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## **CANADA SCHOOL OF PUBLIC SERVICE**

### **FINANCIAL STATEMENTS**

**(Unaudited)**

**For the year ended March 31, 2018**

## 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 Canada School of Public Service (the School). 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 judgement 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 School's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in the School'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, the Canada School of Public Service 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 School 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 ongoing process to identify key risks, to assess effectiveness of associated key controls and to make any necessary adjustments.

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

A Core Control Audit was performed in 2014–2015 by the OCG. [The Audit Report](#) and related [Management Action Plan](#) are posted on the School's website.

The financial statements of the School have not been audited.

Taki Sarantakis  
President

Geofredo Garay  
A/Vice-President, Corporate Services Branch  
and Chief Financial Officer

September 4, 2018  
Ottawa, Canada

August 29, 2018  
Ottawa, Canada

Statement of Financial Position (Unaudited)

As at March 31

<b>(in thousands of dollars)</b>	<b>2018</b>	2017 Restated (Note 10)
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	8,370	9,813
Vacation pay and compensatory leave	3,177	2,918
Employee future benefits (note 5)	2,972	2,757
Other liabilities	1	1
<b>Total liabilities</b>	<b>14,520</b>	15,489
<b>Financial assets</b>		
Due from the Consolidated Revenue Fund	6,344	8,594
Accounts receivable and advances (note 6)	4,012	2,390
<b>Total gross financial assets</b>	<b>10,356</b>	10,984
<b>Financial assets held on behalf of Government</b>		
Accounts receivable and advances (note 6)	(1,288)	(804)
<b>Total financial assets held on behalf of Government</b>	<b>(1,288)</b>	(804)
<b>Total net financial assets</b>	<b>9,068</b>	10,180
<b>Departmental net debt</b>	<b>5,452</b>	5,309
<b>Non-financial assets</b>		
Prepaid expenses	104	72
Tangible capital assets (note 7)	5,436	4,856
<b>Total non-financial assets</b>	<b>5,540</b>	4,928
<b>Departmental net financial position</b>	<b>88</b>	(381)

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

Taki Sarantakis  
President

September 4, 2018  
Ottawa, Canada

Geofredo Garay  
A/Vice-President, Corporate Services Branch  
and Chief Financial Officer

August 29, 2018  
Ottawa, Canada

Statement of Operations and Departmental Net Financial Position  
(Unaudited)

For the year ended March 31

(in thousands of dollars)	Planned Results 2018	2018	2017 Restated (Note 10)
<b>Expenses</b>			
Learning Services	69,214	64,633	70,368
Internal Services	22,399	24,013	25,092
<b>Total expenses</b>	<b>91,613</b>	<b>88,646</b>	95,460
<b>Revenues</b>			
Sales of goods and services	6,068	9,740	7,973
Other revenues	-	5	5
<b>Total revenues</b>	<b>6,068</b>	<b>9,745</b>	7,978
<b>Net cost of operations before government funding and transfers</b>	<b>85,545</b>	<b>78,901</b>	87,482
<b>Government funding and transfers</b>			
Net cash provided by Government		67,459	77,146
Change in due from Consolidated Revenue Fund		(2,250)	(3,687)
Services provided without charge by other government departments (note 8)		14,161	13,991
<b>Net cost (revenue) of operations after government funding and transfers</b>		<b>(469)</b>	<b>32</b>
<b>Departmental net financial position - Beginning of year</b>		<b>(381)</b>	(349)
<b>Departmental net financial position - End of year</b>		<b>88</b>	(381)

Segmented information (note 9)

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

Statement of Change in Departmental Net Debt (Unaudited)

For the year ended March 31

(in thousands of dollars)	2018	2017 Restated (Note 10)
<b>Net cost of operations after government funding and transfers</b>	<b>(469)</b>	32
<b>Change due to tangible capital assets</b>		
Acquisition of tangible capital assets	1,807	835
Amortization of tangible capital assets (note 7)	(1,227)	(1,109)
Net gain on disposal of tangible capital assets including adjustments	-	1
<b>Total change due to tangible capital assets</b>	<b>580</b>	(273)
<b>Change due to prepaid expenses</b>	<b>32</b>	14
<b>Net increase (decrease) in departmental net debt</b>	<b>143</b>	(227)
<b>Departmental net debt - Beginning of year</b>	<b>5,309</b>	5,536
<b>Departmental net debt - End of year</b>	<b>5,452</b>	5,309

