

## Chapter 9 Justice and Attorney General—Victims' Fund

### 1.0 MAIN POINTS

In 2018–19, the Ministry of Justice and Attorney General did not prepare, in a timely way, key supporting documents for the Victims' Fund's financial statements for management's review. Preparing key supporting documents at the same time as draft financial statements allows management to effectively review financial statements for accuracy and completeness.

The Ministry submitted claims for its federal cost-sharing agreements related to the Fund's activities within a reasonable timeframe during 2018–19.

In 2018–19, 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 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 and collects assessed surcharges on behalf of the Fund.

### 2.1 Financial Overview

As shown in **Figure 1**, for the year ended March 31, 2019, the Fund had revenues of \$16.5 million and expenses of \$22.6 million resulting in an annual deficit of \$6.1 million. At March 31, 2019, the Fund had an accumulated surplus of \$5.0 million (March 31, 2018: \$11.1 million).

**Figure 1—Summary of 2018–19 Financial Results**

	Budget 2018–19	Actual 2018–19
	(in millions)	
Surcharge revenue	\$ 13.8	\$ 14.2
Federal cost sharing revenue	-	1.5
Investment income, gain and other	1.2	0.8
<b>Total Revenue</b>	<b>\$ 15.0</b>	<b>\$ 16.5</b>

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



	Budget 2018–19	Actual 2018–19
	(in millions)	
Administration costs	\$ 0.9	\$ 1.0
Bad debt	1.0	1.6
Crime prevention grants and crisis intervention services	4.7	5.1
Compensation payments	1.2	1.1
Research, evaluation, and prevention	0.8	1.0
Interpersonal violence and abuse programs	10.1	10.1
Federal cost sharing agreements	1.2	1.0
Other	<u>1.6</u>	<u>1.7</u>
<b>Total Expense</b>	<b>\$ 21.5</b>	<b>\$ 22.6</b>
<b>Annual Deficit</b>	<b>\$ 6.5</b>	<b>\$ 6.1</b>
<b>Net Financial Assets</b>	<b>\$ --</b>	<b>\$ 5.0</b>

Source: Ministry of Justice and Attorney General – Victims' Fund Financial Statements for the Year Ended March 31, 2019.

### 3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2019, we found, in all material respects:

- **The Ministry 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 the results of other significant matters to the attention of the Legislative Assembly.

We used standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (including CSAE 3001 and 3531) to conduct our audit. The audit included reviewing the data and assumptions used to determine the collectability of the Fund's accounts receivable, including fine surcharges. It also assessed the Fund's accounting treatment of transfers for the federal–provincial cost-sharing agreements (Family Information Liaison Unit, legal advice for victims of sexual offenders, engaging victims in a restorative process, and enhancement of services to victims of crime).

### 4.0 KEY FINDINGS AND RECOMMENDATIONS

#### 4.1 Timely Preparation of Supporting Documents Needed

The Ministry did not prepare, in a timely way, key supporting documents for the Fund's financial statements for management's review.

The Ministry did not give us all of the key documents to support the Fund's draft 2018–19 financial statements until two months after we received the initial draft of the statements (July 2019). It gave us an initial draft in May 2019.

In addition, the Ministry's initial draft of the Fund's 2018–19 financial statements incorrectly included a \$1.9 million unauthorized government transfer. Management, after it prepared these statements, determined this transaction was not properly authorized; but it did not make that determination and share its rationale until five months after year-end in September 2019. The Ministry appropriately corrected this error.

Preparing key supporting documents at the same time as draft financial statements allows management to effectively review financial statements for accuracy and completeness. It also reduces the time it takes to perform an audit.

1. **We recommend the Ministry of Justice and Attorney General—Victims' Fund prepare key supporting documents at the same time as it prepares its financial statements.**

## 4.2 Timely Submission of Federal Claims

***We recommended 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.*** (2018 Report – Volume 2, p. 58, Recommendation 1; Public Accounts Committee agreement September 26, 2019)

**Status—Implemented**

The Ministry submitted claims for its federal cost-sharing agreements related to the Fund's activities within a reasonable timeframe.

The Ministry entered into four cost-sharing agreements with the Federal Government related to the Fund's activities for the year-ended March 31, 2019. Under these agreements, the Federal Government reimburses the Fund for allowable expenditures after it receives claims from the Fund. Allowable expenditures include salaries, training, and supplies related to specific programs.

In 2018–19, the Ministry submitted claims seeking reimbursement from the Federal Government for allowable expenditures within the deadlines set out in each of the federal cost-sharing agreements. It submitted interim requests for payments, where applicable, and final claims for prior years.

Promptly submitting claims for allowable expenditures incurred under federal cost-sharing agreements results in better cash management as it allows for timely receipt of cash from the Federal Government.

