

STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING

CORRECTIONAL SERVICE OF CANADA

Responsibility for the integrity and objectivity of the accompanying consolidated financial statements for the year ended March 31, 2016, and all information contained in these statements rests with the management of the Correctional Service of Canada (CSC). These consolidated 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 consolidated financial statements. Some of the information in the consolidated financial statements is based on management's best estimates and judgment, 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 CSC's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the CSC's *Departmental Performance Report*, is consistent with these consolidated 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* 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 CSC 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.

A risk-based assessment of the system of ICFR for the year ended March 31, 2016 was completed in accordance with the Treasury Board *Policy on Internal Control* and the results and action plans are summarized in the annex.

The effectiveness and adequacy of CSC's system of internal control is reviewed by the work of internal audit staff, who conduct periodic audits of different areas of CSC's operations, and by the Departmental Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting, and which recommends the consolidated financial statements to the Commissioner.

The consolidated financial statements of CSC have not been audited.

Original signed by:
Anne Kelly, A/Commissioner
Ottawa, Canada
August 25, 2016

Original signed by:
Denis Bombardier, CPA, CGA
A/Chief Financial Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

CORRECTIONAL SERVICE OF CANADA

As at March 31
(in thousands of dollars)

	2016	2015 Restated (note 18)
Liabilities		
Accounts payable and accrued liabilities (note 4)	231,622	233,042
Vacation pay and compensatory leave	51,495	52,559
Deferred revenue (note 6)	221	107
Employee future benefits (note 7)	89,167	95,559
Inmate trust fund (note 8)	18,236	18,250
Lease obligation for tangible capital assets (note 12)	115	-
<i>Total net liabilities</i>	390,856	399,517
Assets		
Financial assets		
Due from Consolidated Revenue Fund	223,104	223,174
Accounts receivable, advances and loans (note 9)	39,319	15,030
Inventory held for resale (note 10)	11,848	10,219
<i>Total gross financial assets</i>	274,271	248,423
Financial assets held on behalf of Government		
Accounts receivable, advances and loans (note 9)	(560)	(539)
<i>Total financial assets held on behalf of Government</i>	(560)	(539)
<i>Total net financial assets</i>	273,711	247,884
Organizational net debt	117,145	151,633
Non-financial assets		
Prepaid expenses	-	6
Inventory not for resale (note 10)	40,153	34,917
Tangible capital assets (note 11)	2,177,578	2,129,368
<i>Total non-financial assets</i>	2,217,731	2,164,291
Organizational net financial position	2,100,586	2,012,658

Contingent liabilities (note 13)
Contractual obligations (note 14)

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

Original signed by: _____
Anne Kelly, A/Commissioner
Ottawa, Canada
August 25, 2016

Original signed by: _____
Denis Bombardier, CPA, CGA
A/Chief Financial Officer

CONSOLIDATED STATEMENT OF OPERATIONS AND ORGANIZATIONAL NET FINANCIAL POSITION (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

(in thousands of dollars)

	2016 Planned Results	2016	2015 Restated (note 18)
Expenses			
Custody	1,516,963	1,543,178	1,629,832
Correctional Interventions	473,939	480,424	503,282
Community Supervision	141,594	148,452	135,197
Internal Services	336,558	317,898	317,891
Expenses incurred on behalf of Government	-	(35)	(16)
Total expenses	2,469,054	2,489,917	2,586,186
Revenues			
Sales of goods and services	38,868	56,100	49,230
Miscellaneous revenues	3,269	4,229	4,180
Revenues earned on behalf of Government	(3,269)	(4,229)	(4,180)
Total revenues	38,868	56,100	49,230
Net cost of operations before government funding and transfers	2,430,186	2,433,817	2,536,956
Government funding and transfers			
Net cash provided by Government		2,375,525	2,553,237
Change in due from Consolidated Revenue Fund		(70)	42,693
Services provided without charge by other government departments (note 15a)		147,923	152,320
Transfer of the transition payments for implementing salary payments in arrears (note 16)		(428)	(51,973)
Transfer of tangible capital assets from/to other government departments (note 11)		(1,205)	4
Net cost of operations after government funding and transfers		(87,928)	(159,325)
Organizational net financial position – Beginning of year		2,012,658	1,853,333
Organizational net financial position – End of year		2,100,586	2,012,658

Segmented information (note 17)

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

CONSOLIDATED STATEMENT OF CHANGE IN ORGANIZATIONAL NET DEBT (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

(in thousands of dollars)

	2016	2015 Restated (note 18)
Net cost of operations after government funding and transfers	(87,928)	(159,325)
Change due to tangible capital assets		
Acquisition of tangible capital assets (note 11)	164,447	193,299
Amortization of tangible capital assets (note 11)	(117,045)	(120,491)
Proceeds from disposal of tangible capital assets	(1,155)	(1,635)
Adjustments of tangible capital assets/Net gain (loss) on disposals	3,168	(1,996)
Transfer of tangible capital assets from/to other government departments (note 11)	(1,205)	4
<i>Total change due to tangible capital assets</i>	48,210	69,181
Change due to inventories not for resale	5,236	1,749
Change due to prepaid expenses	(6)	(60)
Net increase (decrease) in organizational net debt	(34,488)	(88,455)
Organizational net debt – Beginning of year	151,633	240,088
Organizational net debt – End of year	117,145	151,633

