

CANADA SCHOOL OF PUBLIC SERVICE

**FINANCIAL STATEMENTS
(Unaudited)**

For the year ended March 31, 2009

Management Responsibility for Financial Statements

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2009 and all information contained in these statements rests with the management of the Canada School of Public Service ("the School"). These unaudited financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgement and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the School's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the School's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act* and the *Canada School of Public Service Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the department.

In carrying out these responsibilities, management works within the unique elements of the Canada School governance structure, notably its status as a departmental corporation and a Board of Governors, as established in the *CSPS Act*. Under this legislation, the Board is comprised of a mix of public and non-public sector governors who are responsible for "...the conduct and management of the affairs of the School," as well as for submitting reports on the operations and activities of the Canada School. Given the logical linkage between the Board's role and the level of oversight provided by an internal audit function, when establishing an independent Departmental Audit Committee (in accordance with requirements of the Treasury Board Policy on Internal Audit and the Directive on Departmental Audit Committees), external membership was structured to include Board members.

The purpose of the Canada School's Departmental Audit Committee is to ensure the President has independent, objective advice, guidance, and assurance on the adequacy of the Canada School's control and accountability processes. In providing this support to the President, the Committee exercises active oversight of core areas of control and accountability in an integrated and systematic way. The presence of Board members on the Committee enhances the efficacy of the oversight roles, as key issues considered by the Committee are also reported to the Board. The integrated support and advice provided by these oversight bodies strengthens the Canada School's approach to achieving excellence in financial management.

A key area of responsibility that is addressed by the Departmental Audit Committee is Financial Statements and Public Accounts reporting. In view of their important oversight functions, both the Board of Governors and Departmental Audit Committee members were apprised of work the Canada School has undertaken on its readiness assessment for auditable financial statements and improvement to its internal controls. In October 2008 Deloitte & Touche LLP presented to the Board of Governors an unqualified audit opinion of their audit of the 2008-09 opening balances of the Canada School's Statement of Financial Position. As part of the Canada School of Public Service's commitment to continuous improvement in internal controls over financial reporting, the Departmental Audit Committee endorsed the plan to proceed with a similar audit of the Canada School's 2009-10 opening balances later this summer.

Original signed by

Ruth Dantzer
President and CEO

Original signed by

Jamie Tibbetts
Senior Financial Officer

Ottawa, Canada
July , 2009

Canada School of Public Service
Statement of Operations (Unaudited)
For the year ended March 31, 2009
(in thousands of dollars)

	2009			2008	
	<i>Learning Services Program</i>	<i>Leadership Program</i>	<i>Innovation Program</i>	Total	Total
Transfer payments	-	-	375	375	375
Operating expenses					
Salaries and employee benefits	62,193	11,535	13,269	86,997	69,160
Professional and special services	30,010	6,955	4,988	41,953	36,289
Rental of accommodation and equipment	10,118	1,271	2,474	13,863	12,563
Transportation and telecommunications	3,868	1,262	777	5,907	5,819
Small equipment and parts	2,624	157	281	3,062	2,940
Utilities, materials and supplies	1,670	371	361	2,402	1,708
Loss on write-off of tangible capital assets	109	12	26	147	-
Printing and publishing	554	68	552	1,174	1,572
Amortization of tangible capital assets	804	87	195	1,086	1,339
Repair and maintenance	557	58	129	744	1,132
Other operating expenses	<u>33</u>	<u>80</u>	<u>5</u>	<u>118</u>	<u>181</u>
Total Operating expenses	112,540	21,856	23,057	157,453	132,703
Total Expenses	112,540	21,856	23,432	157,828	133,078
Revenues					
Sales of Goods and Services	52,064	9,993	4,728	66,785	51,867
Other Revenues	<u>24</u>	<u>2</u>	<u>6</u>	<u>32</u>	<u>23</u>
Total Revenues	52,088	9,995	4,734	66,817	51,890
Net Cost of Operations	60,452	11,861	18,698	91,011	81,188

