

## Chapter 9

### Justice and Attorney General – Victims' Fund

#### 1.0 MAIN POINTS

In 2017-18, the Ministry of Justice and Attorney General – Victims' Fund did not submit claims for its federal cost-sharing agreements within the deadline dates set out in agreements. Not submitting claims promptly for allowable expenditures incurred under federal cost-sharing agreements results in poor cash management.

In 2017-18, the Fund had reliable financial statements. The Ministry also complied with the authorities governing the Fund's activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

#### 2.0 INTRODUCTION

The Ministry of Justice and Attorney General – Victims' Fund receives all provincial and federal fine surcharges assessed under *The Victims of Crime Act, 1995* and under the *Criminal Code of Canada*.<sup>1</sup> The Act permits expenditures from the Fund to promote and deliver services and benefits to victims; conduct research and distribute information respecting victims' services, needs, and concerns; and for crime prevention and administration.

The Ministry of Justice and Attorney General administers the Fund and collects assessed surcharges on behalf of the Fund.

#### 2.1 Financial Overview

As shown in **Figure 1**, for the year ended March 31, 2018, the Fund had revenues of \$15.5 million and expenses of \$23.3 million resulting in an annual deficit of \$7.8 million.

**Figure 1 – Summary of 2017-18 Financial Results**

	Budget 2017-18	Actual 2017-18
	(in thousands)	
Surcharge revenue	\$ 14,000	\$ 13,577
Federal cost sharing revenue	500	1,152
Investment income and gain	300	366
Proceeds of crime and other revenue	—	443
<b>Total Revenue</b>	<b>\$ 14,800</b>	<b>\$ 15,538</b>
Administration costs and bad debt	\$ 1,892	\$ 3,487
Crime prevention grants and crisis intervention services	4,723	5,029

<sup>1</sup> *The Victims of Crime Act* established the Victims' Fund; it is continued under the authority of *The Victims of Crime Act, 1995*.



	Budget 2017-18	Actual 2017-18
Court-based programs	646	656
Compensation payments	892	1,225
Domestic violence courts	633	665
Proceeds of crime	-	239
Restitution program	336	230
Research, evaluation, and prevention	808	1,051
Education and training	53	105
Interpersonal violence and abuse programs	10,040	10,018
Federal cost sharing agreements	-	633
<b>Total Expense</b>	<b>\$ 20,023</b>	<b>\$ 23,338</b>
<b>Annual Deficit</b>	<b>\$ 5,223</b>	<b>\$ 7,780</b>

Source: Ministry of Justice – Victims’ Fund Financial Statements for the Year Ended March 31, 2018.

### 3.0 AUDIT CONCLUSIONS

**In our opinion, for the year ended March 31, 2018:**

- **The Ministry of Justice and Attorney General complied with the following authorities governing the Fund’s activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

*The Victims of Crime Act, 1995*  
*The Victims of Crime Regulations, 1997*  
*Criminal Code (s. 737)*  
*The Executive Government Administration Act*  
*The Financial Administration Act, 1993*  
 Orders in Council issued pursuant to the above legislation

- **The Fund had reliable financial statements**

In addition to the above opinions, in **Section 4.0**, we bring another significant matter to the attention of the Legislative Assembly.

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audit. The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

Our audit focused on the Fund’s recording of transactions in its accounting records and its financial statements. It specifically looked at the data and assumptions used to determine the collectability of the Fund’s accounts receivable including fines surcharges. It also assessed the Ministry’s accounting treatment of transfers for the federal cost-sharing agreements.

## 4.0 KEY FINDING AND RECOMMENDATION

### 4.1 Timely Submission of Federal Claims Needed

The Fund does not submit claims for its federal cost-sharing agreements within a reasonable timeframe resulting in increased use of cash from the General Revenue Fund.

For the last few years, the Ministry submitted claims to seek reimbursement of allowable expenditures from the Federal Government much later than the June 30 deadline set out in each of the federal cost-sharing agreements listed in **Figure 2**. For example, for one agreement, it submitted the 2014-15 final claim in May 2016 (11 months later than June 30); for another agreement, it submitted the 2016-17 final claim in December 2017 (about five months later than June 30). For all agreements listed in **Figure 2**, as of July 31, 2018, it had not yet submitted final claims for allowable expenditures incurred in 2017-18.

The Federal Government does not reimburse the Fund for allowable expenditures until it receives claims from the Fund. As a result of not submitting final claims promptly, the Ministry had not sought reimbursement of allowable expenditures incurred totalling \$1.3 million. See **Figure 2** for details.

**Figure 2—Summary of Allowable Expenditures Not Yet Submitted for Reimbursement by Federal Cost-sharing Agreement as of July 2018**

Purpose of Federal Cost-sharing Agreement	Year of Signing Agreement	Allowable expenditures not yet submitted for reimbursement	Related allowable expenditures incurred under Agreement	
			2017-18	2016-17
			(in thousands)	
Funding to provide services for the enhancement of services to victims of crime <sup>A</sup>	2011-12	\$ 1,052.1	\$ 654.1	\$ 398.0
Funding to provide a Saskatchewan Family Information Liaison Unit <sup>B</sup>	2016-17	133.3	133.3	
Funding to provide legal advice for victims of sexual offences <sup>C</sup>	2017-18	121.2	121.2	
TOTAL of amount of allowable expenditures not yet submitted for reimbursement as of July 2018		\$ 1,306.6		

<sup>A</sup> Maximum amount of allowable expenditures under Agreement for 2017-18 is \$717 thousand (2016-17: \$509 thousand); submitted 2014-15 claim in May 2016 (11 months later than the June 30 deadline); submitted 2015-16 claim in August 2016 (two months later than the June 30 deadline).

<sup>B</sup> Maximum amount of allowable expenditures under Agreement for 2017-18 is \$295 thousand (2016-17: \$540 thousand); submitted 2016-17 claim in December 2017 (five months later than the June 30 deadline).

<sup>C</sup> Maximum amount of allowable expenditures under Agreement for 2017-18 is \$171 thousand.

The Fund uses cash held in the General Revenue Fund to operate. As shown in **Figure 1**, in 2017-18, the Fund's expenses exceeded its revenues by \$7.8 million resulting in an annual deficit. Also, during 2017-18, the Fund used \$1.7 million more cash than it received (2016-17: \$1.9 million). In 2018-19, the General Revenue Fund gave the Victims' Fund a \$5 million advance to finance the Fund's operations.



Not submitting claims promptly for allowable expenditures incurred under federal cost-sharing agreements results in poor cash management as it delays receipt of cash from the Federal Government, and increases reliance on use of cash from the provincial government.

- 1. We recommend that the Ministry of Justice and Attorney General – Victims' Fund submit claims for its federal cost-sharing agreements within the deadline dates set out in agreements.**