
Canadian Human Rights Tribunal

Notes to the Future-Oriented Financial Statements

1. Authority and Objectives

The Canadian Human Rights Tribunal (the Tribunal) is a quasi-judicial body created by Parliament under the *Canadian Human Rights Act* to inquire into complaints of discrimination and to decide if particular practices have contravened the *Act*. The Tribunal may only inquire into complaints referred to it by the Canadian Human Rights Commission. Cases referred to the Tribunal generally involve complicated legal issues, human rights issues, various areas of discrimination, or multifaceted evidentiary complaints that must be heard under oath. The Tribunal's mandate also includes hearing matters under the *Employment Equity Act* (EEA).

The Tribunal has one strategic outcome, that individuals have equal access, as determined by the *Canadian Human Rights Act* and the *Employment Equity Act*, to fair and equitable adjudication of human rights and employment equity cases that are brought before the Tribunal, delivered through two program activities.

Hearing of Complaints before the Tribunal: provides for the operation of an independent Tribunal as stated above. It is supported by the Registry, which provides full administrative support to tribunal members and is responsible for planning and organizing the hearing process.

Internal Services: activities and resources that are in place to support the needs of the program and other corporate obligations of an organization. These activities include legal, financial and administrative services. Internal Services include only those activities and resources that apply across the organization and not those provided specifically to the program.

2. Significant Assumptions

These future-oriented financial statements have been prepared as at January 15, 2013, on the basis of government priorities and the plans of the Canadian Human Rights Tribunal as described in the Tribunal's *Report on Plans and Priorities*.

The main assumptions are that:

- i) The Tribunal's activities will remain substantially the same as for the previous year with no provision made for an increase in caseload resulting from a change in the CHRA that enables First Nations and their members to file human rights complaints with the Commission that could be subsequently referred to the Tribunal.

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- ii) Expenses and revenues, including the determination of amounts internal and external to the government, are based on historical experience with no provision made for an increase in caseload as noted in point (i) above; and
 - iii) Estimated year-end information for 2012-2013 is used as the opening position for the 2013-2014 forecast.

These assumptions are adopted as at January 15, 2013.

3. Variations and Changes to the Forecast Financial Information

While every attempt has been made to accurately forecast final results for the remainder of 2012-2013 and for 2013-2014, the actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing these future-oriented financial statements the Tribunal has made assumptions concerning the future. These estimates and judgements may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Factors that could lead to material differences between the future-oriented financial statements and the historical financial statements include:

- a) Implementation of new collective agreements.
- b) Further changes to the operating budget through technical adjustments later in the year.

Once the *Report on Plans and Priorities* is presented, the Canadian Human Rights Tribunal will not be updating the forecasts for any changes to appropriations or forecast financial information made in ensuing supplementary estimates. Variances will be explained in the *Departmental Performance Report*.

4. Summary of Significant Accounting Policies

The future-oriented financial statements have been prepared in accordance with the Treasury Board accounting policies in effect for the 2012-2013 fiscal year. These accounting policies, stated below, are based on Canadian generally accepted accounting principles for the public sector. The presentation and results using the stated accounting policies do not result in any significant difference from Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

- i) **Parliamentary authorities** – The Canadian Human Rights Tribunal is primarily financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Tribunal 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 Future-oriented Statement of Operations and Departmental Net Financial Position and Future-oriented Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 5 provides a reconciliation between the bases of reporting.
- ii) **Net Cash Provided by Government** – The Canadian Human Rights Tribunal operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Canadian Human Rights Tribunal is deposited to the CRF and all cash disbursements made by the Canadian Human Rights Tribunal 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.
- iii) 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 Canadian Human Rights Tribunal is entitled to draw from the CRF without further authorities to discharge its liabilities.

iv) Revenues

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 the Tribunal's liabilities. While the Deputy Head is expected to maintain accounting control, he or she 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 Tribunal's gross revenue.

v) Expenses – Expenses are recorded on the accrual basis:

Vacation pay and compensatory leave are accrued as the benefits are earned under the respective terms of employment.

Services provided without charge by other government departments for accommodation and for the employer's contribution to the health and dental insurance plans are reported as operating expenses at their estimated cost.

vi) Employee future benefits

- a) **Pension benefits:** Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government. The Canadian Human Rights Tribunal's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The Tribunal'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, the Plan's sponsor.
- b) **Severance benefits:** Employees entitled to severance benefits under labour contracts or conditions of employment earn these 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.

vii) Accounts receivable and advances – These are stated at the lower of cost and net recoverable value; a valuation allowance is established for receivables where recovery is considered uncertain.

viii) Tangible Capital Assets – All tangible capital assets and leasehold improvements having an initial cost of \$5,000 or more are recorded and their acquisition cost. The Tribunal does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collection.

