2013.

The 2014-2015 expense amounts to \$165,185,891 (\$182,568,938 in 2013-2014). For Group 1 members, the expense represents approximately 1.41 times (1.6 in 2013-2014) the employee contributions and, for Group 2 members, approximately 1.39 times (1.5 times in 2013-2014) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

6. Employee Future Benefits (continued)

b) Severance benefits

CSC provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Information about the severance benefits, measured as at March 31, is as follows:

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

<i>(in thousands of dollars)</i>	2015	2014
Accrued benefit obligation, opening balance	147,364	184,302
Expenses for the year	54,290	10,381
Benefits paid during the year	(106,095)	(47,319)
Accrued benefit obligation, closing balance	95,559	147,364

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.

<i>(in thousands of dollars)</i>	2015	2014
Opening balance	18,248	18,462
Receipts	44,438	47,361
Disbursements	(44,436)	(47,575)
Closing balance	18,250	18,248

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

8. Accounts Receivable, Advances and Loans

The following table presents details of accounts receivable, advances and loans:

<i>(in thousands of dollars)</i>	2015	2014
Receivables - Other government departments and agencies	7,881	6,855
Receivables - External parties	6,960	7,949
Employee advances	289	325
Parolee loans and advances to individuals other than employees	131	112
	15,261	15,241
Allowance for doubtful accounts on receivables from external parties and parolee loans	(231)	(1,696)
Gross accounts receivable and advances	15,030	13,545
Accounts receivable held on behalf of Government	(539)	(1,999)
Net accounts receivable and advances	14,491	11,546

9. Inventory

The following table presents details of the inventory:

<i>(in thousands of dollars)</i>	2015	2014
Inventory held for resale		
Raw materials	5,177	5,559
Work in progress	290	348
Finished goods	5,233	5,336
	10,700	11,243
Provision for obsolete inventory	(481)	(348)
Total inventory held for resale	10,219	10,895

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

9. Inventory (continued)

<i>(in thousands of dollars)</i>	2015	2014
Inventory not for resale		
Supplies	16,782	14,010
Clothing	8,854	9,910
Building materials	4,534	4,357
Utilities	1,796	1,590
Other	2,951	3,301
Total inventory not for resale	34,917	33,168
Total	45,136	44,063

The cost of consumed inventory recognized as an expense in the Consolidated Statement of Operations and Organizational Net Financial Position is \$105,454,457 in 2014-2015 (\$110,675,986 in 2013-2014).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

10. Tangible Capital Assets

(in thousands of dollars)

Capital Asset Class	Cost					Accumulated Amortization					Net Book Value	
	Opening balance	Acquisitions	Disposals and Write-Offs	Adjustments (1)	Closing balance	Opening balance	Amortization	Disposals and Write-Offs	Adjustments (1)	Closing balance	2015	2014
Land	14,430	-	(142)	-	14,288	-	-	-	-	-	14,288	14,430
Buildings	2,053,818	-	(1,252)	272,492	2,325,058	880,019	65,234	(890)	(51)	944,312	1,380,746	1,173,799
Works and infrastructure	586,359	-	(162)	53,086	639,283	381,951	24,808	(45)	276	406,990	232,293	204,408
Machinery and equipment	200,949	3,871	(7,808)	19,486	216,498	117,796	21,780	(6,325)	42	133,293	83,205	83,153
Vehicles	59,149	6,624	(3,370)	184	62,587	36,232	6,082	(2,779)	(17)	39,518	23,069	22,917
Leasehold improvements	20,329	-	-	2,880	23,209	10,182	2,166	-	8	12,356	10,853	10,147
Assets under construction	594,174	185,731	-	(348,802)	431,103	-	-	-	-	-	431,103	594,174
Total	3,529,208	196,226	(12,734)	(674)	3,712,026	1,426,180	120,070	(10,039)	258	1,536,469	2,175,557	2,103,028

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.

