

CANADA SCHOOL OF PUBLIC SERVICE

**FINANCIAL STATEMENTS
(Unaudited)**

For the year ended March 31, 2008

Management Responsibility for Financial Statements

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2008 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 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.

At the time of submission, the financial statements of the School have not been audited, however throughout FY 2007-08, the School has been working with the accounting firm of Deloitte on its readiness assessment for auditable financial statements and improvements to its internal controls. Deloitte is currently in the process of completing its audit of the School's 2008-09 opening balances of the Statement of Financial Position.

Original signed by

Ruth Dantzer
President and CEO

Original signed by Michelle Gleeson for

Jamie Tibbetts
Senior Financial Officer

Ottawa, Canada
July , 2008

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

	2008			2007	
	<i>Learning Services Program</i>	<i>Leadership Program</i>	<i>Innovation Program</i>	Total	Total
Transfer payments	-	-	375	375	316
Operating expenses					
Salaries and employee benefits	49,241	8,730	11,189	69,160	68,099
Professional and special services	25,187	6,318	4,784	36,289	33,599
Rental of accommodation and equipment	9,431	993	2,139	12,563	11,477
Transportation and telecommunications	4,138	874	807	5,819	5,132
Small equipment and parts	2,189	268	483	2,940	3,118
Utilities, materials and supplies	1,129	313	266	1,708	2,247
Loss on write-off of tangible capital assets	-	-	-	-	1,134
Printing and publishing	847	125	600	1,572	877
Amortization of tangible capital assets	991	107	241	1,339	809
Repair and maintenance	845	88	199	1,132	305
Other operating expenses	<u>52</u>	<u>115</u>	<u>14</u>	<u>181</u>	<u>128</u>
Total Operating expenses	94,050	17,931	20,722	132,703	126,925
Total Expenses	94,050	17,931	21,097	133,078	127,241
Revenues					
Sales of Goods and Services	40,751	7,281	3,835	51,867	33,059
Other Revenues	<u>17</u>	<u>2</u>	<u>4</u>	<u>23</u>	<u>46</u>
Total Revenues	40,768	7,283	3,839	51,890	33,105
Net Cost of Operations	53,282	10,648	17,258	81,188	94,136

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

Canada School of Public Service
Statement of Financial Position (Unaudited)

At March 31
(in thousands of dollars)

	2008	2007
Assets		
Financial assets		
Accountable advances	14	11
Accounts receivable	<u>5,567</u>	<u>6,882</u>
Total financial assets	5,581	6,893
Non-financial assets		
Prepaid expenses	3	150
Tangible capital assets (Note 4)	<u>3,058</u>	<u>4,707</u>
Total non-financial assets	3,061	4,857
Total	8,642	11,750
Liabilities		
Accounts payable and accrued liabilities	18,746	21,384
Vacation pay and compensatory leave	801	3,003
Employee severance benefits (Note 5)	10,006	8,641
Other liabilities	<u>43</u>	<u>6</u>
Total liabilities	29,596	33,034
Equity of Canada	(20,954)	(21,284)
Total	8,642	11,750

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
(in thousands of dollars)

	2008	2007
Equity of Canada, beginning of year	(21,284)	(20,883)
Net cost of operations	(81,188)	(94,136)
Current year appropriations used (Note 3a)	122,177	113,037
Change in net position in the Consolidated Revenue Fund (Note 3c)	(53,808)	(31,950)
Services provided without charge from other government departments (Note 7)	13,149	12,648
Equity of Canada, end of year	(20,954)	(21,284)

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
(in thousands of dollars)

	2008	2007
Operating Activities		
Net cost of operations	81,188	94,136
Non-cash items:		
Amortization of tangible capital assets	(1,339)	(809)
Loss on write-off of tangible capital assets	-	(1,134)
Transfer of assets to PWGSC	(747)	-
Services provided without charge	(13,149)	(12,648)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and accountable advances	(1,312)	4,861
Increase (decrease) in prepaid expenses and inventories	(147)	72
(Increase) decrease in liabilities	3,438	(5,334)
Cash used by operating activities	67,932	79,144
Capital Investment Activities		
Acquisition of tangible capital assets	<u>437</u>	<u>1,943</u>
Cash used by capital investment activities	437	1,943
Net cash provided by Government of Canada	68,369	81,087

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, 2008

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, 2008

- (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, 2008

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 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

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

(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.

