

# **CIVIL LEGAL SERVICES**

**SPECIAL OPERATING AGENCY**

**2013/14  
ANNUAL REPORT**





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**ATTORNEY GENERAL  
MINISTER OF JUSTICE**

Room 104  
Legislative Building  
Winnipeg, Manitoba CANADA  
R3C 0V8

The Honourable Philip Lee  
Lieutenant Governor of Manitoba  
Room 235 Legislative Building  
450 Broadway  
Winnipeg MB R3C 0V8

May It Please Your Honour:

I have the honour of presenting the Nineteenth Annual Report of the Civil Legal Services Special Operating Agency for the fiscal year ended March 31, 2014.

Respectfully submitted,

*ORIGINAL SIGNED BY*

Andrew Swan  
Minister of Justice  
Attorney General



Justice  
Deputy Minister of Justice and Deputy Attorney General  
Room 110 Legislative Building, Winnipeg, Manitoba, Canada R3C 0V8

July 31, 2014

Honourable Andrew Swan  
Minister of Justice  
Attorney General  
Room 104 Legislative Building  
450 Broadway  
Winnipeg MB R3C 0V8

Dear Minister:

I am pleased to submit for your consideration the Nineteenth Annual Report of the Civil Legal Services Special Operating Agency for the fiscal year ending March 31, 2014.

The results of the 2013/14 fiscal year indicate that Civil Legal Services (CLS) has operated successfully and effectively by focusing on providing high quality legal services to its clients. The Advisory Board is pleased with the continued success of CLS and encouraged by the commitment of its employees and the support of its clients.

As of April 1, 2014, CLS has been repatriated as a branch of the Department of Justice. Accordingly, this is the final Annual Report of CLS as a Special Operating Agency.

All of which is respectfully submitted,

*ORIGINAL SIGNED BY*

Donna Miller, Q.C.  
Deputy Minister of Justice  
Deputy Attorney General

Civil Legal Services SOA  
Room 730 Woodsworth Building  
405 Broadway  
Winnipeg MB R3C 3L6

July 31, 2014

#### Foreword

It is with great pleasure that I present the Nineteenth Annual Report of the Civil Legal Services (CLS) Special Operating Agency.

This report provides an overview of CLS and outlines its accomplishments during its nineteenth year (2013/14) as a Special Operating Agency (SOA).

The members of CLS are committed to providing timely, quality, helpful, efficient and cost effective legal services that meet the needs of its clients.

The results described in this annual report reflect the commitment and cooperation of all members of CLS.

#### *ORIGINAL SIGNED BY*

Heather Leonoff  
A/Director





## PROFILE OF CIVIL LEGAL SERVICES

### Civil Legal Services

The role of Civil Legal Services (“CLS”) flows from the constitutional and statutory<sup>1</sup> responsibilities of the Minister of Justice as the Chief Legal Advisor to government and the guardian of the public interest. Acting pursuant to government policy, Civil Legal Services is responsible for providing a full range of high quality legal services, on a cost recovery basis, to its clients, namely the Government of Manitoba, the government’s agencies, boards and committees and some Crown corporations.

### Special Operating Agency Status

CLS is a branch within Manitoba Justice and is accountable to the Deputy Minister and Minister of Justice for operational and financial performance. As a special operating agency, CLS operates outside of the Consolidated Fund and under the Special Operating Agencies Financing Authority (“SOAFA”), which holds title to CLS’s assets, provides financing for operations and is responsible for CLS’s liabilities. Accountability is supported by CLS’s compliance with its Operating Charter, transfer agreement, management agreement, applicable General Manual of Administration policies and *The Special Operating Agencies Financing Authority Act* (“*The SOAFA Act*”).

The increased management authority and more rigorous planning and reporting requirements afforded by special operating agency (“SOA”) status have assisted CLS in sustaining the provision of high quality legal services to its clients.

The designation of CLS as a special operating agency under *The Special Operating Agencies Financing Authority Act* was revoked by a Manitoba Order in Council dated March 19, 2014 and its operating charter was cancelled effective the end of the day March 31, 2014. As at the end of the day on March 31, 2014 the net assets of the Agency were transferred to SOAFA. Effective April 1, 2014 the former operations of the Agency will continue to operate as a branch of the Department of Justice.