As of September 2013, the Kingston Penitentiary and ORTC were closed and will remain as tangible capital assets of CSC until such time a decision as to their future use is made. Kingston Penitentiary's net book value for 2014-2015 is \$35,319,811, same as in 2013-2014. ORTC's net book value for 2014-2015 is \$4,548,479, same as in 2013-2014. Should a change in the Kingston Penitentiary's or ORTC's net book values become known, any applicable write-down(s) will be recorded at that time.

Leclerc Institution remains a tangible capital asset of CSC and has been leased under a long-term operating agreement with the Province of Quebec.

(1) This column includes assets under construction of \$348,802,000 (\$356,237,883 in 2013-2014) that were transferred to the other categories upon completion of the assets, as well as assets transferred from other government departments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

11. Contingent Liabilities

a) Remediation of contaminated sites

The Government has developed a “Federal Approach to Contaminated Sites”, which incorporates a risk-based approach to the management of contaminated sites. Under this approach the Government has inventoried the contaminated sites on federal lands that have been identified, allowing them to be classified, managed and recorded in a consistent manner. This systematic approach aides in the identification of the high risk sites in order to allocate limited resources to those sites which pose the highest risk to the environment and human health.

CSC has identified approximately 90 sites (96 sites in 2014) where contamination may exist and assessment, remediation and monitoring may be required. Of these, CSC has identified 24 sites (40 sites in 2014) where action is possible and for which a net liability of \$2,017,213 (\$3,963,650 in 2014) has been recorded. This liability represents management’s best estimate of the amount required to complete the remediation of the sites to the current minimum standard for its use prior to contamination, based on information available at the financial statement date.

The following table presents the total estimated amounts of these liabilities by nature and source, the associated expected recoveries and the total undiscounted future expenditures as at March 31, 2015, and March 31, 2014.

(in thousands of dollars)

Nature & Source	NATURE & SOURCE OF LIABILITY					
	Number of sites 2015	Estimated Liability 2015 ⁽⁴⁾	Estimated Total Undiscounted Expenditures 2015	Number of sites 2014	Estimated Liability 2014 ⁽⁴⁾	Estimated Total Undiscounted Expenditures 2014
Fuel Related Practices ⁽¹⁾	8	347	347	9	411	411
Landfills/Waste Sites ⁽²⁾	8	940	940	8	2,288	2,288
Other ⁽³⁾	8	730	730	23	1,265	1,265
Totals	24	2,017	2,017	40	3,964	3,964

- (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) The difference between the Estimated Liability and Estimated Total Undiscounted Expenditures 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.

Of the remaining 66 sites, 29 sites were closed, as they were either remediated or assessed and found not to be contaminated, and there are 37 sites for which an estimated liability has not been determined, primarily due to the fact the sites are not yet fully assessed and contamination has not yet been determined or they have not developed a detailed remediation plan. As the sites are assessed, if contamination is found, and it exceeds the environmental standard, a liability will be recognized as soon as a reasonable estimate can be made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

11. Contingent Liabilities (continued)

Of the 37 sites that do not have estimated liabilities, two are considered high priority for action and these sites are at various stages of testing and evaluation in order to develop a remediation or risk management strategy. Liabilities will be reported as soon as a reasonable estimate can be determined. 25 sites are considered a medium to low priority and assessment and remediation will be done on these sites as resources become available. Three sites are not yet classified because they are only at the initial testing stages and contamination has not yet been determined. Five sites are not considered a priority for action because information indicates there is likely no significant environmental impact or human health threats and there is likely no need for action unless new information because available indicating greater concerns, in which case, the site will be re-examined. Two sites currently have insufficient information in order to classify. Additional information is required to classify the site but is not available at this time. As additional information becomes available the sites will be re-examined.

b) Claims and 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 litigations where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. Claims and litigations for which the outcome is not determinable but for which a reasonable estimate can be made by management amount to approximately \$2,450,000 (\$1,032,000 in 2013-2014) as at March 31, 2015.

