



Parole Board
of Canada

Commission des libérations
conditionnelles du Canada

Parole Board of Canada

Financial Statements (Unaudited)

2017-2018



Parole Board of Canada

Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2018 and all information contained in these statements rests with the management of the Parole Board of Canada (PBC). These 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 financial statements. Some of the information in the 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 the PBC's financial transactions. Financial information submitted in the preparation of the [Public Accounts of Canada](#), and included in the PBC's [Departmental Results Report](#), is consistent with these 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 the PBC 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 on-going process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

The PBC is subject to periodic Core Control Audits performed by the Office of the Comptroller General and uses the results of such audits to comply with the Treasury Board [Policy on Financial Management](#).

A Core Control Audit was performed in 2011-2012 by the Office of the Comptroller General of Canada (OCG). The [Audit Report and related Management Action Plan](#) are posted on the PBC website.

The financial statements of the PBC have not been audited.

Jennifer Oades
Chairperson

Chantal Lemyre, CPA, CGA
Chief Financial Officer

Ottawa, Canada
August 1, 2018

Parole Board of Canada

Statement of Financial Position (Unaudited)

As at March 31st

(in thousands of dollars)	2018	2017
Liabilities		
Accounts payable and accrued liabilities (note 4)	\$ 4,532	\$ 3,786
Vacation pay and compensatory leave	1,736	1,679
Employee future benefits (note 5)	1,360	1,700
Total liabilities	7,628	7,165
Financial assets		
Due from Consolidated Revenue Fund	4,152	3,739
Accounts receivable and advances (note 6)	1,461	1,028
Total gross financial assets	5,613	4,767
Financial assets held on behalf of Government		
Accounts receivable and advances (note 6)	(1,461)	(967)
Total financial assets held on behalf of Government	(1,461)	(967)
Total net financial assets	4,152	3,800
Departmental net debt	3,476	3,365
Non-financial assets		
Prepaid expenses	107	175
Tangible capital assets (note 7)	2,343	2,426
Total non-financial assets	2,450	2,601
Departmental net financial position	\$ (1,026)	\$ (764)

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

Jennifer Oades
Chairperson

Chantal Lemyre, CPA, CGA
Chief Financial Officer

Ottawa, Canada
August 1, 2018

Parole Board of Canada

Statement of Operations and Departmental Net Financial Position (Unaudited) For the year ended March 31st

(in thousands of dollars)	2018	2018	2017
	Planned Results		
Expenses			
Conditional release decisions	\$ 40,300	\$ 42,664	\$ 42,182
Conditional release openness and accountability	4,462	5,291	4,801
Record suspension decisions and clemency recommendations	5,976	6,304	6,032
Internal services	7,661	9,358	7,981
Total expenses	58,399	63,617	60,996
Revenues			
Regulatory fees	5,679	6,873	5,171
Miscellaneous revenues	-	9	8
Revenues earned on behalf of Government	(1,449)	(1,764)	(1,330)
Total revenues	4,230	5,118	3,849
Net cost of operations before government funding and transfers	54,169	58,499	57,147
Government funding and transfers			
Net cash provided by Government		46,599	46,637
Change in due from Consolidated Revenue Fund		413	(389)
Services provided without charge by other government departments (note 8a)		11,225	11,120
Transfer of the transition payments for implementing salary payments in arrears		-	(2)
Capital assets adjustment		-	(1)
Net cost of operations after government funding and transfers		262	(218)
Departmental net financial position – Beginning of year		(764)	(982)
Departmental net financial position – End of year		\$ (1,026)	\$ (764)

Segmented information (note 9)

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

Parole Board of Canada

Statement of Change in Departmental Net Debt (Unaudited) For the year ended March 31st