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

CONSOLIDATED STATEMENT OF CASH FLOW (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

(in thousands of dollars)

	2016	2015 Restated (note 18)
Operating activities		
Net cost of operations before government funding and transfers	2,433,817	2,536,956
Non-cash items		
Amortization of tangible capital assets (note 11)	(117,045)	(120,491)
Net gain (loss) on disposal of tangible capital assets	80	(1,060)
Tangible capital assets adjustments (note 11)	3,088	(936)
Services provided without charge by other government departments (note 15a)	(147,923)	(152,320)
Transition payments for implementing salary payments in arrears (note 16)	428	51,973
Variations in Consolidated Statement of Financial Position		
Decrease (increase) in accounts payable and accrued liabilities	1,420	(15,884)
(Increase) decrease in deferred revenue	(114)	142
Decrease in vacation pay and compensatory leave	1,064	7,432
Decrease in employee future benefits	6,392	51,805
Decrease (increase) in Inmate Trust Fund	14	(2)
Increase in accounts receivable, advances and loans	24,268	2,945
Decrease in prepaid expenses	(6)	(60)
Increase in inventory	6,865	1,073
Cash used in operating activities	2,212,348	2,361,573
Capital investing activities		
Acquisitions of tangible capital assets (note 11)	164,447	193,299
Proceeds from disposal of tangible capital assets	(1,155)	(1,635)
Cash used in capital investing activities	163,292	191,664
Financing activities		
Payments on lease obligations for tangible capital assets (note 12)	5	-
Lease obligations for tangible capital assets (note 12)	(120)	-
Cash used in financing activities	(115)	-
Net cash provided by Government of Canada	2,375,525	2,553,237

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

1. Authority and Objectives

The constitutional and legislative framework that guides the Correctional Service of Canada (CSC) is set out by the *Constitution Act 1982* and the *Corrections and Conditional Release Act* (CCRA).

The purpose of the federal correctional system, as defined by law, is to contribute to the maintenance of a just, peaceful and safe society by carrying out sentences imposed by courts through the safe and humane custody and supervision of offenders; and by assisting the rehabilitation of offenders and their reintegration into the community as law-abiding citizens through the provision of programs in penitentiaries and in the community (*Corrections and Conditional Release Act*, s.3). It delivers its mandate under four major programs:

Custody: This program contributes to public safety by providing for the day-to-day needs of offenders, including health and safety, food, clothing, mental health services, and physical health care. It also includes security measures within institutions such as drug interdiction, and appropriate control practices to prevent incidents;

Correctional Interventions: This program contributes to public safety through assessment activities and program interventions for federal offenders that are designed to assist their rehabilitation and facilitate their successful reintegration into the community as law-abiding citizens. The program engages Canadian citizens as partners in CSC's correctional mandate, and provides outreach to victims of crime;

Community Supervision: This program contributes to public safety through the administration of community operations, including the provision of accommodation options, establishment of community partnerships and provision of community health services as necessary. Community supervision provides the structure to assist offenders to safely and successfully reintegrate into society; and

Internal Services: Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. Internal services include only those activities and resources that apply across an organization, and not those provided to a specific program. The groups of activities are Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

2. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared using the Government'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

CSC is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to CSC 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 Consolidated Statement of Operations and Organizational Net Financial Position and in the Consolidated 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 Consolidated Statement of Operations and Organizational Net Financial Position are the amounts reported in the Consolidated Future-Oriented Statement of Operations included in the 2015-2016 *Report on Plans and Priorities*. Planned results are not presented in "Government funding and transfers" section of the Consolidated Statement of Operations and Organizational Net Financial Position and in the Consolidated Statement of Change in Organizational Net Debt because these amounts were not included in the 2015-2016 *Report on Plans and Priorities*.

b) Consolidation

These consolidated financial statements include the accounts of the sub-entity that are under the control of the organization. The accounts of CORCAN Revolving Fund have been consolidated with those of the organization and all inter-organizational balances and transactions have been eliminated.

c) Net Cash Provided by Government

CSC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by CSC is deposited to the CRF and all cash disbursements made by CSC 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.

d) Due from the Consolidated Revenue Fund (CRF)

Amounts due from 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 CSC is entitled to draw from the CRF without further authorities to discharge its liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

2. Summary of Significant Accounting Policies (continued)

e) Revenues

- Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. These revenues are recognized in the period in which the services are rendered or goods are sold.
- Revenues from regulatory fees are recognized in the accounts based on the services provided in the year.
- Funds that have been received are recorded as deferred revenue, provided that CSC has an obligation to other parties for the provision of goods, services or the use of assets in the future.
- Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.
- Revenues that are non-respendable are not available to discharge CSC's liabilities. While the Commissioner is expected to maintain accounting control, he has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented in reduction of the entity's gross revenues.

