



Service correctionnel
Canada

Correctional Service
Canada



LA SÉCURITÉ,
LA DIGNITÉ
ET LE RESPECT
POUR TOUS

SAFETY, RESPECT
AND DIGNITY
FOR ALL

Quarterly Financial Report

*For the Quarter ended
June 30, 2011*

Canada

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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](#) and [Supplementary Estimates](#). This report has not been subject to an external audit or review.

Correctional Service Canada (CSC), as part of the criminal justice system and respecting the rule of law, contributes to public safety by actively encouraging and assisting offenders to become law-abiding citizens, while exercising reasonable, safe, secure and humane control. It delivers its mandate under four major program activities. A summary description of CSC's program activities can be found in [Part II of the Main Estimates](#).

CSC contributes to public safety by administering court-imposed sentences for offenders sentenced to two years or more. This involves managing institutions of various security levels and supervising offenders on different forms of conditional release, while assisting them to become law-abiding citizens. CSC also administers post-sentence supervision of offenders with Long Term Supervision Orders for up to ten years.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the CSC's spending authorities granted by Parliament and those used by the department, consistent with the Main Estimates and Supplementary Estimates A for the 2011-2012 fiscal year, for which full supply was released on June 27, 2011. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

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

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

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

CSC has an active Revolving Fund (CORCAN) that is included in the budgetary 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 of time, 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 \$5.0 million at any time.

Highlights of Fiscal Quarter End and Fiscal Year to Date (YTD) Results

Authorities Analysis

As reflected in the attached Statement of Authorities, in 2011-2012, CSC has seen an increase in total authorities from the previous year (2010-2011) of 20.8% (\$514.2 million).

The following table summarizes the variances:

(in millions of dollars)

Vote 25 – Operating Expenditures	290.0
<i>Truth in Sentencing Act</i>	234.9
National Capital, Accommodation and Operations Plan	33.7
<i>Tackling Violent Crime Act</i>	19.6
Other	1.8
Vote 30 – Capital Expenditures	180.2
<i>Truth in Sentencing Act</i>	223.1
Strategic Review Capital Reallocation	(15.4)
Reprofiling to future years	(27.3)
Other	(0.2)
Budgetary Statutory Authorities	44.0
Total	514.2

Of the net increase in total authorities reflected in the Statement of Authorities, \$458.0 million (\$234.9 million in operating funding and \$223.1 million in capital funding) was received in relation to the implementation of the [Truth in Sentencing Act](#), and \$19.6 million for the [Tackling Violent Crime Act](#), which will increase both individual sentence length and the number of federal offenders.

The Budgetary Statutory Authority increase of \$44.0 million is related to CSC's allocation of the employer's share of the Employee Benefit Plan (EBP), due to employee growth, and the disposal of crown assets.

CSC received an increase of \$33.7 million for the National Capital, Accommodation & Operations Plan. This increase is related to offender programs and specific accommodation measures, which are based on funding formulae driven by type and variations in the number of offenders (incarcerated and in the community).

Funding for capital expenditures has been reduced by \$15.4 million as a result of the 2009 Strategic Review.

There was a \$27.3 million decrease in CSC's capital vote reference levels due to reprofiling of capital funds to future years.

Quarterly Expenditures Analysis

Compared to the first quarter of the previous fiscal year, total net budgetary expenditures have increased by \$34.3 million (7.4%). The implementation of newly enacted legislation is the key driver of the growth.

Capital expenditures increased by \$11.7 million, which is mainly attributable to improvements to and construction of infrastructure (\$5.0 million in repair and maintenance and of \$6.7 million in the acquisition of land, buildings and works) to support the projected increase in the offender population.

The budgetary statutory authorities increase (\$11.7 million¹) is primarily related to the Employee Benefit Plan (EBP). This expenditure is charged monthly by the Treasury Board Secretariat based on an annual projection of personnel expenditures.

Although operating expenditures have decreased by \$8.0 million, salaries and overtime expenditures increased by \$11.3 million¹, and were offset by a reduction in professional and special services of \$20.2 million. This reduction is mostly due to a timing difference of a training fee between CSC and CORCAN, which was partially processed in the first quarter of this fiscal year. This also explains the overall reduction in CORCAN's gross revenue.

Risks and Uncertainties

As a result of legislative changes, the number of inmates in CSC's custody has grown and is expected to significantly increase over the next few years. This growth will exert significant pressure on CSC's already ageing infrastructure and requires the construction geared towards increased capacity. To mitigate this risk, CSC has established an Infrastructure Renewal Team. This team is working with operational sites, regions, and sectors at National Headquarters to ensure appropriate levels of staff, accommodation space and other resources are in place to allow for effective case management, program delivery, and community supervision as the population increases.

Separate from the increased funding noted under the Authorities Analysis section, Budget 2010 stipulated that the operating budgets of departments would remain frozen at their 2010-2011 levels for the fiscal years 2011-2012 and 2012-2013. In the last two years, CSC has implemented measures to address these constraints, such as:

- introducing new staff deployment standards for Correctional Officers and computerized roster systems to ensure efficient staffing levels in federal institutions, resulting in a significant reduction in overtime expenditures;
- improving integrated human resource and business planning methods to improve the accuracy of forecasts for future staffing, recruitment, and essential training needs;
- implementing a more focused approach to reducing travel and hospitality expenditures; and,

¹ The variation in salaries, overtime and EBP (\$23.0 million) represent the total variation in personnel expenditures.