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<sup>1</sup>The statutory basis for the Minister’s responsibility is set out in sections 2 and 2.1 of *The Department of Justice Act*, C.C.S.M. c. J35.

## **MISSION, OPERATING PRINCIPLES AND CRITICAL SUCCESS FACTORS**

### **Mission of CLS**

CLS's mission is to provide timely, high quality, helpful, efficient and cost-effective legal services that meet the needs of its clients, namely, the Government of Manitoba and the province's agencies, boards, commissions and those Crown organizations to which CLS provides legal services.

### **Operating Principles**

CLS's mission and goals are supported by the following operating principles:

- service is customer focused
- service is cost-effective
- a commitment to the highest standards of service

### **Critical Success Factors of CLS**

Factors critical to the success of CLS are:

- providing timely, high quality, helpful, efficient, cost-effective legal services that meet the needs of its clients;
- determining its effectiveness in meeting its clients' needs;
- identifying better ways to meet its clients' needs for legal services;
- improving communication between CLS and its clients and communication within CLS;
- improving job satisfaction; and
- developing means to assist staff to work as effectively as possible to satisfy changing client needs and to make adjustments to deal with increasing workloads, deadlines and the pressure of limited resources.

## COST RECOVERY BY CIVIL LEGAL SERVICES

On April 1, 1992, CLS became the first government legal services office in Canada to recover the cost of providing legal services to its clients.

On April 1, 1995, CLS commenced operation as a special operating agency.

In fiscal year 2013/14, clients were billed at the rate of \$171.00<sup>2</sup> per hour for services provided by CLS counsel, being the amount required to cover all of CLS's costs and break even. All of CLS's costs are covered by this hourly rate, including wages, operating expenses (including rent) and employee benefits (including pension benefits).

The CLS cost recovery system operates in a fashion similar to billing systems used by private law firms. Time spent by counsel in providing services is billed in increments of one-tenth of an hour. Each counsel keeps a daily record of time for services provided, indicating the client for whom the work was performed, the file on which work was performed, a brief description of the service provided and the amount of time expended. In fiscal year 2013/14, clients were provided with detailed statements of account showing the services provided on each file on a monthly basis.

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Year	Hourly Rate
95/96	\$97
96/97	\$97
97/98	\$97
98/99	\$97
99/00	\$101
00/01	\$105
01/02	\$123*
02/03	\$126
03/04	\$129
04/05	\$133
05/06	\$137
06/07	\$137
07/08	\$148**
08/09	\$151
09/10	\$158
10/11	\$158
11/12	\$160
12/13	\$168
13/14	\$171

\*In 2001/02, CLS increased its hourly rate by \$4.00 to \$109.00 per hour for services provided by CLS counsel. The rate of \$109.00 per hour made no provision for increased salary costs. Effective November 1, 2001, CLS increased its hourly rate to \$123.00 per hour to cover the increased salary and benefit costs resulting from the arbitration award for the Manitoba Association of Crown Attorneys (MACA).

\*\*Similarly, in 2007/08, CLS maintained an hourly rate of \$137.00 for part of the fiscal year. The rate of \$137.00 per hour made no provision for increased salary costs. Effective October 1, 2007, CLS increased its hourly rate to \$148.00 per hour to cover the increased salary and benefit costs resulting from the new collective agreement with MACA.

## LEGAL SERVICES

### CLS Services

CLS provides a full range of legal services in the following areas:

- Aboriginal Law
- Access to Information and Privacy Law
- Administrative Law
- Civil Litigation
- Constitutional Law
  - assisting the Constitutional Law Branch in some cases involving the application of the *Canadian Charter of Rights and Freedoms* and in constitutional issues relating to Aboriginal peoples
  - providing advice on the constitutional division of powers and taxation issues
- Contracts and Agreements
- Conveyancing
- Corporate and Commercial
- Information Technology
- International Law
- Legal Opinions
- Legislative Review and Policy Development (which occasionally includes drafting legislation)
- Training and Education

### Use of Outside Counsel

CLS provides most, but not all, civil legal services to government and its agencies. In appropriate circumstances, at the request of a client, outside counsel is retained by the Department of Justice, through CLS.