(in thousands of dollars)	2018	2017
Net cost of operations after government funding and transfers	\$ 262	\$ (218)
Change due to tangible capital assets		
Acquisition of tangible capital assets	704	1,097
Amortization of tangible capital assets	(780)	(1,093)
Proceeds from disposal of tangible capital assets	(6)	(6)
Loss on disposal of tangible capital assets	(1)	(20)
Capital assets adjustment	-	(1)
Total change due to tangible capital assets	(83)	(23)
Change due to prepaid expenses	(68)	46
Net increase (decrease) in departmental net debt	111	(195)
Departmental net debt – Beginning of year	3,365	3,560
Departmental net debt – End of year	\$ 3,476	\$ 3,365

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

Parole Board of Canada

Statement of Cash Flow (Unaudited) For the year ended March 31st

(in thousands of dollars)	2018	2017
Operating activities		
Net cost of operations before government funding and transfers	\$ 58,499	\$ 57,147
Non cash items:		
Services provided without charge by other government departments (note 8a)	(11,225)	(11,120)
Amortization of tangible capital assets	(780)	(1,093)
Gain (loss) on disposal of tangible capital assets	(1)	(20)
Transition payments for implementing salary payments in arrears	-	2
Variations in Statement of Financial Position:		
Decrease (increase) in accounts payable and accrued liabilities	(746)	351
(Decrease) increase in prepaid expenses	(68)	46
Decrease in net accounts receivable and advances	(61)	(100)
Increase in vacation pay and compensatory leave	(57)	(141)
Decrease in employee future benefits	340	474
Cash used in operating activities	45,901	45,546
Capital investing activities		
Acquisitions of tangible capital assets	704	1,097
Proceeds from disposal of tangible capital assets	(6)	(6)
Cash used in capital investing activities	698	1,091
Net cash provided by Government of Canada	\$ 46,599	\$ 46,637

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

Parole Board of Canada

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31st

1. Authority and Objectives

The Parole Board of Canada (PBC) is an independent administrative tribunal that has exclusive jurisdiction and absolute discretion under the *Corrections and Conditional Release Act* (CCRA) to grant, cancel, terminate or revoke day parole, full parole, and authorize or approve temporary absences. The Board can also, on referral, order the detention of an offender beyond their statutory release date, or terminate or revoke statutory release. The CCRA also authorizes the PBC to modify or remove driving prohibition orders and to investigate Royal Prerogative of Mercy requests. Under the *Criminal Records Act* (CRA), the PBC has exclusive jurisdiction and absolute discretion to order, refuse to order or revoke a record suspension. The PBC also provides recommendations on clemency to the Minister of Public Safety and Emergency Preparedness.

The PBC's core responsibilities are:

- Conditional release decisions: Through this core responsibility, PBC staff provides timely, accurate information for Board member decision-making, and develops training and policies that are essential tools for risk assessment and decision-making;
- Conditional release openness and accountability: This core responsibility works with victims of crime and the general public by providing information, including access to the PBC's registry of decisions, as well as providing assistance for observers at hearings;
- Record suspension decisions and clemency recommendations: Through this core responsibility, the PBC screens applications for completeness and the eligibility of each applicant, collects information for decision-making and develops policy to guide decision processes; and
- Internal services: Supports the work of all other programs and provides key corporate services.

2. Summary of Significant Accounting Policies

These 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

The PBC is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the PBC 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 Statement of Operations and Departmental Net Financial Position and the 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 Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-oriented Statement of Operations

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Notes to the Financial Statements (Unaudited)

For the Year Ended March 31st

included in the [2017-2018 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 2017-2018 Departmental Plan.

(b) Net Cash Provided by Government

The PBC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the PBC is deposited to the CRF, and all cash disbursements made by the PBC 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.

(c) Amounts due from or to the 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 the PBC is entitled to draw from the CRF without further authorities to discharge its liabilities.

(d) Revenues

Revenues from regulatory fees are recognized in the accounts based on the services provided in the year. Other revenues are recognized in the period the event giving rise to the revenues occurred. Revenues that are non-respensible are not available to discharge the department's liabilities. While the Chairperson is expected to maintain accounting control, she has no authority regarding the disposition of non-respensible revenues. As a result, non-respensible 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.