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

Canada School of Public Service
Statement of Financial Position (Unaudited)
 At March 31, 2009
 (in thousands of dollars)

	2009	2008
Assets		
Financial assets		
Accountable advances	48	14
Accounts receivable	<u>1,616</u>	<u>5,567</u>
Total financial assets	1,664	5,581
Non-financial assets		
Prepaid expenses	0	3
Tangible capital assets (Note 4)	<u>3,326</u>	<u>3,058</u>
Total non-financial assets	3,326	3,061
Total	4,990	8,642
Liabilities		
Accounts payable and accrued liabilities	16,755	18,746
Vacation pay and compensatory leave	2,140	801
Employee severance benefits (Note 5)	12,922	10,006
Other liabilities	<u>1</u>	<u>43</u>
Total liabilities	31,818	29,596
Equity of Canada	(26,828)	(20,954)
Total	4,990	8,642

Contractual obligations (Note 6)

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

Canada School of Public Service
Statement of Equity of Canada (Unaudited)
For the year ended March 31, 2009
(in thousands of dollars)

	2009	2008
Equity of Canada, beginning of year	(20,954)	(21,284)
Net cost of operations	(91,011)	(81,188)
Current year appropriations used (Note 3a)	139,728	122,177
Change in net position in the Consolidated Revenue Fund (Note 3c)	(69,391)	(53,808)
Services provided without charge from other government departments (Note 7)	14,800	13,149
Equity of Canada, end of year	(26,828)	(20,954)

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

Canada School of Public Service
Statement of Cash Flow (Unaudited)
For the year ended March 31, 2009
(in thousands of dollars)

	2009	2008
Operating Activities		
Net cost of operations	91,011	81,188
Non-cash items:		
Amortization of tangible capital assets	(1,086)	(1,339)
Loss on write-off of tangible capital assets	(147)	-
Transfer of assets to PWGSC	-	(747)
Services provided without charge	(14,800)	(13,149)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and accountable advances	(3,917)	(1,312)
Increase (decrease) in prepaid expenses and inventories	(3)	(147)
(Increase) decrease in liabilities	(2,222)	3,438
Cash used by operating activities	68,836	67,932
Capital Investment Activities		
Acquisition of tangible capital assets	1,551	437
(Decrease) due to adjustment to tangible capital assets	(50)	-
Cash used by capital investment activities	1,501	437
Net cash provided by Government of Canada	70,337	68,369

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

Canada School of Public Service

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2009

1. Authority and Objectives

On April 1, 2004, amendments to the *Canadian Centre for Management Development Act* were proclaimed and the organization was renamed the Canada School of Public Service (the School). The amended legislation, now entitled the *Canada School of Public Service Act*, continues and expands the mandate of the former organization as a departmental corporation. The School reports to the President of the Treasury Board, through a Board of Governors made up of representatives of the private and public sectors.

The School is the common learning service provider for the Public Service of Canada. It brings a unified approach to serving the common learning and development needs of public servants and helps ensure that all public service employees across Canada have the knowledge and skills they need to meet the employer's knowledge standard and deliver results for Canadians.

Through its programming, the School delivers on its legislative mandate to encourage pride and excellence in public service and to foster a common sense of purpose, values and traditions. It helps to ensure that public servants have the knowledge, competencies and skills they need to serve Canada and Canadians and supports the growth and development of public servants committed to the service of Canada. The School assists deputy heads in meeting their organization's learning needs and pursues excellence in public sector management and public administration.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

- (a) **Parliamentary appropriations** - The School is primarily financed by the Government of Canada through Parliamentary appropriations. Financial reporting for appropriations provided to the School do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and in the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the two bases of reporting.