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

## Statement of Cash Flows (Unaudited)

For the year ended March 31

(in thousands of dollars)	2018	2017 Restated (Note 10)
<b>Operating activities</b>		
<b>Net cost of operations before government funding and transfers</b>	<b>78,901</b>	87,482
<b>Non-cash items:</b>		
Amortization of tangible capital assets (note 7)	(1,227)	(1,109)
Tangible capital assets - Adjustment	-	1
Services provided without charge by other government departments (note 8)	(14,161)	(13,991)
<b>Variations in Statement of Financial Position:</b>		
Increase in accounts receivable and accountable advances	1,138	615
Increase in prepaid expenses	32	14
Decrease in accounts payable and accrued liabilities	1,442	2,671
Increase in vacation pay and compensatory leave	(258)	(372)
Decrease (increase) in employee future benefits	(215)	1,000
<b>Cash used in operating activities</b>	<b>65,652</b>	76,311
<b>Capital investing activities</b>		
Acquisitions of tangible capital assets (note 7)	1,807	835
<b>Cash used in capital investing activities</b>	<b>1,807</b>	835
<b>Net cash provided by Government of Canada</b>	<b>67,459</b>	77,146

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

## Notes to the Financial Statements (Unaudited)

For the year ended March 31

### 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 and Minister of Digital Government.

The School has a single strategic outcome: “Federal public service employees have the common knowledge, skills and competencies to fulfill their responsibilities in serving Canadians”. One program supports this strategic outcome: Learning Services.

The School was created to ensure that employees of its client departments in the core federal public administration have the required competencies and common knowledge to serve Canadians in the most efficient and effective way possible. To achieve this goal, the School continues to offer a strong, consistent curriculum that focuses on the key skills and knowledge required by a dynamic public service that must constantly adapt to the needs of its stakeholders and Canadians.

### 2. Summary of significant accounting policies

These financial statements have been prepared using the School’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 School is financed primarily by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the School 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 in 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 Positions are the amounts reported in the Future-Oriented Statement of Operations included in the 2017-18 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 2017-18 Departmental Plan.

## Notes to the Financial Statements (Unaudited)

For the year ended March 31

### 2. Summary of significant accounting policies (Continued)

**(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 Government.

**(c) 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 School is entitled to draw from the CRF without further authorities to discharge its liabilities.

**(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 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 and employer contributions to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

**(f) Employee future benefits**

- ✓ **Pension benefits:** Eligible employees participate in the Public Service Pension Plan, a multiemployer pension 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 departmental obligation to the Plan. 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.
- ✓ **Severance benefits:** The accumulation of severance benefits for voluntary departures ceased for applicable employees groups. The remaining obligation for employees who did 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.



## Notes to the Financial Statements (Unaudited)

For the year ended March 31

### 2. Summary of significant accounting policies (Continued)

**(g) Accounts receivable and advances**

Accounts receivable and advances are stated at the lower of cost or net recoverable value. A valuation allowance is recorded for receivables where recovery is considered uncertain.

**(h) 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 School does not capitalize intangible assets.

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

<b>Asset class</b>	<b>Amortization period</b>
Machinery and Equipment	5-10 years
Other Equipment (including furniture)	5-12 years
Informatics Hardware	3-5 years
Software (including developed software)	3-5 years
Leasehold Improvements	Over the useful life of the improvement or the lease term, whichever is shorter

Assets under construction are recorded in the applicable capital asset class and amortized when they become available for use.

**(i) 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 and accompanying notes at March 31. 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 allowance for doubtful accounts, 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.

## Notes to the Financial Statements (Unaudited)

For the year ended March 31

### 3. Parliamentary authorities

The School 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 a given year may be funded through parliamentary authorities 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:

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

<b>(in thousands of dollars)</b>	<b>2018</b>	<b>2017</b>
Net cost of operations before government funding and transfers	<b>78,901</b>	87,482
Adjustments for items affecting net cost of operations but not affecting authorities:		
Revenues	<b>9,745</b>	7,978
Services provided without charge by other government departments	<b>(14,161)</b>	(13,991)
Decrease in employee future benefits	<b>(215)</b>	1,000
Amortization of tangible capital assets	<b>(1,227)</b>	(1,109)
Prior year adjustments	<b>225</b>	975
Provisions for vacation pay and compensatory leave	<b>(258)</b>	(372)
Other	<b>53</b>	(28)
Total adjustments for items affecting net cost of operations but not affecting authorities	<b>(5,838)</b>	(5,547)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets (note 7)	<b>1,807</b>	835
Increase in prepaid expense	<b>32</b>	14
Salary overpayments	<b>1,388</b>	-
Total adjustments for items not affecting net cost of operations but affecting authorities	<b>3,227</b>	849
<b>Current year authorities used</b>	<b>76,290</b>	82,784

Notes to the Financial Statements (Unaudited)