f) 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, employer contribution to the health and dental insurance plans, legal services and worker's compensation are recorded as operating expenses at their estimated cost.
- Transfer payments are recorded as expenses when authorization for the payment exists and the recipient has met the eligibility criteria or the entitlements established for the transfer payment program. In situations where payments do not form part of an existing program, transfer payments are recorded as expenses when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements. Transfer payments that become repayable as a result of conditions specified in the contribution agreement that have come into being are recorded as a reduction to transfer payment expense and as a receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

2. Summary of Significant Accounting Policies (continued)

g) Employee future benefits

- Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer plan administered by the Government. CSC's contributions to the Plan are charged to expenses in the year incurred and represent the total organizational obligation to the Plan. CSC'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: Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The obligation relating 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.

h) Accounts and loans receivable from external parties

Accounts and loans receivable are stated at the lower of cost and net recoverable value. However, when the terms of the loans are concessionary, such as those provided with a low or no interest clause, they are recorded at their estimated present value. A portion of the unamortized discount is recorded as revenue each year to reflect the change in the present value of the loans outstanding. Transfer payments that are unconditionally repayable are recognized as loans receivable. A valuation allowance is recorded for accounts and loans receivable where recovery is considered uncertain.

i) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements.

j) Environmental liabilities

Environmental liabilities consist of estimated costs related to the remediation of contaminated sites as well as estimated costs related to obligations associated with the retirement of tangible capital assets and other environmental liabilities.

Contaminated Sites:

A liability for remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, CSC is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects CSC's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination. When the cash flows required to settle or otherwise extinguish a liability are expected to occur over extended future periods, a present value technique is used. The discount rate applied is taken from the government's consolidated revenue fund monthly lending rates for periods of one year and over. The discount rate used is based on the term rate associated with the estimated number of years to complete remediation. For remediation costs with estimated future cash flows spanning more than 25 years, the 25-year Government of Canada lending rate is used as the discount rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

2. Summary of Significant Accounting Policies (continued)

j) Environmental liabilities (continued)

The recorded environmental liabilities are adjusted each year, as required, for inflation, new obligations, changes in management estimates and actual costs incurred.

k) Inventories

- Inventory held for resale include raw materials, finished goods and work-in-progress. They belong to the CORCAN revolving fund and are valued at the lower of cost or net realizable value. The organization makes provisions for excess and obsolete inventory;
- Inventory not for resale consist of materials and supplies held for future program delivery and is valued at cost. If there is no longer any service potential, inventory is valued at the lower of cost or net realizable value.

l) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. CSC does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian reserves and museum collections.

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

Asset Class	Sub-Asset Class	Amortization Period
Buildings	Buildings	25 to 40 years
Works and infrastructure	Works and infrastructure	20 to 25 years
Machinery and equipment	Machinery and equipment	10 years
	Informatics hardware	3 to 4 years
	Informatics software	3 to 10 years
	Arms and weapons for defence	10 years
	Other equipment	10 years
Vehicles	Motor vehicles (non-military)	5 years
	Other vehicles	5 to 10 years
Leasehold improvements	Leasehold improvements	Lesser of useful life of leasehold improvement or term of lease
Leased tangible capital asset	Machinery and equipment	Lesser of useful life of asset or term of lease

Assets under construction are recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

2. Summary of Significant Accounting Policies (continued)

m) Measurement uncertainty

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the consolidated financial statements. At the time of preparation of these consolidated statements, management believes the estimates and assumptions to be reasonable. The most significant areas where estimates are used are contingent liabilities, environmental liabilities, the liability for employee future benefits, the fair value of non-monetary transactions related to leased tangible capital assets 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 consolidated financial statements in the year they become known.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

3. Parliamentary Authorities

CSC receives most of its funding through annual Parliamentary authorities. Items recognized in the Consolidated Statement of Operations and Organizational Net Financial Position and the Consolidated Statement of Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, CSC 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

<i>(in thousands of dollars)</i>	2016	2015 Restated (note 18)
Net cost of operations before government funding and transfers	2,433,817	2,536,956
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
<i>Add (Less):</i>		
Amortization of tangible capital assets (note 11)	(117,045)	(120,491)
Gain (loss) on disposal of tangible capital assets	80	(1,060)
Services provided without charge by other government departments (note 15a)	(147,923)	(152,320)
Decrease in vacation pay and compensatory leave	1,064	7,432
Decrease (increase) in obligation for termination benefits	3,403	(406)
Decrease in employee future benefits	6,392	51,805
(Increase) decrease in environmental and contingent liabilities	(1,982)	2,241
Refund of prior years' expenditures	4,225	4,933
Other	3,567	(4)
	(248,219)	(207,870)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
<i>Add (Less):</i>		
Acquisitions of tangible capital assets (note 11)	164,447	193,299
Payment on lease obligation for tangible capital assets (note 11)	5	-
Transition payments for implementing salary payments in arrears (note 16)	428	51,973
Increase in inventories	6,865	1,073
Decrease in prepaid expenses	(6)	(60)
Other	448	(142)
	172,187	246,143
Current year authorities used	2,357,785	2,575,229