Canada School of Public Service

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2009

- (b) **Net Cash Provided by Government** – The School operates within the Consolidated Revenue Fund (CRF) which is administered by the Receiver General for Canada. All cash received by the School is deposited to the CRF and all cash disbursements made by the School 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 federal government.
- (c) **Change in net position in the Consolidated Revenue Fund** – It represents the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non spendable revenue recorded by the department. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.
- (d) **Revenues** – Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.
- (e) **Expenses** – Expenses are recorded on the accrual basis:
- **Vacation leave** – Vacation leave is expensed as the benefits accrue to the employees under their respective terms of employment. The liability for vacation leave is calculated at the salary levels in effect at the end of the year for all unused vacation balances.
 - **Services provided without charge** – Services provided without charge by other government departments for accommodation and the employer's contribution to the health and dental insurance plans are recorded as operating expenses, at their estimated cost, in the statement of operations. A corresponding amount is reported directly in the Statement of Equity of Canada.
- (f) **Employee future benefits**
- 1) **Pension benefits** – Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. The School's contributions to the Plan are charged to expenses in the year incurred and represent the total School's obligation to the Plan. Current legislation does not require the School to make contributions for any actuarial deficiencies of the Plan.

Canada School of Public Service

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2009

2) **Severance benefits** – Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation related 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. Employee severance benefits on cessation of employment represent obligations of the department that are normally funded through future year appropriations.

(g) **Accounts receivable** – Accounts receivable are stated at amounts expected to be ultimately realized. A provision is made for receivables where recovery is considered uncertain.

(h) **Tangible capital assets** – All tangible capital assets (including leasehold improvements) having an initial cost of \$5,000 or more are recorded at their acquisition cost less accumulated amortization. Similar items under \$ 5,000 are expensed in the statement of operations.

Amortization of tangible capital assets is taken the first month following the date of the acquisition of the asset.

Amortization of tangible capital assets is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Asset class	Useful life
Machinery and equipment	5 years
Other equipment (including furniture)	5 years
Informatics hardware	5 years
Software (including developed software)	3-6 years
Motor vehicle	4 years
Leasehold improvements	10 years
Assets under construction	Once in service, in accordance with asset type

Assets under construction represent the purchase of integrated learning management software still under development.

Canada School of Public Service

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2009

(i) **Measurement uncertainty** – The preparation of these financial statements in accordance with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of expenses and revenues during the reporting period. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant estimates used are the useful life of tangible capital assets and the liability for employee severance benefits.

Actual results could differ from those estimates. 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 Appropriations

The School receives most of its funding through Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the School 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:

Canada School of Public Service
Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2009

(a) Reconciliation of net cost of operations to current year appropriations used		
	(in thousands of dollars)	
	2009	2008
Net cost of operations	91,011	81,188
Adjustments for items affecting net cost of operations but not affecting appropriations		
Add (Less):		
Revenues	66,817	51,890
Services provided without charge	(14,800)	(13,149)
Employee severance benefits	(2,916)	(1,365)
Loss on write-off of tangible capital assets	(147)	-
Amortization of tangible capital assets	(1,086)	(1,339)
Vacation leave	(1,339)	2,202
Other	<u>(94)</u>	<u>1,580</u>
	46,435	39,819
Adjustments for items not affecting net cost of operations but affecting appropriations		
Add (Less):		
Acquisition of tangible capital assets	1,551	437
Prepaid expenses	-	3
Other	<u>731</u>	<u>730</u>
	2,282	1,170
Current year appropriations used	139,728	122,177

Canada School of Public Service
Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2009

(b) Reconciliation of Parliamentary appropriations provided to current year appropriations used

	(in thousands of dollars)	
	2009	2008
Parliamentary Appropriations Voted:		
Program expenditures (Vote 35)	66,860	66,597
Less:		
Lapsed appropriation – Program expenditures (vote 35)	(8,523)	(6,579)
Total appropriations used	58,338	60,018
Statutory authorities:		
Spending of revenues pursuant to subsection 18 (2) of the <i>Canada School of Public Services Act</i>	71,085	52,543
Contributions to employee benefit plans	10,304	9,613
Spending of proceeds from the disposal of surplus Crown assets	2	3
Total Statutory Authorities used	81,391	62,159
Current year appropriations used	139,728	122,177