For the year ended March 31

3. Parliamentary authorities (Continued)

(b) Authorities provided and used

<b>(in thousands of dollars)</b>	<b>2018</b>	2017
<b>Authorities provided:</b>		
Vote 1 - Program expenditures	<b>68,248</b>	71,454
<b>Less:</b>		
Lapsed authorities	<b>(1,058)</b>	(2,992)
<b>Total authorities used</b>	<b>67,190</b>	68,462
<b>Statutory authorities:</b>		
Spending of revenues pursuant to subsection 18(2) of the Canada School of Public Service Act	<b>2,646</b>	7,297
Contributions to employee benefits plan	<b>6,454</b>	7,021
Spending of proceeds from the disposal of surplus Crown assets	-	4
<b>Total statutory authorities used</b>	<b>9,100</b>	14,322
<b>Current year authorities used</b>	<b>76,290</b>	82,784

#### 4. Accounts payable and accrued liabilities

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

<b>(in thousands of dollars)</b>	<b>2018</b>	2017
Accounts payable - Other government departments and agencies	<b>2,722</b>	982
Accounts payable - External parties	<b>1,102</b>	1,918
<b>Total accounts payable</b>	<b>3,824</b>	2,900
Accrued liabilities	<b>4,546</b>	6,913
<b>Total accounts payable and accrued liabilities</b>	<b>8,370</b>	9,813

Notes to the Financial Statements (Unaudited)

For the year ended March 31

5. Employee future benefits

**(a) Pension benefits**

The School's employees participate in 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% per year of pensionable service times the average of the best 5 consecutive years of earnings. The benefits are integrated with the Canada/Québec Pension Plan benefits, and they are indexed to inflation.

Both the employees and the School contribute to the cost of the Plan. Due to the amendment of the Public Service Superannuation Act following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into 2 groups. Group 1 consists of existing plan members as of December 31, 2012 and Group 2 consists of members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2017–2018 expense amounts to \$4.4 million (\$4.9 million in 2016–2017). For Group 1 members, the expense represents approximately 1.01 times (1.12 times in 2016–2017) the employee contributions and, for Group 2 members, it represents approximately 1.00 times (1.08 times in 2016–2017) the employee contributions.

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) Severance benefits**

Severance benefits provided to the School'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, substantially 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:

<b>(in thousands of dollars)</b>	<b>2018</b>	2017
Accrued benefit obligation, beginning of year	<b>2,757</b>	3,757
Expense for the year	<b>1,253</b>	(856)
Benefits paid during the year	<b>(1,038)</b>	(144)
<b>Accrued benefit obligation - end of year</b>	<b>2,972</b>	2,757

Notes to the Financial Statements (Unaudited)

For the year ended March 31

6. Accounts receivable and advances

The following table presents details of the School's accounts receivable and advances balances.

<b>(in thousands of dollars)</b>	<b>2018</b>	2017 Restated (Note 10)
Receivables - Other government departments and agencies	<b>2,718</b>	1,576
Receivables - External parties	<b>1,300</b>	877
Employee advances	<b>2</b>	-
	<b>4,020</b>	2,453
Allowance for doubtful accounts on receivables from external parties	<b>(8)</b>	(63)
<b>Gross accounts receivable</b>	<b>4,012</b>	2,390
Accounts receivable held on behalf of Government	<b>(1,288)</b>	(804)
<b>Net accounts receivable</b>	<b>2,724</b>	1,586

Notes to the Financial Statements (Unaudited)

For the year ended March 31

7. Tangible capital assets

Capital asset class	(in thousands of dollars)											
	Cost					Accumulated amortization					Net book value	
	Opening balance	Acquisitions	Adjustments	Disposals and write-offs	Closing balance	Opening balance	Amortization	Adjustments	Disposals and write-offs	Closing balance	2018	2017
Machinery and equipment	3,329	76	-	(148)	3,257	1,101	562	-	(148)	1,515	1,742	2,228
Other equipment (including furniture)	145	516	-	-	661	107	14	-	-	121	540	38
Informatics hardware	506	-	-	(7)	499	331	77	-	(7)	401	98	175
Software (including developed software)	10,543	-	-	-	10,543	9,291	407	-	-	9,698	845	1,252
Leasehold improvements	1,966	1,215	-	-	3,181	1,025	167	-	-	1,192	1,989	941
Assets under construction	222	-	-	-	222	-	-	-	-	-	222	222
<b>Total</b>	16,711	1,807		(155)	18,363	11,855	1,227	-	(155)	12,927	5,436	4,856

Notes to the Financial Statements (Unaudited)

For the year ended March 31

8. Related party transactions

The School is related as a result of common ownership to all government departments, agencies, and Crown corporations. The School enters into transactions with these entities in the normal course of business and on normal trade terms.

