



Quarterly Financial Report for the Quarter ended June 30, 2013



Parole Board of Canada

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 Accounting Standard 1.3. This quarterly report should be read in conjunction with the Main Estimates and Supplementary Estimates. It has not been subject to an external audit or review.

Authority and Objectives

The Parole Board of Canada (PBC or the Board) is an independent administrative tribunal responsible for making decisions about the timing and conditions of release of offenders to the community on various forms of conditional release. The Board also makes record suspension decisions and recommendations for the exercise of clemency through the Royal Prerogative of Mercy (RPM).

Legislation governing the Board includes the Corrections and Conditional Release Act (CCRA), the Criminal Records Act (CRA), and the Criminal Code. The CCRA empowers the Board to make conditional release decisions for federal offenders and offenders in provinces and territories without their own parole boards. Provincial Boards currently exist in Quebec and Ontario. The CRA entitles the Board to order, deny and revoke record suspensions for convictions under federal acts or regulations. The Governor General or the Governor in Council approves the use of the RPM for those convicted of a federal offence, in all jurisdictions, based on investigations by the Board and recommendations from the Minister of Public Safety.

The Board has one strategic outcome: Conditional release and record suspension decisions and decision processes that safeguard Canadian communities. This strategic outcome is the cornerstone of the Board's public accountability and reporting of results.

Further details on the Board's authority, mandate and program activities may be found in the PBC's Report on Plans and Priorities.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Board's spending authorities granted by Parliament and those used by the department, consistent with the Main Estimates and Supplementary Estimates for the 2013-2014 fiscal year. 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.

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As part of the Parliamentary business of supply, the Main Estimates must be tabled in Parliament on or before March 1 preceding the new fiscal year. Budget 2012 was tabled in Parliament on March 29, after the tabling of the Main Estimates on February 28, 2012. As a result the measures announced in the Budget 2012 could not be reflected in the 2012-13 Main Estimates.

In fiscal year 2012-2013, frozen allotments were established by Treasury Board authority in departmental votes to prohibit the spending of funds already identified as savings measures in Budget 2012. In 2013-2014, the changes to departmental authorities were reflected in the 2013-2014 Main Estimates tabled in Parliament.

The Board 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.

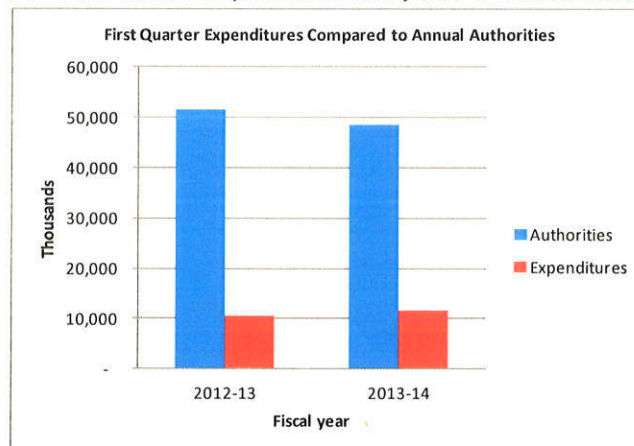
Highlights of Fiscal Quarter and Fiscal Year to Date Results

Significant Changes to Authorities

As at June 30, 2013, total authorities available for the year have decreased by \$2.9M compared to the same quarter of the previous year, from \$51.5M to \$48.6M. The major changes are as follows:

- A decrease of \$2.7M due to savings identified as part of the Budget 2012 Spending Review;
- A decrease of \$1.4M due to net results of reprofiling funds between various fiscal years for the Board's Medium to Long Term Accommodation Plan for Program Delivery;
- A decrease of \$0.1M related to the transfer to Public Works and Government Services to consolidate all federal government pay administration services into one centre of expertise in Miramichi, New Brunswick;
- A decrease of \$0.1M due to savings identified as part of the Budget 2013 Travel Review;
- An increase of \$0.4M due to the compensation for collective agreement;
- An increase of \$0.5M which is the fifth of six annual increases related to the Government's Truth in Sentencing Act;
- An increase of \$0.5M related to the Employee Benefit Plan.

Figure 1 - First Quarter Expenditures Compared to Annual Authorities



Significant Changes to Gross Budgetary Expenditures

Quarterly and year-to-date spending, net of revenue, increased by \$1,066K or 10% in 2013-14, compared with the same quarter in 2012-13. Gross budgetary expenditures increased slightly by \$1,086K or 9% in 2013-14 compared to 2012-13, while the revenue decreased slightly in 2013-14 by \$20K or 2% compared to 2012-13. As a percentage of planned expenditures, year-to-date net spending in the first quarter of 2013-14 increased slightly with that of 2012-13 to \$11.5M compared to \$10.5M (24% in 2013-14 and 20.0% in 2012-13).

The following paragraphs provide detail of significant changes.

- Personnel expenditures increased by \$1,002K or 9% in the first quarter of 2013-14. The majority of this increase is related to the additional human resources required to work on clearing the Pardons backlog which was accumulated prior to the application fee increase. In addition, temporary additional human resources were required to work on digitization of offender files to support the Board member tele-work initiative.
- Transport and Communications increased slightly by \$39K from \$423K in the first quarter of 2012-13 to \$462K in the corresponding period in 2013-14. Despite operational savings due to Budget 2012, this increase is mainly due to the Board's Annual Training on Risk Assessment (ATRA), which was held in the first quarter this fiscal year and was not held at all in the previous fiscal year (ATRA is a training session with plenary sessions and workshops that focus on the continuous training needs of Board members and staff).
- Professional and Special Services increased by \$60K from \$294K in the first quarter of 2012-13 to \$354K in the corresponding period in 2013-14. This increase is mostly related to the timing of legal services. Payment was made in the second quarter of 2012-13 and in the first quarter of 2013-14.