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 when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

<i>(in thousands of dollars)</i>	2016	2017	2018	2019	2020 and thereafter	Total
Acquisition of goods and services	113,834	8,187	4,277	-	-	126,298

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

13. Related Party Transactions

CSC is related as a result of common ownership to all government departments, agencies, and Crown corporations. CSC enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, CSC received common services which were obtained without charge from other government departments as disclosed below.

a) Common services provided without charge by other government departments

During the year, CSC received services without charge from certain common services 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 in CSC's Consolidated Statement of Operations and Organizational Net Financial Position as follows:

<i>(in thousands of dollars)</i>	2015	2014
Employer's contribution to the health and dental insurance plans	127,139	129,293
Accommodation	18,515	18,479
Workers' compensation	5,355	5,690
Legal services	1,311	1,469
Total	152,320	154,931

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 Works and Government Services Canada and audit services provided by the Office of the Auditor General, are not included in CSC's Consolidated Statement of Operations and Organizational Net Financial Position.

b) Other transactions with related parties

<i>(in thousands of dollars)</i>	2015	2014
Accounts receivable – Other government departments and agencies	7,881	6,855
Accounts payable – Other government departments and agencies	33,389	58,535
Expenses – Other government departments and agencies	330,258	344,652
Revenues – Other government departments and agencies	40,849	32,902

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

14. Segmented Information

Presentation by segment is based on the Organization's program alignment architecture. 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:

	2015				2014	
<i>(in thousands of dollars)</i>	Custody	Correctional Interventions	Community Supervision	Internal Services	Total	Total
Transfer payments						
Non-profit organizations	2,768	-	-	-	2,768	345
Total transfer payments	2,768	-	-	-	2,768	345
Operating expenses						
Salaries and employee benefits	1,203,196	398,900	20,087	244,542	1,866,725	1,916,540
Professional and special services	99,083	61,264	103,161	31,910	295,418	301,768
Utilities, materials and supplies	117,000	4,189	1,909	7,602	130,700	130,984
Amortization of tangible capital assets	118,436	1,634	-	-	120,070	95,458
Repairs and maintenance	21,747	448	8	303	22,506	39,520
Machinery and equipment	11,825	1,927	43	9,227	23,022	21,172
Travel	5,475	3,698	404	5,213	14,790	20,365
Payment in lieu of taxes	31,428	-	-	-	31,428	30,164
Inmate pay	-	15,364	-	-	15,364	18,402
Cost of goods sold	-	11,270	-	-	11,270	10,470
Accommodation	-	-	9,457	9,058	18,515	18,479
Telecommunications	241	2	-	31	274	363
Rentals	12,217	1,434	28	7,514	21,193	22,008
Relocation	1,455	366	-	4,031	5,852	7,585
Net loss on disposal of tangible capital assets	505	1,349	-	(794)	1,060	2,122
Other	1,108	1,437	100	(746)	1,899	4,658
Total operating expenses	1,623,716	503,282	135,197	317,891	2,580,086	2,640,058
Sub-Total Expenses	1,626,484	503,282	135,197	317,891	2,582,854	2,640,403
Expenses incurred on behalf of Government	(1)	-	-	(15)	(16)	(120)
Total Expenses	1,626,483	503,282	135,197	317,876	2,582,838	2,640,283
Revenues						
Sales of goods and services	-	49,230	-	-	49,230	40,153
Miscellaneous revenues	3,415	607	4	154	4,180	2,828
Revenues earned on behalf of Government	(3,415)	(607)	(4)	(154)	(4,180)	(2,847)
Total Revenues	-	49,230	-	-	49,230	40,134
Net cost of operations before government funding and transfers	1,626,483	454,052	135,197	317,876	2,533,608	2,600,149

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

15. Transfer of the transition payments for implementing salary payments in arrears

The Government of Canada implemented salary payments in arrears in 2014-2015. As a result, a one-time payment was issued to employees and will be recovered from them in the future. The transition to salary payments in arrears forms part of the transformation initiative that replaces the pay system and also streamlines and modernizes the pay processes. This change to the pay system had no impact on the expenses of CSC. However, it did result in the use of additional spending authorities by CSC, along with the creation of an interim account receivable. Prior to year end, this interim account receivable was transferred to Public Works and Government Services Canada, who is responsible for the administration of the Government pay system.