- piloting an innovative Integrated Correctional Program Model that will reduce redundancies and overlap between some of the programs offered to offenders, leading to efficiencies in program delivery.

Further, in line with the objectives defined in Budget 2010, any increase in funding required as the result of a new collective agreement will be absorbed within current funding levels as part of the mitigation strategies outlined above. It should be noted that the collective agreement with the Union of Canadian Correctional Officers expired as of May 31, 2010. This group represents 41% of CSC's employees, and therefore, a new collective agreement could result in a significant financial pressure on CSC.

Significant Changes in Relation to Operations, Personnel and Programs

CSC continues to adjust its operations to respond to the challenges that arise from recent and proposed legislation. CSC is working with internal and external partners to facilitate the expansion and renewal of human and technological resources, as well as physical infrastructure, and continues to build new relationships.

As outlined in the [2011-2012 Report on Plans and Priorities](#), CSC will focus its efforts on the following key areas:

- safe transition to and management of eligible offenders in the community;
- safety and security of staff and offenders in our institutions and in the community;
- enhanced capacities to provide effective interventions for First Nations, Métis and Inuit offenders;
- improved capacities to address mental health needs of offenders;
- strengthening management practices; and
- productive relationships with increasingly diverse partners, stakeholders, and others involved in public safety.

The effective alignment of these six priorities will ensure that CSC continues to play an active role, alongside our partners and key stakeholders, in ensuring the successful rehabilitation and reintegration of our offender population, in providing for safe and secure communities and institutions, and in respecting the financial constraints of the current economic environment.

Approvals by Senior Officials

Signed by _____
Don Head, Commissioner
Ottawa, Canada
August 29, 2011

Signed by _____
Liette Dumas-Sluyter, CMA
Chief Financial Officer

Statement of Authorities (unaudited)

	Fiscal Year 2011-2012			Fiscal Year 2010-2011		
	Total available for use for the year ending March 31, 2012*	Used during the quarter ended June 30, 2011	Year to date used at quarter-end	Total available for use for the year ending March 31, 2011*	Used during the quarter ended June 30, 2010	Year to date used at quarter-end
<i>(in thousands of dollars)</i>						
Vote 25 (30) – Operating Expenditures	2,207,946	410,141	410,141	1,917,993	418,122	418,122
Vote 30 (35) – Capital Expenditures	517,519	16,748	16,748	337,311	5,070	5,070
Budgetary Statutory Authorities						
CORCAN Gross Expenditures	80,460	16,773	16,773	91,362	16,411	16,411
CORCAN Gross Revenues	(80,460)	(12,821)	(12,821)	(91,362)	(31,371)	(31,371)
CORCAN Net Expenditures (Revenues)	–	3,952	3,952	–	(14,960)	(14,960)
Other Budgetary Statutory Authorities	257,715	64,922	64,922	213,709	53,210	53,210
Total Budgetary Authorities	2,983,180	495,763	495,763	2,469,013	461,442	461,442
Non-Budgetary Authorities	49	–	–	48	–	–
Total Authorities	2,983,229	495,763	495,763	2,469,061	461,442	461,442

More information is available in the attached table.

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

Departmental Budgetary Expenditures by Standard Object (unaudited)

	Fiscal Year 2011-2012			Fiscal Year 2010-2011		
	Planned expenditures for the year ending March 31, 2012	Expended during the quarter ended June 30, 2011	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2011	Expended during the quarter ended June 30, 2010	Year to date used at quarter-end
<i>(in thousands of dollars)</i>						
Expenditures						
Personnel	1,722,775	401,920	401,920	1,504,992	378,930	378,930
Transportation and communications	74,757	8,424	8,424	69,826	8,799	8,799
Information	2,509	180	180	2,433	133	133
Professional and special services	402,963	46,459	46,459	322,332	66,638	66,638
Rentals	15,307	1,440	1,440	12,072	1,601	1,601
Repair and maintenance	62,138	6,785	6,785	62,510	1,747	1,747
Utilities, materials and supplies	174,620	21,226	21,226	159,656	21,137	21,137
Acquisition of land, buildings and works	323,309	10,420	10,420	220,463	3,751	3,751
Acquisition of machinery and equipment	195,533	2,541	2,541	117,715	3,537	3,537
Transfer payments	1,573	38	38	1,573	–	–
Other subsidies and payments	88,156	9,151	9,151	86,803	6,540	6,540
Total Gross Budgetary Expenditures	3,063,640	508,584	508,584	2,560,375	492,813	492,813
Less Revenues Netted Against Expenditures						
CORCAN	(80,460)	(12,821)	(12,821)	(91,362)	(31,371)	(31,371)
Total Net Budgetary Expenditures	2,983,180	495,763	495,763	2,469,013	461,442	461,442