



Quarterly Financial Report for the Quarter ended December 31, 2017



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 Directive on Accounting Standards, GC 4400 Departmental Quarterly Financial Report. This quarterly report should be read in conjunction with the Main Estimates and Supplementary Estimates.

A summary description of the Parole Board of Canada (PBC), its Raison d'être and core responsibilities can be found in [Part II of the Main Estimates](#).

This Quarterly Report has not been subject to an external audit or review.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the PBC's spending authorities granted by Parliament and those used by the department. Authorities include amounts granted through the Main Estimates and Supplementary Estimates for the 2017-18 fiscal year and any spendable revenue earned and available for use to quarter end. 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.

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

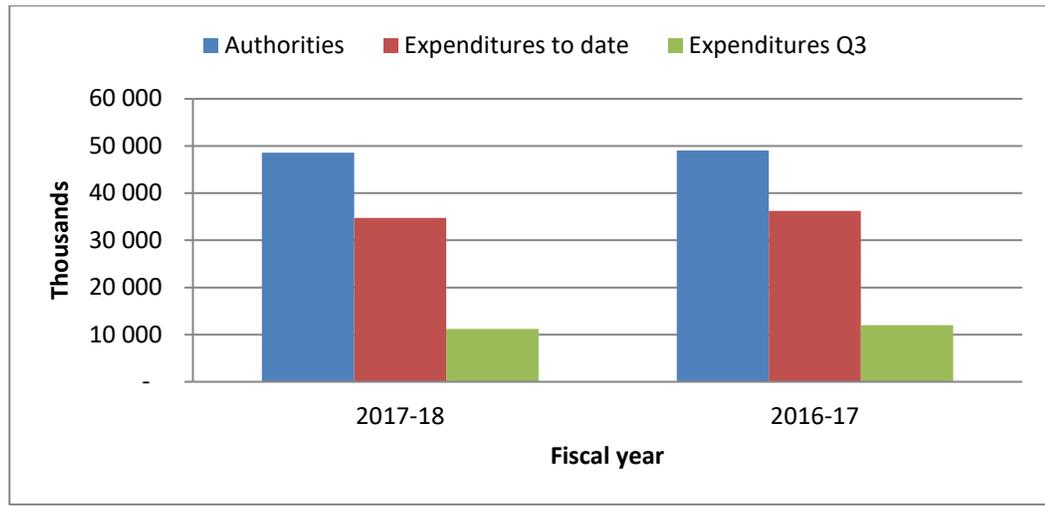
Highlights of Fiscal Quarter and Fiscal Year to Date Results

Significant Changes to Authorities

Since September 30, 2017, there has not been any changes in PBC's total authorities. As at December 31, 2017, total authorities available for the third quarter has remained at \$48.6M for 2017-18, compared to \$49.1M for 2016-17.

As illustrated in Figure 1, the PBC has spent approximately 72% of its authorities at the end of the third quarter, which is lower than last year's rate of 74%. As PBC's most significant expense is salaries, its spending is generally distributed equally throughout the year. The decrease in the percentage of authorities spent by December 31st is explained by spending on professional and special services and repair and maintenance, which is detailed in the next section.

Figure 1 – Third Quarter Expenditures Compared to Annual Authorities



Significant Changes to Gross Budgetary Expenditures

Year-to-date gross budgetary expenditures decreased by \$302K or 1% in 2017-18 compared to 2016-17, and revenue increased in 2017-18 by \$1,180, or 50%, compared to 2016-17. The following paragraphs provide details of key changes.

- Personnel expenditures decreased by \$58K or 1% in the third quarter of 2017-18 compared to 2016-17. This minor decrease between quarters is due to vacancies in both Board member and employee positions. The year-to-date increase in personnel expenditures of \$1,368K or 4% is explained by the payment of retroactive amounts owing under signed collective agreements, which predominantly occurred in the second quarter of 2017-18.
- Professional and special services decreased by \$849K or 52% compared to the same year-to-date expenditures in the previous fiscal year. This decrease is largely due to a timing difference of when legal expenditures are recorded in the year. In 2016-17, the annual estimated legal costs were paid at the beginning of the year, while in 2017-18 they are being paid on a monthly basis.
- Repair and maintenance expenditures decreased by \$897K (94%) between years. This decrease is related to the one-time expenditures incurred last year for the Board's Edmonton office relocation and for the Kingston office renovation.
- Expenditures for loans, investments and advances are attributed to overpayments and advances provided to employees due to transitioning to the Phoenix pay system. There has been no significant variance in the year to date expenditure between years.

Significant Changes to Revenues Collected

Revenues recorded increased by \$243K, or 26%, compared with the third quarter of 2016-17, which is explained by an equivalent increase in the volume of record suspension applications accepted in the third quarter of 2017-18. This variance is likely attributed to legislative changes dating back to 2012, which imposed an additional five year waiting period for the eligibility criteria for certain applicants. The waiting period has now expired and affected applicants are now eligible to apply.