**(a) Common services provided without charge by other government departments**

During the year, the School received services without charge from certain common service organizations related to accommodation and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in the School's Statement of Operations and Departmental Net Financial Position as follows:

<b>(in thousands of dollars)</b>	<b>2018</b>	2017
Accommodation	<b>9,593</b>	9,188
Employer's contribution to the health and dental insurance plans	<b>4,568</b>	4,803
<b>Total common services provided without charge from other government departments</b>	<b>14,161</b>	13,991

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness 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 or IT services provided by Shared Services Canada, are not included in the School's Statement of Operations and Departmental Net Financial Position.

**(b) Other transactions with related parties**

<b>(in thousands of dollars)</b>	<b>2018</b>	2017
Expenses - Other Government departments and agencies	<b>19,919</b>	20,148
Revenues - Other Government departments and agencies	<b>9,595</b>	7,873

Expenses and revenues disclosed in (b) exclude common services provided without charge, which are already disclosed in (a).



Notes to the Financial Statements (Unaudited)

For the year ended March 31

9. Segmented information

Presentation by segment is based on the School's Program Alignment Architecture. The presentation by segment is based on the same accounting policies as described in the summary of significant policies in note 2. The following table presents the expenses incurred and revenues generated for the main core responsibilities, by major object of expense and by major type of revenue. The segment results for the period are as follows:

<b>(in thousands of dollars)</b>	<b>Learning Services</b>	<b>Internal Services</b>	<b>2018</b>	2017
<b>Operating expenses</b>				
Salaries and employee benefits	44,430	16,465	<b>60,895</b>	62,465
Professional and special services	8,440	3,743	<b>12,183</b>	15,474
Rental of accommodation and equipment	7,371	2,919	<b>10,290</b>	11,240
Transportation and telecommunications	2,025	321	<b>2,346</b>	1,875
Utilities, materials and supplies	202	170	<b>372</b>	399
Small equipment and parts	375	162	<b>537</b>	817
Printing and publishing	388	126	<b>514</b>	635
Amortization of tangible capital assets	1,058	169	<b>1,227</b>	1,109
Repair and maintenance	344	3	<b>347</b>	1,421
Other operating expenses	-	(65)	<b>(65)</b>	25
<b>Total expenses</b>	<b>64,633</b>	<b>24,013</b>	<b>88,646</b>	<b>95,460</b>
<b>Revenues</b>				
Sales of goods and services	9,740	-	<b>9,740</b>	7,973
Other revenues	5	-	<b>5</b>	5
<b>Total revenues</b>	<b>9,745</b>	<b>-</b>	<b>9,745</b>	<b>7,978</b>
<b>Net cost from continuing operations before government funding and transfers</b>	<b>54,888</b>	<b>24,013</b>	<b>78,901</b>	<b>87,482</b>

## Notes to the Financial Statements (Unaudited)

For the year ended March 31

### 10. Restatement of 2016–2017 Financial Statements

The School decided to review its financial reporting methods related to assets. The review noted that accounts receivable due to salary overpayments should be classified as “Financial assets held on behalf of the Government.” The change has been applied retroactively and comparative information for 2016–2017 has been restated.

The following table presents the effect of the prior year restated financial results:

<b>(in thousands of dollars)</b>	<b>2017 As previously stated</b>	<b>Effect of the restatement</b>	<b>2017 Restated</b>
<b>Statement of Financial Position</b>			
Financial assets held on behalf of government	-	(804)	(804)
Total net financial assets	10,984	(804)	10,180
Departmental net debt	4,505	804	5,309
<b>Departmental net financial position</b>	<b>423</b>	<b>(804)</b>	<b>(381)</b>
<b>Statement of Operations and Departmental Net Financial Position</b>			
Net cash provided by Government	77,950	(804)	77,146
Net cost (revenue) of operations after government funding and transfers	(772)	804	32
<b>Departmental net financial position - end of the year</b>	<b>423</b>	<b>(804)</b>	<b>(381)</b>
<b>Statement of Change in Departmental Net Debt</b>			
Net cost (revenue) of operations after government funding and transfers	(772)	804	32
Net increase (decrease) in departmental net debt	(1,031)	804	(227)
<b>Departmental net financial position - end of the year</b>	<b>4,505</b>	<b>804</b>	<b>5,309</b>
<b>Statement of Cash Flows</b>			
Increase in accounts receivable and accountable advances	1,419	(804)	615
Cash used in operating activities	77,115	(804)	76,311
Net cash provided by Government of Canada	77,950	(804)	77,146

Notes to the Financial Statements (Unaudited)

For the year ended March 31

11. Comparative information

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