(e) Expenses

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, information technology services, employer contributions to the health and dental insurance plans, legal services and workers' compensation are recorded as operating expenses at their carrying value.

(f) Employee future benefits

(i) Pension benefits - Eligible employees participate in the Public Service Superannuation Plan, a multiemployer pension plan administered by the Government. The PBC's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The PBC'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.

(ii) Severance benefits - The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did

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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.

- (g) Accounts receivable are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for accounts receivable where recovery is considered uncertain.
- (h) Contingent liabilities – Contingent liabilities are potential liabilities that 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 if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.
- (i) Tangible capital assets – All tangible capital assets and leasehold improvements having an initial cost of \$5,000 or more are recorded at their acquisition cost. The PBC does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on reserves and museum collections. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset, as described in Note 7.
- (j) Measurement uncertainty
The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for employee future benefits 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 financial statements in the year they become known.

3. Parliamentary authorities

The PBC receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position, and the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the PBC 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:

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Notes to the Financial Statements (Unaudited)

For the Year Ended March 31st

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

(in thousands of dollars)	2018	2017
Net cost of operations before government funding and transfers	\$ 58,499	\$ 57,147
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(11,225)	(11,120)
Amortization of tangible capital assets	(780)	(1,093)
Increase in vacation pay and compensatory leave	(57)	(141)
Decrease in employee future benefits	340	474
Refunds of prior years' expenditures	81	65
Loss on disposal of tangible capital assets	(1)	(20)
Other	8	(1)
Total items affecting net cost of operations but not affecting authorities	(11,634)	(11,836)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	704	1,097
Proceeds from disposal of tangible capital assets	(6)	(6)
Transition payments for implementing salary payments in arrears	-	2
Receivables for salary overpayments and other advances	235	375
Increase (decrease) in prepaid expenses	(68)	46
Total items not affecting net cost of operations but affecting authorities	865	1,514
Current year authorities used	\$ 47,730	\$ 46,825

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For the Year Ended March 31st

b) Authorities provided and used

(in thousands of dollars)	2018	2017
Authorities provided		
Vote 1 - Program expenditures	\$ 44,294	\$ 42,954
Statutory amounts	5,692	5,775
Less:		
Authorities available for future years	-	-
Lapsed: Program expenditures	(2,256)	(1,904)
Current year authorities used	\$ 47,730	\$ 46,825

4. Accounts payable and accrued liabilities

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

(in thousands of dollars)	2018	2017
Accounts payable – Other government departments and agencies	\$ 516	\$ 515
Accounts payable – External parties	890	316
Total accounts payable	1,406	831
Accrued liabilities	3,126	2,955
Total accounts payable and accrued liabilities	\$ 4,532	\$ 3,786

5. Employee future benefits

(a) Pension benefits

The PBC'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/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the PBC 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.

The 2017-18 expense amounts to \$3,867,540 (\$4,009,234 in 2016-17). For Group 1 members, the expense represents approximately 1.01 times (1.12 times in 2016-17) the employee

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contributions and, for Group 2 members, approximately 1.00 times (1.08 times in 2016-17) the employee contributions.

The PBC'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.

(b) Severance benefits

Severance benefits provided to the PBC'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, 2018, 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)	2018	2017
Accrued benefit obligation, Beginning of year	\$ 1,700	\$ 2,174
Expense for the year	(266)	(428)
Benefits paid during the year	(74)	(46)
Accrued benefit obligation, End of year	\$ 1,360	\$ 1,700

6. Accounts receivable and advances

The following table presents details of the PBC's accounts receivable and advances balances:

(in thousands of dollars)	2018	2017
Receivable – Other government departments and agencies	\$ 856	\$ 548
Receivable – External parties	29	21
Employee advances	576	459
Gross accounts receivable	\$ 1,461	\$ 1,028
Accounts receivable held on behalf of Government	1,461	967
Net accounts receivable	\$ -	\$ 61

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For the Year Ended March 31st

7. 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
Machinery and equipment	3 to 5 years
Software	5 years
Other equipment (including furniture)	15 years
Motor vehicles	7 years
Leasehold improvements	Lesser of the remaining term of lease or useful life of the improvement

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.