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

3. Parliamentary Authorities (continued)

b) Authorities provided and used

<i>(in thousands of dollars)</i>	2016	2015
Vote 1 – Operating expenditures	1,993,402	2,163,605
Vote 5 – Capital expenditures	239,717	257,579
Statutory amounts	224,250	244,405
	2,457,369	2,665,589
Less:		
Authorities available for future years	4,500	4,552
Lapsed authorities: Operating	24,052	28,835
Lapsed authorities: Capital	71,032	56,973
Current year authorities used	2,357,785	2,575,229

4. Accounts Payable and Accrued Liabilities

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

<i>(in thousands of dollars)</i>	2016	2015
Accounts payable - Other government departments and agencies	25,733	33,389
Accounts payable - External parties	85,390	82,030
Total accounts payable	111,123	115,419
Accrued liabilities	120,499	117,623
Total accounts payable and accrued liabilities	231,622	233,042

5. Environmental Liabilities

Remediation of contaminated sites

The Government has developed a “*Federal Approach to Contaminated Sites*”, which incorporates a risk-based approach to the management of contaminated sites. Under this approach the Government has inventoried the contaminated sites on federal lands that have been identified, allowing them to be classified, managed and recorded in a consistent manner. This systematic approach aides in the identification of the high risk sites in order to allocate limited resources to those sites which pose the highest risk to the environment and human health.

CSC has identified a total of 66 sites (90 sites in 2015) where contamination may exist and assessment, remediation and monitoring may be required. Of these, CSC has identified 24 sites (24 sites in 2015) where action is possible and for which a liability of \$1,587,585 (\$2,017,213 in 2015) has been recorded. This liability estimate has been determined after the sites are assessed and is based on scientific/engineering contractors reviewing the results of site assessments and proposing possible remediation solution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

5. Environmental Liabilities (continued)

This estimate represents management's best estimate of the amount required to complete the remediation of the sites to the current minimum standard for its use prior to contamination, based on information available at the financial statement date.

Of the remaining 42 sites, one site was closed, as it was found not to be contaminated. 41 sites are not considered a priority for action because information indicates there is likely no significant environmental impact or human health threats and there is likely no need for action unless new information becomes available indicating greater concerns, in which case, the sites will be re-examined.

The following table presents the total estimated amounts of these liabilities by nature and source as at March 31, 2016, and March 31, 2015.

(in thousands of dollars)

NATURE & SOURCE OF LIABILITY				
Nature & Source	Number of sites 2016	Estimated Liability 2016 ⁽⁴⁾	Number of sites 2015	Estimated Liability 2015 ⁽⁴⁾
Fuel Related Practices ⁽¹⁾	8	327	8	347
Landfills/Waste Sites ⁽²⁾	8	817	8	940
Other ⁽³⁾	8	444	8	730
Totals	24	1,588	24	2,017

(1) Contamination primarily associated with fuel storage and handling, e.g. accidental spills related to fuel storage tanks or former fuel handling practices, e.g. petroleum hydrocarbons, polyaromatic hydrocarbons and BTEX.

(2) Contamination associated with former landfill/waste site or leaching from materials deposited in the landfill/waste site, e.g. metals, petroleum hydrocarbons, polyaromatic hydrocarbons, BTEX, other organic contaminants, etc.

(3) Contamination from other sources, e.g. use of pesticides, herbicides, fertilizers at agricultural sites; use of PCBs, firefighting training areas, firing ranges and training facilities, etc.

(4) It was determined that the effects of discounting of these liabilities for each fiscal year is immaterial for CSC. Therefore, the present value technique has not been used to calculate the discounted value for each site.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

6. Deferred Revenue

Deferred revenue represents the balance at year-end of unearned revenues stemming from amounts received from external parties which are restricted to fund the expenditures related to specific projects, and amounts received for fees prior to services being performed. Revenue is recognized in the period that these expenditures are incurred or the service is performed. Details of the transactions related to this account are as follows:

<i>(in thousands of dollars)</i>	2016	2015
Opening balance	107	249
Amounts received	25,974	18,702
Revenue recognized	(25,860)	(18,844)
Ending balance	221	107

7. Employee Future Benefits

a) Pension Benefits

CSC's employees participate in the public service pension plan (the "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 Plan benefits and they are indexed to inflation.

Both the employees and CSC contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to *Canada's Economic Action Plan 2012*, employee contributors have been divided into two groups – Group 1 relates to existing plan members as at December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate. CSC employees involved in operational service (work performed within a correctional institution) pay the same contribution rates as Group 1 members whether they joined the Plan before or after January 1, 2013.

The 2015-2016 expense amounts to \$154,143,499 (\$165,185,891 in 2014-2015). For Group 1 members, the expense represents approximately 1.25 times (1.41 times in 2014-2015) the employee contributions and, for Group 2 members, approximately 1.24 times (1.39 times in 2014-2015) the employee contributions.