Risks and Uncertainties

The PBC receives the majority of its funding through annual Parliamentary authorities. As a result, its operations are affected by any changes in funding approved through Parliament. The PBC also collects user fees for processing record suspension applications, and has the authority to spend revenues received during the year on related activities. The volume of applications generally remains consistent from year to year, but significant variances may occur in response to legislative or policy changes affecting record suspensions.

During 2017-18, there has been a significant turnover in PBC senior personnel. New appointments of Governor in Council (GIC) appointees have been made for the Chairperson and the Executive Vice-Chairperson positions. Additionally, approximately one third of the PBC's 90 Board member positions will receive new GIC appointees. The PBC has procedures in place to ensure organizational stability during this transition.

The Government of Canada has implemented a new pay system as part of the pay transformation initiative. There are known issues associated with the implementation of this system that have resulted in salary over/underpayments to employees, and delays in transferring employee pay between departments. The department has implemented a number of controls to more closely monitor this risk and will continue to monitor and report on the situation closely in consultation with Public Services and Procurement Canada (PSPC) and Treasury Board Secretariat (TBS).

Significant Changes in Relation to Operations, Personnel and Programs

During the third quarter of 2017-18, there have been no significant changes in relation to operations, personnel and programs.

Subsequent to the close of the third quarter, Jennifer Oades was appointed to the position of Chairperson of the Parole Board of Canada effective January 31, 2018. Additionally, Sylvie Blanchet was appointed to the position of Executive Vice-Chairperson of the Parole Board of Canada effective January 3, 2018.

Approval by Senior Officials

Approved by,

Jennifer Oades
Chairperson

Chantal Lemyre, CPA, CGA
Chief Financial Officer

Ottawa, Canada
February 7, 2018

Statement of Authorities (unaudited)

(in thousands of dollars)	Fiscal year 2017-2018		
	Total available for use for the year ending March 31, 2018*	Used during the quarter ended December 31, 2017	Year-to-date used at quarter-end
Vote 1 – Program expenditures	48,639	10,946	34,098
Less revenues netted against expenditures	**5,645	1,168	3,548
Total net Program expenditures	42,994	9,778	30,550
Budgetary statutory authorities – EBP	5,586	1,397	4,190
Total authorities	48,580	11,175	34,740

(in thousands of dollars)	Fiscal year 2016-2017		
	Total available for use for the year ending March 31, 2017*	Used during the quarter ended December 31, 2016	Year-to-date used at quarter-end
Vote 1 – Program expenditures	48,599	11,422	34,001
Less revenues netted against expenditures	**5,645	925	2,368
Total net Program expenditures	42,954	10,497	31,633
Budgetary statutory authorities – EBP	6,119	1,530	4,589
Total authorities	49,073	12,027	36,222

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

**The amount of revenues netted against expenditures reported in the Main Estimates is based on an estimated amount of 12,000 accepted applications multiplied by the portion of the \$631 user fee that is responsible by PBC (\$470).

Departmental budgetary expenditures by Standard Object (unaudited)

(in thousands of dollars)	Fiscal year 2017-2018		
	Planned expenditures for the year ending March 31, 2018*	Expended during the quarter ended December 31, 2017	Year-to-date used at quarter-end
Expenditures			
Personnel	43,483	11,356	35,301
Transportation and communications	3,960	585	1,579
Information	374	5	7
Professional and special services	5,362	316	790
Rentals	198	25	74
Repair and maintenance	142	23	53
Utilities, materials and supplies	424	32	91
Acquisition of machinery and equipment	265	20	164
Other subsidies and payments	17	-	30
Loans Investments and Advances	-	(19)	199
Total gross budgetary expenditures	54,225	12,343	38,288
Less Revenues netted against expenditures:			
User fee revenues netted against expenditures	5,645	1,168	3,548
Total net budgetary expenditures	48,580	11,175	34,740

(in thousands of dollars)	Fiscal year 2016-2017		
	Planned expenditures for the year ending March 31, 2017*	Expended during the quarter ended December 31, 2016	Year-to-date used at quarter-end
Expenditures			
Personnel	43,977	11,414	33,933
Transportation and communications	3,960	535	1,521
Information	374	11	38
Professional and special services	5,362	393	1,639
Rentals	198	29	96
Repair and maintenance	142	315	950
Utilities, materials and supplies	424	29	74
Acquisition of machinery and equipment	265	41	62
Other subsidies and payments**	16	30	54
Loans Investments and Advances**	-	155	223
Total gross budgetary expenditures	54,718	12,952	38,590
Less Revenues netted against expenditures:			
User fee revenues netted against expenditures	5,645	925	2,368
Total net budgetary expenditures	49,073	12,027	36,222

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

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