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For the Year Ended March 31

(in thousands of dollars)

Capital Asset Class	Cost				Accumulated Amortization				Net Book Value	
	Opening balance	Acquisitions	Disposal and write-offs	Closing Balance	Opening balance	Amortization	Disposal and write-offs	Closing balance	2018	2017
Machinery & equipment	\$ 381	\$ 10	\$ -	\$ 391	\$ 277	\$ 99	\$ -	\$ 376	\$ 15	\$ 104
Software	1,353	-	-	1,353	418	271	-	689	664	935
Other equipment	430	-	-	430	274	30	-	304	126	156
Motor vehicles	593	52	26	619	526	60	19	567	52	67
Leasehold improvements	3,692	20	-	3,712	2,539	320	-	2,859	853	1,153
Assets under construction	11	622	-	633	-	-	-	-	633	11
Total	\$ 6,460	\$ 704	\$ 26	\$ 7,138	\$ 4,034	\$ 780	\$ 19	\$ 4,795	\$ 2,343	\$ 2,426

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Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

8. Related party transactions

The PBC is related as a result of common ownership to all Government departments, agencies and Crown Corporations. The PBC enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, the PBC 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, the PBC 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 workers' compensation coverage. Additionally, Correctional Services Canada provides information technology services to PBC since 2008, when the function and funding were transferred to the department. These services provided without charge have been recorded in the PBC's Statement of Operations and Departmental Net Financial Position as follows:

(in thousands of dollars)	2018	2017
Accommodation	\$ 4,166	\$ 4,235
Information technology services	3,434	3,400
Employer's contribution to the health and dental insurance plans	3,333	3,087
Legal services	289	395
Workers' compensation	3	3
Total	\$ 11,225	\$ 11,120

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes 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 payroll and cheque issuance services provided by Public Services and Procurement Canada and audit services provided by the Office of the Auditor General, are not included in the PBC's Statement of Operations and Departmental Net Financial Position.

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Notes to the Financial Statements (Unaudited)
For the Year Ended March 31

9. Segmented information

Presentation by segment is based on the PBC's core responsibilities. 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 by the core responsibilities, by major object of expense and by major type of revenue. The segment results for the period are as follows:

Operating expenses (in thousands of dollars)	Conditional Release Decisions		Conditional Release Openness & Accountability		Record Suspension Decisions & Clemency Recommendations		Internal Services		2018	2017		
Salaries and employee benefits	\$	33,092	\$	4,438	\$	5,040	\$	6,251	\$	48,821	\$	46,410
Accommodation		2,849		370		419		528		4,166		4,235
Professional and special services		3,285		351		708		1,710		6,054		6,183
Travel		1,621		107		26		114		1,868		1,534
Utilities, materials and supplies		304		3		24		565		896		681
Amortization of tangible capital assets		750		-		-		30		780		1,093
Relocation		392		-		13		-		405		-
Communication services		206		6		4		101		317		329
Postage, freight, express, and cartage		73		2		40		19		134		202
Rentals		76		2		18		30		126		133
Information services		5		0		12		10		27		87
Other		11		12		-		-		23		109
Total Expenses		42,664		5,291		6,304		9,358		63,617		60,996
Regulatory fees		-		-		6,873		-		6,873		5,171
Miscellaneous revenues		8		-		-		1		9		8
Revenues earned on behalf of Government		(8)		-		(1,755)		(1)		(1,764)		(1,330)
Total Revenues		-		-		5,118		-		5,118		3,849
Net cost of operations before government funding and transfers	\$	42,664	\$	5,291	\$	1,186	\$	9,358	\$	58,499	\$	57,147

10. Comparative information

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