CSC'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

7. Employee Future Benefits (continued)

b) Severance benefits

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

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

<i>(in thousands of dollars)</i>	2016	2015
Accrued benefit obligation, opening balance	95,559	147,364
Expenses for the year	5,436	54,290
Benefits paid during the year	(11,828)	(106,095)
Accrued benefit obligation, closing balance	89,167	95,559

8. Inmate Trust Fund

Pursuant to section 111 of the *Corrections and Conditional Release Regulations*, this account is credited with all moneys brought into the institution by an inmate on admission or readmission, and all moneys that are received on the inmate's behalf while in custody, including, monetary gifts from a third party, payments for program participation, pay earned while on work release or conditional release in the community, moneys received from a third party for work performed in an institution or a CSC approved inmate operated business enterprise, sale of hobby craft or custom work, a payment, allowance or income paid by either a private or government source. Deductions may be made from this account for issues such as debts to the Crown, the Inmate Welfare Fund, canteen expenditures, telephone calls, payments to assist in the reformation and rehabilitation of the inmate, and any other payments for which the inmate is liable.

<i>(in thousands of dollars)</i>	2016	2015
Opening balance	18,250	18,248
Receipts	43,387	44,438
Disbursements	(43,401)	(44,436)
Closing balance	18,236	18,250

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

9. Accounts Receivable, Advances and Loans

The following table presents details of accounts receivable, advances and loans:

<i>(in thousands of dollars)</i>	2016	2015
Receivables - Other government departments and agencies	33,782	7,881
Receivables - External parties	5,422	6,960
Employee advances	338	289
Parolee loans and advances to individuals other than employees	58	131
	39,600	15,261
Allowance for doubtful accounts on receivables from external parties and parolee loans	(281)	(231)
Gross accounts receivable and advances	39,319	15,030
Accounts receivable held on behalf of Government	(560)	(539)
Net accounts receivable and advances	38,759	14,491

10. Inventory

The following table presents details of the inventory:

<i>(in thousands of dollars)</i>	2016	2015
Inventory held for resale		
Raw materials	6,225	5,177
Work in progress	829	290
Finished goods	5,151	5,233
	12,205	10,700
Provision for obsolete inventory	(357)	(481)
Total inventory held for resale	11,848	10,219

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

10. Inventory (continued)

<i>(in thousands of dollars)</i>	2016	2015
Inventory not for resale		
Supplies	21,672	16,782
Clothing	9,984	8,854
Building materials	4,133	4,534
Utilities	1,708	1,796
Other	2,656	2,951
Total inventory not for resale	40,153	34,917
Total	52,001	45,136

The cost of consumed inventory recognized as an expense in the Consolidated Statement of Operations and Organizational Net Financial Position is \$112,805,458 in 2015-2016 (\$105,454,457 in 2014-2015).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

11. Tangible Capital Assets

(in thousands of dollars)

Capital Asset Class	Cost					Accumulated Amortization					Net Book Value	
	Opening Balance Restated	Acquisitions	Disposals and Write-Offs	Adjustments (1)	Closing balance	Opening Balance Restated	Amortization	Disposals and Write-Offs	Adjustments (1)	Closing balance	2016	2015 Restated (note 18)
Land	14,288	-	-	-	14,288	-	-	-	-	-	14,288	14,288
Buildings	2,447,055	-	(587)	163,685	2,610,153	961,578	71,246	(582)	-	1,032,242	1,577,911	1,485,477
Works and infrastructure	639,103	-	(117)	7,760	646,746	406,930	19,036	(15)	-	425,951	220,795	232,173
Machinery and equipment	216,498	3,911	(7,155)	(2,294)	210,960	133,293	16,397	(6,923)	(305)	142,462	68,498	83,205
Vehicles	62,587	8,798	(5,507)	135	66,013	39,518	6,124	(4,771)	79	40,950	25,063	23,069
Leasehold Improvements	23,209	-	-	7,139	30,348	12,356	4,234	-	316	16,906	13,442	10,853
Leased tangible capital asset	-	120	-	-	120	-	8	-	-	8	112	-
Assets under construction	280,303	151,618	-	(174,452)	257,469	-	-	-	-	-	257,469	280,303
Total	3,683,043	164,447	(13,366)	1,973	3,836,097	1,553,675	117,045	(12,291)	90	1,658,519	2,177,578	2,129,368

In April 2012, the Government of Canada announced it would close three institutions (Kingston Penitentiary, Ontario Regional Treatment Centre (ORTC) and Leclerc Institution). The closures were completed in September 2013 as planned.

As of September 2013, the Kingston Penitentiary and ORTC were closed and will remain as tangible capital assets of CSC until such time a decision as to their future use is made. Kingston Penitentiary's net book value for 2015-2016 is \$35,319,811, same as in 2014-2015. ORTC's net book value for 2015-2016 is \$4,548,479, same as in 2014-2015. Should a change in the Kingston Penitentiary's or ORTC's net book values become known, any applicable write-down(s) will be recorded at that time.