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	10 years
Furniture and Fixtures	10 years
Informatics Hardware and Software	3 years

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

5. Parliamentary Authorities

The Canadian Human Rights Tribunal receives funding through annual parliamentary authorities. Items recognized in the Future-oriented Statement of Operations and Departmental Net Financial Position and the Future-Oriented Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the Canadian Human Rights Tribunal 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) Authorities requested

	Estimated	Forecast
	2012-2013	2013-2014
	(dollars)	
Vote 15 – Program expenditures	4,458,910	4,316,747
Statutory Amounts	405,970	403,636
Forecast authorities available	<u>4,864,880</u>	<u>4,720,383</u>

Authorities presented reflect current forecasts of statutory items, approved initiatives included and expected to be included in the Estimates documents, and when reasonable estimates can be made, estimates of amounts to be allocated for Treasury Board central votes.

b) Reconciliation of net cost of operations to requested authorities:

	Estimated 2012-2013	Forecast 2013-2014
	(in dollars)	
Net cost of operations before government funding and transfers	5,844,139	5,866,755
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(1,156,693)	(1,124,633)
Amortization of tangible capital assets	(31,445)	(1,408)
Decrease in vacation pay and compensatory leave	11,682	12,925
Increase in employee future benefits	(2,377)	(33,256)
Refunds of Prior Year's Expenses	574	-
Total items affecting net cost of operations but not affecting authorities:	(1,178,259)	(1,146,372)
Adjustments for items not affecting net cost of operations but affecting authorities		
Acquisitions of tangible capital assets	-	-
Variation in prepaid assets	-	-
Total items not affecting net cost of operations but affecting authorities	-	-
Forecast current year lapse	199,000	-
Forecast authorities available	4,864,880	4,720,383

6. Accounts Receivable and Advances

	Forecast 2012-2013	Forecast 2013-2014
	(dollars)	
Receivables from other Federal Government departments and agencies	16,900	14,300
Receivables from external parties	0	0
Employee Advances	500	500
Total	<u>17,400</u>	<u>14,800</u>

7. Accounts Payable and Accrued Liabilities

	Forecast 2012-2013	Forecast 2013-2014
	(dollars)	
Accounts payable to other Federal Government departments and agencies	78,000	102,000
Other accounts payable and accrued liabilities	299,000	304,000
Total	<u>377,000</u>	<u>406,000</u>

8. Tangible Capital Assets (in dollars)

Capital asset class	Cost				Accumulated amortization				Forecast 2013 Net book value	Forecast 2014 Net book value
	Opening balance	Acquisi- tions	Disposals and write- offs	Closing balance	Opening Balance	Amortiz- ation	Disposals and write- offs	Closing balance		
Machinery and equipment	12,796	0	0	12,796	(10,846)	(632)	0	(11,478)	1,318	686
Furniture and fixtures	21,863	0	0	21,863	(20,313)	(774)	0	(21,087)	776	0
Informatics hardware and software	590,543	0	0	590,543	(560,504)	(30,039)	0	(590,543)	0	0
Total	625,202	0	0	625,202	(591,663)	(31,445)	0	(623,108)	2,094	686

9. Employee Benefits

a) Pension benefits: Employees of the Canadian Human Rights Tribunal participate in the Public Service Pension Plan, which is sponsored and administered by the Government. 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 the department contribute to the cost of the Plan. The forecast expenses are \$74,698 in 2012-2013 and \$74,269 in 2013-2014, representing the employer's matching share of contributions by employees.

The department'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: The Canadian Human Rights Tribunal provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, estimated as at January 15, 2013, is as follows:

As part of collective agreements 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 remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

	Forecast 2012-2013	Forecast 2013-2014
	(dollars)	
Accrued benefit obligation, beginning of year	182,027	184,404
Expense for the year	98,390	129,425
Benefits paid during the year	<u>(96,013)</u>	<u>(96,169)</u>
Accrued benefit obligation, end of year	<u>184,404</u>	<u>217,660</u>

10. Contractual Obligations

The nature of the Tribunal's activities can result in some large multi-year contracts and obligations whereby the department 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:

(in dollars)	2012-2013	2014 and onwards	Total
Goods and services	420,062	427,283	847,345

11. Related party transactions

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

Common Services provided without charge by other government departments:

During the year the Canadian Human Rights Tribunal receives without charge from other departments, accommodation and the employer's contribution to the health and dental plans. These services without charge are recognized in the future-oriented Statement of Operations and Departmental Net financial Position as follows:

Service Description	Forecast 2012-2013	Forecast 2013-2014
	(dollars)	
Accommodation	963,528	927,454
Employer's contribution to the health and dental insurance plans	193,165	197,179
Total	1,156,693	1,124,633

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 Works and Government Services Canada on behalf of the Receiver General and audit services provided by the Office of the Auditor General are not included as an expense in the Tribunal's Future-oriented Statement of Operations and Departmental Net Financial Position.

12. Segmented information

Presentation by segment is based on the Canadian Human Rights Tribunal's program activity architecture, and is based on the same accounting policies as described in the Summary of significant accounting policies (note 4). The following table presents the forecasted expenses incurred and the forecasted revenues generated by major object of expenses and by major type of revenues. The segmented results for the period are as follows:

(in dollars)	2013		2014	
	Total	Hearings of Complaints before the Tribunal	Internal Services	Total
Operating Expenses				
Salaries and Employee benefits	2,862,360	1,432,653	1,508,240	2,940,893
Professional and Special Services	1,564,787	744,530	792,387	1,536,917
Rentals	1,016,522	40,000	959,949	999,949
Travel and telecommunications	240,821	131,000	107,185	238,185
Information	64,109	-	64,545	64,545
Repair and Maintenance	32,277	-	32,530	32,530
Materials and Supplies	31,818	-	52,328	52,328
Amortization	31,445	-	1,408	1,408
Total Operating Expenses	5,844,139	2,348,183	3,518,572	5,866,755
Total Expenses	5,844,139	2,348,183	3,518,572	5,866,755
Revenues				
Miscellaneous	100	0	100	100
Revenues earned on behalf of Government	(100)		(100)	(100)
Total Revenues	0	0	0	0
Net Cost of Operations	5,844,139	2,348,183	3,518,572	5,866,755