Significant Changes to Revenues Collected

The Board collects a fee for processing record suspension applications. Since legislative changes were introduced on February 23, 2012, and as a result of a fee increase, the Board has seen a significant decrease in the number of applications accepted for processing; however, this has now stabilized, and the number of applications accepted in 2013-14 is similar to the same quarter in 2012-13. The revenues collected in the first quarter increased slightly from \$983K in 2012-13 to \$1,003K in 2013-14.

Risks and Uncertainties

The PBC receives its funding through annual Parliamentary authorities. As a result, its operations are affected by any changes in funding approved through Parliament. The Board collects user fees for processing record suspension applications, and has the authority to spend revenues received during the year on activities related to processing applications for record suspensions. Lower-than-expected volumes from forecasts will have an impact on the Board's net financial situation.

As a small agency, the Board at times faces difficulties in recruiting and retaining staff. Small agencies offer fewer opportunities for advancement, which leads some applicants to choose to work elsewhere, while current employees often leave to secure promotions. As well, the Board faces the same demographic changes as the rest of government, with retirement of personnel affecting operations. As a lean organization with few managers, it is difficult to manage ongoing responsibilities while running

staffing actions. Over the next few months/years, the Board expects to see increased activity as a result of recently approved, and potential, legislative changes. While the increase in workload will be most obvious in the number of conditional release reviews conducted, the entire organization will be affected. This could exacerbate recruiting and retention difficulties, should employees seek opportunities outside the Board.

Significant Changes in Relation to Operations, Personnel and Programs

There are no significant changes.

Budget 2012 Implementation

This section provides an overview of the savings measures announced in Budget 2012 that are being implemented in order to refocus government and programs; make it easier for Canadians and business to deal with their government, and modernize and reduce the back office.

The PBC will achieve Budget 2012 savings of \$4.8M by 2014-15 through internal efficiency measures and through operational changes to how some conditional release reviews are conducted. The Board will maintain its focus on public safety, through quality decision-making on conditional release and record suspensions to safeguard Canadian communities.

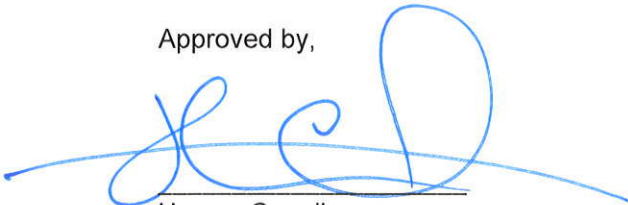
In the first year of implementation, the Board achieved savings of \$1.6M. Savings have increased to \$2.7M in 2013-14 and will result in ongoing saving of \$4.8M by 2014-15. To date, cost savings have been achieved through a change from a hearing to an office review and reduction in quorum for certain types of post release decisions, reduced travel due to tele-work by Board members, and increased use of video-conferencing in hearings and internal meetings and other various efficiency measures.

The balance of Budget 2012 savings will be reflected later in the fiscal year and in future fiscal years.

There are no financial risks or uncertainties related to these savings. Work on all remaining initiatives is underway, and in accordance with plans.

Approval by Senior Officials

Approved by,



Harvey Cenaiko
Chairperson



Cathy Gaudet, CPA, CA
Chief Financial Officer

Statement of Authorities (unaudited)

(In thousands of dollars)

	Fiscal year 2013-2014		Fiscal year 2012-2013			
	Total available for uses for the year ending March 31, 2014*	Used during the quarter ended June 30, 2013	Year to date used at quarter-end	Total available for uses for the year ending March 31, 2013**, **	Used during the quarter ended June 30, 2012	Year to date used at quarter-end
Vote 35 – Program expenditures	48,001	10,982	10,982	51,196	9,980	9,980
Less revenues netted against expenditures	5,645	1,003	1,003	5,645	1,426	1,426
Total net Program expenditures	42,356	9,979	9,979	45,551	8,554	8,554
Budgetary statutory authorities - EBP	6,241	1,560	1,560	5,938	1,475	1,475
Total authorities	48,597	11,539	11,539	51,489	10,029	10,029

Departmental Budgetary Expenditures by Standard Object (unaudited)

(In thousands of dollars)

	Fiscal year 2013-2014		Fiscal year 2012-2013			
	Planned expenditures for the year ending March 31, 2014*	Expended during the quarter ended June 30, 2013	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2013**, **	Expended during the quarter ended June 30, 2012	Year to date used at quarter-end
Expenditures						
Personnel	42,108	11,651	11,651	43,841	10,649	10,649
Transportation and communications	3,930	462	462	4,324	423	423
Information	155	11	11	146	1	1
Professional and special services	4,491	354	354	3,956	294	294
Rentals	284	18	18	311	29	29
Repair and maintenance	1,420	6	6	1,967	6	6
Utilities, materials and supplies	509	23	23	566	28	28
Acquisition of machinery and equipment	1,334	17	17	1,992	22	22
Other subsidies and payments	11	-	-	31	3	3
Total gross budgetary expenditures	54,242	12,542	12,542	57,134	11,455	11,455
Total revenues netted against expenditures	5,645	1,003	1,003	5,645	1,426	1,426
Total net budgetary expenditures	48,597	11,539	11,539	51,489	10,029	10,029

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

**Total available for use does not reflect measures announced in Budget 2012.