Leclerc Institution remains a tangible capital asset of CSC and has been leased under a long-term operating agreement with the Province of Quebec.

- (1) This column includes assets under construction of \$151,254,729 (\$493,816,515 in 2014-2015) that were transferred to the other capital asset classes upon completion of the assets, as well as tangible capital assets transferred from/to other government departments. During 2015-2016, CSC received tangible capital assets from multiple other government departments with a total net book value of \$55,668. In February 2016, CSC transferred equipment with a net book value of \$1,261,319 to the Department of National Defence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

12. Lease Obligation for Tangible Capital Assets

CSC's Revolving Fund (CORCAN) has entered into an agreement to lease an equipment under a capital lease with a cost of \$120,438 and accumulated amortization of \$8,029 as at March 31, 2016. The obligations related to the upcoming years include the following:

<i>(in thousands of dollars)</i>	2016	2015
2017	27	-
2018	27	-
2019	27	-
2020	27	-
2021 and thereafter	32	-
Total future minimum lease payments	140	-
Less: imputed interest (8%)	25	-
Total	115	-

13. Contingent Liabilities

Claims and litigation

Claims have been made against CSC in the normal course of operations. These claims include items with pleading amounts and others for which no amount is specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. CSC has recorded an allowance for claims and litigations where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. Claims and litigations for which the outcome is not determinable but for which a reasonable estimate can be made by management amount to approximately \$8,495,000 (\$2,450,000 in 2014-2015) as at March 31, 2016.

14. Contractual Obligations

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

<i>(in thousands of dollars)</i>	2017	2018	2019	2020	2021 and thereafter	Total
Acquisition of goods and services	100,374	4,185	-	-	-	104,559
Capital lease on Tangible capital assets	27	27	27	27	32	140

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

15. Related Party Transactions

CSC is related as a result of common ownership to all government departments, agencies, and Crown corporations. CSC enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, CSC received common services which were obtained without charge from other government departments as disclosed below.

a) Common services provided without charge by other government departments

During the year, CSC received services without charge from certain common services organizations related to accommodation, legal services, the employer's contribution to the health and dental insurance plans, and worker's compensation coverage. These services without charge have been recorded in CSC's Consolidated Statement of Operations and Organizational Net Financial Position as follows:

<i>(in thousands of dollars)</i>	2016	2015
Employer's contribution to the health and dental insurance plans	121,676	127,139
Accommodation	19,628	18,515
Workers' compensation	5,088	5,355
Legal services	1,531	1,311
Total	147,923	152,320

The Government has centralized some of its administrative activities for efficient, cost-effective, 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 the payroll and cheque issuance services provided by Public Services and Procurement Canada and audit services provided by the Office of the Auditor General, are not included in CSC's Consolidated Statement of Operations and Organizational Net Financial Position.

b) Other transactions with related parties

<i>(in thousands of dollars)</i>	2016	2015
Accounts receivable – Other government departments and agencies	33,782	7,881
Accounts payable – Other government departments and agencies	25,733	33,389
Expenses – Other government departments and agencies	321,786	330,258
Revenues – Other government departments and agencies	48,712	40,849

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

16. Transfer of the transition payments for implementing salary payments in arrears

The Government of Canada implemented salary payments in arrears in 2014-2015. As a result, a one-time payment was issued to employees and will be recovered from them in the future. Employees that were on leave without pay when the initial one-time transition payments were issued will receive the transition payment shortly after their return to work from their leave without pay. The transition to salary payments in arrears forms part of the transformation initiative that replaces the pay system and also streamlines and modernizes the pay processes. This change to the pay system had no impact on the expenses of CSC. However, it did result in the use of additional spending authorities by CSC. Prior to year-end, the transition payments for implementing salary payments in arrears were transferred to a central account administered by Public Services and Procurement Canada, who is responsible for the administration of the Government pay system.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

17. Segmented Information

Presentation by segment is based on the Organization's program alignment architecture. The presentation by segment is based on the same accounting policies as described in the Summary of Significant Accounting Policies in note 2. The following table presents the expenses incurred and revenues generated for the main programs, by major objects of expense and by major types of revenue. The segment results for the period are as follows:

<i>(in thousands of dollars)</i>	2016				2015	
	Custody	Correctional Interventions	Community Supervision	Internal Services	Total	Restated (note 18) Total
Transfer payments						
Non-profit organizations	5,823	-	-	-	5,823	2,768
Total transfer payments	5,823	-	-	-	5,823	2,768
Operating expenses						
Salaries and employee benefits	1,124,136	373,883	24,060	242,219	1,764,298	1,866,725
Professional and special services	96,852	59,117	107,322	31,283	294,574	295,418
Utilities, materials and supplies	120,891	3,391	2,688	4,515	131,485	130,700
Amortization of tangible capital assets	115,476	1,569	-	-	117,045	120,491
Repairs and maintenance	24,357	569	566	518	26,010	22,506
Machinery and equipment	13,368	1,963	130	4,982	20,443	25,949
Travel	5,670	3,363	525	4,549	14,107	14,790
Payment in lieu of taxes	32,707	-	-	-	32,707	31,428
Inmate remuneration	-	14,557	-	-	14,557	15,364
Cost of goods sold	-	16,389	-	-	16,389	11,270
Accommodation	-	-	9,196	10,432	19,628	18,515
Rentals	1,596	1,454	3,820	15,982	22,852	21,193
Relocation	750	272	23	1,765	2,810	5,852
Net (gain)/loss on disposal of tangible capital assets	(86)	6	-	-	(80)	1,060
Telecommunications	190	5	-	55	250	274
Other	1,448	3,886	122	1,598	7,054	1,899
Total operating expenses	1,537,355	480,424	148,452	317,898	2,484,129	2,583,434
Sub-Total Expenses	1,543,178	480,424	148,452	317,898	2,489,952	2,586,202
Expenses incurred on behalf of Government	(0)	(4)	(0)	(31)	(35)	(16)
Total Expenses	1,543,178	480,420	148,452	317,867	2,489,917	2,586,186
Revenues						
Sales of goods and services	-	56,100	-	-	56,100	49,230
Miscellaneous revenues	3,566	549	3	111	4,229	4,180
Revenues earned on behalf of Government	(3,566)	(549)	(3)	(111)	(4,229)	(4,180)
Total Revenues	-	56,100	-	-	56,100	49,230
Net cost of operations before government funding and transfers	1,543,178	424,320	148,452	317,867	2,433,817	2,536,956

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31

18. Accounting changes

a) Correction of error relating to prior period financial statements

During 2015-2016, CSC identified tangible capital assets that should have been created in our financial system and some assets that should have been recorded as expenses. The correction represents a net decrease to tangible capital assets in 2014-2015 and prior years. Consequently, the comparative financial statements presented for the year ended March 31, 2015 have been restated.

<i>(in thousands of dollars)</i>	2015 As previously stated	Effect of change	2015 Restated
Consolidated Statement of Financial Position			
Non-financial assets			
Tangible capital assets (note 11)	2,175,557	(46,189)	2,129,368
Organizational net financial position	2,058,847	(46,189)	2,012,658
Consolidated Statement of Operations and Organizational Net Financial Position			
Expenses Custody	1,626,484	3,348	1,629,832
Organizational net financial position – Beginning of year	1,896,174	(42,841)	1,853,333
Organizational net financial position – End of year	2,058,847	(46,189)	2,012,658
Consolidated Statement of Change in Organizational Net Debt			
Net cost of operations after government funding and transfers	2,533,608	3,348	2,536,956
Acquisition of tangible capital assets (note 11)	196,226	(2,927)	193,299
Amortization of tangible capital assets (note 11)	(120,070)	(421)	(120,491)
Consolidated Statement of Cash Flow			
Net cost of operations before government funding and transfers	2,533,608	3,348	2,536,956
Amortization of tangible capital assets (note 10)	(120,070)	(421)	(120,491)
Acquisitions of tangible capital assets	196,266	(2,927)	193,299
Notes to the Consolidated Financial Statements			
Parliamentary Authorities (note 3a)			
Net cost of operations before government funding and transfers	2,533,608	3,348	2,536,956
Amortization of tangible capital assets	(120,070)	(421)	(120,491)
Acquisition of tangible capital assets	196,226	(2,927)	193,299
Tangible Capital Assets (note 11)			
Buildings (net book value)	1,380,746	104,731	1,485,477
Work and infrastructure (net book value)	232,293	(120)	232,173
Asset under construction (net book value)	431,103	(150,800)	280,303
Total (net book value)	2,175,557	(46,189)	2,129,368
Segmented Information (note 16)			
Amortization of tangible capital assets	120,070	421	120,491
Machinery and equipment	23,022	2,927	25,949
Net cost of operations before government funding and transfers	2,533,608	3,348	2,536,956

19. Comparative information

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

ANNEX TO THE STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING (unaudited)

CORRECTIONAL SERVICE OF CANADA

SUMMARY OF THE ASSESSMENT OF EFFECTIVENESS OF THE SYSTEMS OF INTERNAL CONTROL OVER FINANCIAL REPORTING FOR FISCAL YEAR 2015-2016 AND THE ACTION PLAN OF THE CORRECTIONAL SERVICE OF CANADA

1. INTRODUCTION

This document provides summary information on the measures taken by the Correctional Service of Canada (CSC) to maintain an effective system of internal control over financial reporting (ICFR) including information on internal control management and assessment results and related action plans.

Detailed information on CSC's authority, mandate, and program can be found in the [Departmental Performance Report](#) and the [Report on Plans and Priorities](#).

2. DEPARTMENTAL SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING

CSC recognizes the importance of setting the tone from the top to ensure that employees throughout the organization understand their roles and responsibilities in maintaining an effective system of ICFR.