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

CORRECTIONAL SERVICE OF CANADA

SUMMARY OF THE ASSESSMENT OF EFFECTIVENESS OF THE SYSTEMS OF INTERNAL CONTROL OVER FINANCIAL REPORTING FOR FISCAL YEAR 2014-2015 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 and assessment results and related action plans.

Detailed information on CSC's authority, mandate, and program can be found in the [Departmental Performance Report](#) and the [Report on Plans and Priorities](#).

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.

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 *Financial Management Framework* clearly defines the expectations, the requirements and the roles and responsibilities for internal controls.

This *Framework*, approved by the Commissioner in September 2013, includes the following elements in support of sound stewardship of public resources and reliable financial reporting:

- Key responsibilities and requirements of the Commissioner as Accounting Officer, the Chief Financial Officer, Senior Departmental Managers, Departmental Managers, Financial Officers and separately the Departmental Audit Committee (DAC) for effective financial resource management, investment planning, financial information and reporting, internal control and oversight;
- Values and ethics; and
- The context for sound financial management and internal control across the organization which are consistent with the *Financial Administration Act (FAA)*, and Treasury Board policy instruments.

CSC's *Financial Management Framework* also requires the Commissioner to engage with the DAC on risk-based assessment plans and associated results related to the effectiveness of CSC's system of ICFR.

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

CORRECTIONAL SERVICE OF CANADA

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

3. CSC'S ASSESSMENT RESULTS DURING FISCAL YEAR 2014-2015

During 2014-2015, CSC completed the last remaining design effectiveness testing and most of its operating effectiveness testing of key control areas. Ongoing monitoring was implemented according to plan.

3.1 Design effectiveness testing of key controls

In 2014-2015, CSC completed the design effectiveness testing of the Inmate Trust Fund, the last remaining key control area.

As a result of design effectiveness testing, CSC did not identify any significant design weaknesses that needed remediation.

3.2 Operating effectiveness testing of key controls

In 2014-2015, CSC completed operating effectiveness testing of its IT general controls processes, payables/payments, financial statement close, real property assets, other tangible capital assets, amortization, inventory, sales/receivables/receipts and contingent/environmental liabilities. Required remediation has been completed for the following: IT general controls, payables/payments, sales/receivable/receipts, contingent/environmental liabilities and amortization, with remediation still in progress for financial statement close, real property assets and other tangible assets and inventory.

As a result of the operating effectiveness testing CSC identified the following opportunities for improvement:

- Ensure that evidence is available to support the conduct and completion of inventory counts and valuation;
- Ensure that system access is removed on a timely basis when employees transfer or depart; and
- Ensure that key reconciliations are completed and performed in a timely fashion.

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

CORRECTIONAL SERVICE OF CANADA

3.3 Ongoing monitoring of key controls

In 2014-2015, CSC completed ongoing monitoring of hospitality and the overtime component of the salary process.

As a result of ongoing monitoring, CSC identified the following opportunities for improvement:

- Improve the documentation of approvals performed under section 34 of the *Financial Administration Act*; and
- Enhanced reporting and monitoring mechanisms for overtime.

4. CSC'S ACTION PLAN

4.1 Progress during fiscal year 2014-2015

During 2014-2015, CSC has continued to make significant progress in assessing and improving its key controls. Below is a summary of the main progress made by CSC based on the plans identified in the previous fiscal year's annex:

Progress During Fiscal Year 2014-2015

Element in previous year's action plan	Status as at March 31, 2015
Entity-Level Controls – Completing remediation of operating effectiveness testing	Previously noted deficiencies have been remediated.
Budgeting and Forecasting – Operating effectiveness testing	The process does not have a significant impact on CSC's consolidated financial statements. Therefore, this process will no longer be included in the annex.
IT General Controls – Operating effectiveness testing	Operational effectiveness testing and remediation of the Integrated Financial and Material Management System (IFMMS) has been completed. Design and operating effectiveness testing and remediation of the Regional Pay System, Human Resources Management System and the Salary Management System have also been completed.
Salary – Ongoing monitoring	Previously noted deficiencies have been remediated for salary. Ongoing monitoring and remediation have been completed on overtime. Process descriptions have also been updated with the transfer of responsibilities to the Public Service Pay Center located at Miramichi.
Travel – Ongoing monitoring	Previously noted deficiencies have been remediated.
Hospitality – Ongoing monitoring	Ongoing monitoring and remediation have been completed.
CSC/CORCAN Intradepartmental Transactions – Operating effectiveness testing	Assurance is provided through the yearly external audit of CORCAN's financial statements.
Interdepartmental Settlements – Ongoing monitoring	Not in scope for this year.
Procurement/Contracting – Ongoing monitoring	Deficiencies previously noted have been remediated.