(c) Reconciliation of net cash provided by Government to current year appropriations used

	(in thousands of dollars)	
	2009	2008
Net cash provided by Government	70,337	68,369
Change in net position in the Consolidated Revenue Fund		
Revenues	66,817	51,890
Variation in accounts receivable and accountable advances	3,917	1,312
Variation in accounts payable and other liabilities	(2,033)	(2,601)
Other adjustments	690	3,207
	69,391	53,808
Current year appropriations used	139,728	122,177

Canada School of Public Service

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2009

4. Tangible Capital Assets

	(in thousands of dollars)									
	2009								2008	
	Cost				Accumulated amortization				Net book value	Net book value
Opening balance	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Amortization	Disposals and write-offs	Closing balance			
Machinery and equipment	184		173	11	179	2	171	10	1	5
Other equipment (including furniture)	364	117	105	376	221	50	53	218	158	143
Informatics hardware	818	110	90	838	182	167	60	289	549	636
Software (including developed software)	3,531		145	3,386	1,753	783	32	2,504	882	1,778
Motor vehicle	30			30	12	15		27	3	18
Leasehold improvements	658			658	180	69		249	409	478
Assets Under Construction		1,324		1,324					1,324	
Total	5,585	1,551	513	6,623	2,527	1,086	316	3,297	3,326	3,058

Amortization expense for the year ended March 31, 2009 is \$1,086 (2008 - \$1,339).

Canada School of Public Service

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2009

5. Employee Future Benefits

(a) Pension benefits

The School and all eligible employees contribute to the Public Service Pension 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/Québec Pension Plans benefits and they are indexed to inflation.

The 2008-09 expense amounts to \$1,906,234 (\$ 1,701,560 in 2007-08), which represents approximately 2.0 times (2.1 in 2007-08) the contributions by employees.

The School'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) Employee severance benefits

The School provides severance benefits to its employees based on eligibility, years of service and final salary. The severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31 is as follows:

	(in thousands of dollars)	
	2009	2008
Accrued benefit obligation, beginning of year	10,006	8,641
Expense for the year	3,725	2,600
Benefits paid during the year	(809)	(1,235)
Accrued benefit obligation, end of year	12,922	10,006

Canada School of Public Service

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2009

6. Contractual Obligations

The nature of the School's activities can result in some large multi-year contracts and obligations whereby it will be obligated to make future payments when the services will be rendered or goods received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	(in thousands of dollars)					
	2010	2011	2012	2013	2014 and thereafter	Total
Goods and services	10,185	940	332	14	2	11,473
Operating leases	1,300	1,300	1,300	1,300	1,300	6,500
Total	11,485	2,240	1,632	1,314	1,302	17,973

7. Related Party Transactions

The School is related as a result of common ownership to all Government of Canada departments, agencies and Crown corporations. The School enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the School received services which were obtained without charge from other Government departments and agencies as presented in part (a).

(a) Services provided without charge

The costs of these services have been recognized as an expense in the School's Statement of Operations as follow:

	(in thousands of dollars)	
	2009	2008
Accommodation received from Public Works and Government Services Canada (PWGSC)	9,108	8,668
Contributions covering employer's share of employees' insurance premiums and expenditures paid by Treasury Board Secretariat (TBS)	5,692	4,481
Total	14,800	13,149

Canada School of Public Service

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2009

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The cost of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada are not included as an expense in the School's Statement of Operations.

(b) Payables and receivables outstanding at year-end with related parties

	(in thousands of dollars)	
	2009	2008
Accounts receivable from other government departments and agencies	1,193	5,083
Accounts payable to other government departments and agencies	5,899	9,423