Canada School of Public Service

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2008

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:

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

	(in thousands of dollars)	
	2008	2007
Net cost of operations	81,188	94,136
Adjustments for items affecting net cost of operations but not affecting appropriations		
Add (Less):		
Revenues	51,890	33,105
Services provided without charge	(13,149)	(12,648)
Employee severance benefits	(1,365)	(1,931)
Loss on write-off of tangible capital assets	-	(1,134)
Amortization of tangible capital assets	(1,339)	(809)
Vacation leave	2,202	(753)
Other	<u>1,580</u>	<u>993</u>
	39,819	16,823
Adjustments for items not affecting net cost of operations but affecting appropriations		
Add (Less):		
Acquisition of tangible capital assets	437	1,943
Prepaid expenses	3	150
Other	<u>730</u>	<u>(15)</u>
	1,170	2,078
Current year appropriations used	122,177	113,037

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

For the year ended March 31, 2008

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

	(in thousands of dollars)	
	2008	2007
Parliamentary Appropriations Voted:		
Program expenditures (Vote 25)	66,597	85,098
Less:		
Lapsed appropriation – Program expenditures (vote 25)	(6,579)	(7,472)
Total appropriations used	60,018	77,626
Statutory authorities:		
Spending of revenues pursuant to subsection 18 (2) of the <i>Canada School of Public Services Act</i>	52,543	26,750
Contributions to employee benefit plans	9,613	8,642
Spending of proceeds from the disposal of surplus Crown assets	3	19
Total Statutory Authorities used	62,159	35,411
Current year appropriations used	122,177	113,037

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

	(in thousands of dollars)	
	2008	2007
Net cash provided by Government	68,369	81,087
Revenues	51,890	33,105
Change in net position in the Consolidated Revenue Fund		
Variation in accounts receivable and accountable advances	1,312	(4,861)
Variation in accounts payable and other liabilities	(2,601)	2,650
Other adjustments	<u>3,207</u>	<u>1,056</u>
	1,918	(1,155)
Current year appropriations used	122,177	113,037

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

For the year ended March 31, 2008

4. Tangible Capital Assets

(in thousands of dollars)

	2008								2007	
	Cost				Accumulated amortization				Net book value	Net book value
	Opening balance	Acquisitions	Disposals and write-offs ¹	Closing balance	Opening balance	Amortization	Disposals and write-offs ¹	Closing balance		
Machinery and equipment	483		299	184	469	9	299	179	5	14
Other equipment (including furniture)	421		57	364	195	53	27	221	143	226
Informatics hardware	2,621	259	2,062	818	1,112	415	1,345	182	636	1,509
Software (including developed software)	3,353	178		3,531	966	787		1,753	1,778	2,387
Motor vehicle	30			30	7	5		12	18	23
Leasehold improvements	658			658	110	70		180	478	548
Total	7,566	437	2,418	5,585	2,859	1,339	1,671	2,527	3,058	4,707

¹ Transfer of capital assets to Public Works and Government Services Canada.

Canada School of Public Service

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2008

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 2007-08 expense amounts to \$ 1,701,560 (\$ 1,365,512 in 2006-07), which represents approximately 2.1 times (2.2 in 2006-07) 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)	
	2008	2007
Accrued benefit obligation, beginning of year	8,641	6,710
Expense for the year	2,600	3,315
Benefits paid during the year	(1,235)	(1,384)
Accrued benefit obligation, end of year	10,006	8,641

Canada School of Public Service

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2008

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)					
	2009	2010	2011	2012	2013 and thereafter	Total
Goods and services	5,309	2,644	2,450	1,878	3,121	15,402
Operating leases	1,222	1,175	408	60	-	2,865
Total	6,531	3,819	2,858	1,938	3,121	18,267

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)	
	2008	2007
Accommodation received from Public Works and Government Services Canada (PWGSC)	8,668	8,499
Contributions covering employer's share of employees' insurance premiums and expenditures paid by Treasury Board Secretariat (TBS)	4,481	4,149
Total	13,149	12,648

Canada School of Public Service

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2008

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)	
	2008	2007
Accounts receivable from other government departments and agencies	5,083	6,650
Accounts payable to other government departments and agencies	9,423	5,136

8. Comparative Information

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