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

CORRECTIONAL SERVICE OF CANADA

4.1 Progress during fiscal year 2014-2015 (continued)

Element in previous year's action plan	Status as at March 31, 2015
Payables/Payments – Operating effectiveness testing	Operating effectiveness testing and remediation have been completed.
Real Property Assets – Operating effectiveness testing	Operating effectiveness testing has been completed. Remediation is in progress.
Other Tangible Capital Assets – Operating effectiveness testing	Operating effectiveness testing has been completed. Remediation is in progress.
Amortization – Ongoing monitoring in future years	Operating effectiveness testing has been completed. No items noted for remediation.
Financial Statement Close, Reconciliations/GL Adjustments – Operating effectiveness testing	Operating effectiveness testing has been completed. Remediation is substantially completed; work continues on the last item noted for remediation.
Inmate Trust Fund – Design effectiveness testing	Design effectiveness testing has been completed. No items noted for remediation.
Inventory – Operating effectiveness testing	Operating effectiveness testing has been completed. Remediation is in progress.
Sales/Receivables/Receipts – Operating effectiveness testing	Operating effectiveness testing and remediation have been completed.
Allowance for Doubtful Accounts – Ongoing monitoring	Not in scope this year.
Contingent Liabilities – Operating effectiveness testing	Operating effectiveness testing has been completed. No items noted for remediation.
Environmental Liabilities – Operating effectiveness testing	Operating effectiveness testing has completed. No items noted for remediation.

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

CORRECTIONAL SERVICE OF CANADA

4.2 Status and action plan for the next fiscal year and subsequent years

Please note that moving forward, key control areas have been regrouped in order to simplify the reporting and better align with the financial statement processes. Below is a crosswalk of the regrouped key control areas that have been used for the action plan this year.

New Key Control Areas	Previous Key Control Areas
Revenues and Accounts Receivable	Sales/Receivables/Receipts
	Allowance for Doubtful Accounts
Other Operating Expenses and Accounts Payable	Travel
	Hospitality
	Interdepartmental Settlements
	Payable/Payments
	Procurement/Contracting
Tangible Capital assets	Real Property Assets
	Other Tangible Capital Assets
	Amortization
Financial Statement Close and Reporting	Financial Statement Close
	Reconciliations/GL Adjustments
	Contingent Liabilities
	Environmental Liabilities
	CSC/CORCAN Intradepartmental Transactions

Building on progress to date, CSC is well positioned to complete the full assessment of its system of internal control over financial reporting in 2015-2016. At that time, CSC will be applying its rotational ongoing monitoring plan to reassess control performance on a risk basis across all control areas. The status and action plan for the completion of the identified control areas for the next and subsequent fiscal years is as follows:

Status and Action Plan for the Next Fiscal Year and Subsequent Years

Key Control Areas	Design effectiveness testing and remediation	Operating effectiveness testing and remediation	Ongoing monitoring rotation ⁱ
Entity-Level Controls	Complete	Complete	2017-2018
IT General Controls	Complete	Complete	2017-2018
Financial Statement Close and Reporting	Complete	Substantially complete	2016-2017
Tangible Capital Assets	Complete	2015-2016	2017-2018
Inventory	Complete	2015-2016	2017-2018
Inmate Trust Fund	Complete	2015-2016	2016-2017
Salary	Complete	Complete	2016-2017
Other Operating Expenses and Accounts Payable	Complete	Complete	2016-2017
Revenues and Accounts Receivable	Complete	Complete	2017-2018

ⁱ The frequency of the ongoing monitoring of key control areas is risk-based and may occur over a multi-year cycle.