2.1 Internal Control Management

CSC has a well-established governance and accountability structure to support organizational assessment efforts and oversight of its system of internal control. CSC's *Financial Management Framework* clearly defines the expectations, the requirements and the roles and responsibilities for internal controls.

This *Framework*, approved by the Commissioner in September 2013, includes the following elements in support of sound stewardship of public resources and reliable financial reporting:

- Key responsibilities and requirements of the Commissioner as Accounting Officer, the Chief Financial Officer, Senior Departmental Managers, Departmental Managers, Financial Officers and separately the Departmental Audit Committee (DAC) for effective financial resource management, investment planning, financial information and reporting, internal control and oversight;
- Values and ethics; and
- The context for sound financial management and internal control across the organization which are consistent with the *Financial Administration Act (FAA)*, and Treasury Board policy instruments.

CSC's *Financial Management Framework* also requires the Commissioner to engage with the DAC on risk-based assessment plans and associated results related to the effectiveness of CSC's system of ICFR.

ANNEX TO THE STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING (unaudited)

CORRECTIONAL SERVICE OF CANADA

2.2 Service Arrangements relevant to financial statements

CSC relies on other organizations for the processing of certain transactions that are recorded in its financial statements as follows:

- Public Services and Procurement Canada (PSPC) centrally administers the payments of salaries and the procurement of goods and services, as per CSC's Delegation of Authority and provides accommodation services;
- Treasury Board Secretariat provides CSC with information used to calculate various accruals and allowances, such as the accrued severance liability;
- The Department of Justice provides legal services to CSC; and
- Shared Services Canada provides information technology (IT) infrastructure services to CSC in the areas of data centre and network services.

3. CSC'S ASSESSMENT RESULTS DURING FISCAL YEAR 2015-2016

During 2015-2016, CSC completed the first full assessment of key controls which includes all design and operating effectiveness testing of key control areas identified in section 4.2 of the annex. Ongoing monitoring is being implemented according to plan.

3.1 Design effectiveness testing of key controls

CSC completed all design effectiveness testing of key control areas in 2014-2015.

3.2 Operating effectiveness testing of key controls

In 2015-2016, CSC completed operating effectiveness testing of its tangible capital assets, inventory and Inmate Trust Fund. Required remediation for important high risk weaknesses has been completed for the following: tangible capital assets, financial statement close & reconciliation, inventory and Inmate Trust Fund, with remediation still in progress on a few low risk weaknesses.

As a result of the operating effectiveness testing, CSC identified the following opportunities for improvement:

- Ensure that roles, responsibilities and expectations are clearly defined in policy, understood and applied;
- Ensure that in-year monitoring is done on a regular basis to allow for timely corrective action to be taken; and
- Ensure proper segregation of duties.

ANNEX TO THE STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING (unaudited)

CORRECTIONAL SERVICE OF CANADA

3.3 Ongoing monitoring of key controls

In 2015-2016, no ongoing monitoring was planned nor executed. This permitted CSC to focus its resources on the completion of its operational effectiveness testing and remediation. Ongoing monitoring will resume in 2016-2017 as planned in accordance with section 4.2 *Status and action plan for the next fiscal year and subsequent years*.

4. CSC'S ACTION PLAN

4.1 Progress during fiscal year 2015-2016

During 2015-2016, CSC has continued to make significant progress in assessing and improving its key controls. The following table summarizes CSC's progress based on the plans identified in the previous fiscal year's annex:

Progress During Fiscal Year 2015-2016

Element in previous year's action plan	Status as at March 31, 2016
Financial Statement Close and Reporting	Remediation has been completed
Tangible Capital Assets	Ongoing effectiveness testing and remediation have been completed
Inventory	Ongoing effectiveness testing and remediation have been completed
Inmate Trust Fund	Ongoing effectiveness testing and remediation have been completed

ANNEX TO THE STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING (unaudited)

CORRECTIONAL SERVICE OF CANADA

4.2 Status and action plan for the next fiscal year and subsequent years

Building on progress to date, CSC completed the full assessment of its system of internal control over financial reporting in 2015-2016. In 2016-2017, CSC will be applying its rotational ongoing monitoring plan to reassess control performance on a risk basis across all control areas. The status and action plan for the completion of the identified control areas for the next fiscal year and subsequent years are shown in the following table:

Status and Action Plan for the Next Fiscal Year and Subsequent Years

Key Control Areas	Operating effectiveness testing and remediation	Ongoing monitoring rotation ¹		
		2016-2017	2017-2018	2018-2019
Entity-Level Controls	Completed		✓	
IT General Controls	Completed	✓	✓	
Financial Statement Close and Reporting	Completed	✓	✓	✓
Tangible Capital Assets	Completed	✓	✓	✓
Inventory	Completed		✓	
Inmate Trust Fund	Completed			✓
Salary	Completed	✓	✓	✓
Other Operating Expenses and Accounts Payable	Completed	✓		
Revenues and Accounts Receivable	Completed			✓

¹ The frequency of the ongoing monitoring of key control areas is risk-based and may occur over a multi-year cycle.