The current policy respecting the circumstances when outside counsel are retained provides considerable flexibility in meeting the clients' needs. At the request of a client, the Department of Justice, through CLS, will continue to retain outside counsel on a case by case basis where:

- (a) the type of legal service required involves a degree of specialization which is not ordinarily available within CLS;
- (b) the nature of the matter creates a conflict of interest for government legal counsel;
- (c) it is more cost-effective to retain outside counsel; or
- (d) the matter is of such magnitude that it would not be possible for CLS to provide the services while continuing to meet the needs of other clients.

## STRUCTURE OF CIVIL LEGAL SERVICES

### Staff

As of March 31, 2014, CLS staff consisted of:

- 1 director
- 39 legal counsel
- 1 administrative officer
- 20 administrative assistants
- 1 financial officer
- 1 accounting clerk
- 2 articling students

CLS supports flexible work arrangements, including job sharing, part-time work arrangements and flexible hours, to accommodate the balancing of career and family. During 2013/14, two legal counsel and six administrative assistants worked in varied work arrangements.

### Key Personnel

All members of CLS are key personnel and are committed to using their best efforts to advance the CLS mission of providing timely, high quality, helpful, efficient and cost-effective client-focused services. The provision of legal services requires a strong knowledge of the law and government issues as well as a high degree of collaboration, cooperation and consultation among members of CLS and with other counsel in the Department of Justice. All members have demonstrated these skills. They have also worked extremely hard to meet the service and operational goals of CLS.

Members of CLS are encouraged and given support to upgrade their skills.

### Organization of Counsel

Legal counsel are divided into four teams, each headed by a team leader. The teams are:

- the Litigation Team; the members of this team perform most of the CLS litigation work;
- the Corporate, Commercial and Information Technology Team;
- the Crown law team, consisting of counsel who provide a wide range of legal services, including in the area of access to information and privacy;
- the Aboriginal and Natural Resources Law Team.

The only legal position dedicated to management is that of Director. All counsel, including the Director, provide legal services to clients. Most counsel are assigned to provide legal services to one or more client departments or agencies. The larger clients are served by more than one counsel.

## Administration

The day to day operations of CLS are managed by the Director, who reports directly to the Deputy Minister of Justice.

Within CLS, the “Action Committee” deals with administrative and other matters affecting its operations. The Action Committee consists of the Director, six legal counsel, the Financial Officer, the Administrative Officer and two administrative assistants and generally meets on a quarterly basis.

All members of CLS are expected to do what is necessary to meet client needs. They are given the information and authority needed to provide clients with timely and appropriate services.

## ADVISORY BOARD

The Director provides plans and reports to the Advisory Board, established under the CLS Operating Charter, for review and consultation. The Advisory Board members are appointed by the Minister of Justice and the Board is chaired by the Deputy Minister. The Board's role is to provide advice to CLS on its direction, the provision of services, its structure and on its mandate, business practices and financial reporting requirements.

As of March 31, 2014, the members of the Advisory Board were:

### *Ex officio*

- Deputy Minister of Justice  
Chairperson
- Assistant Deputy Minister of Justice
- Director of CLS

### *External Representatives*

- Dean Shinkel  
Partner  
Deloitte & Touche
- Don Martin  
President  
Don N. Martin Inc.

### *Client Representatives*

- Hugh Eliasson  
Deputy Minister of Jobs & the  
Economy  
Deputy Minister of Mineral Resources
- Marlene Zyluk  
Executive Director  
Corporate Crown Lands Policy  
Conservation & Water Stewardship

### *Representative of the Members of CLS*

- W. Glenn McFetridge  
General Counsel

## CIVIL LEGAL SERVICES CONTACTS

Civil Legal Services SOA  
Manitoba Justice  
730 – 405 Broadway  
Winnipeg MB R3C 3L6  
Phone: 204-945-2832  
Fax: 204-948-2041

Director  
204-945-2832

Maria Ducharme  
Financial Officer  
204-945-2956

Wendy Roche  
Administrative Officer  
204-945-0303

Gordon E. Hannon  
Team Leader &  
General Counsel  
204-945-0242

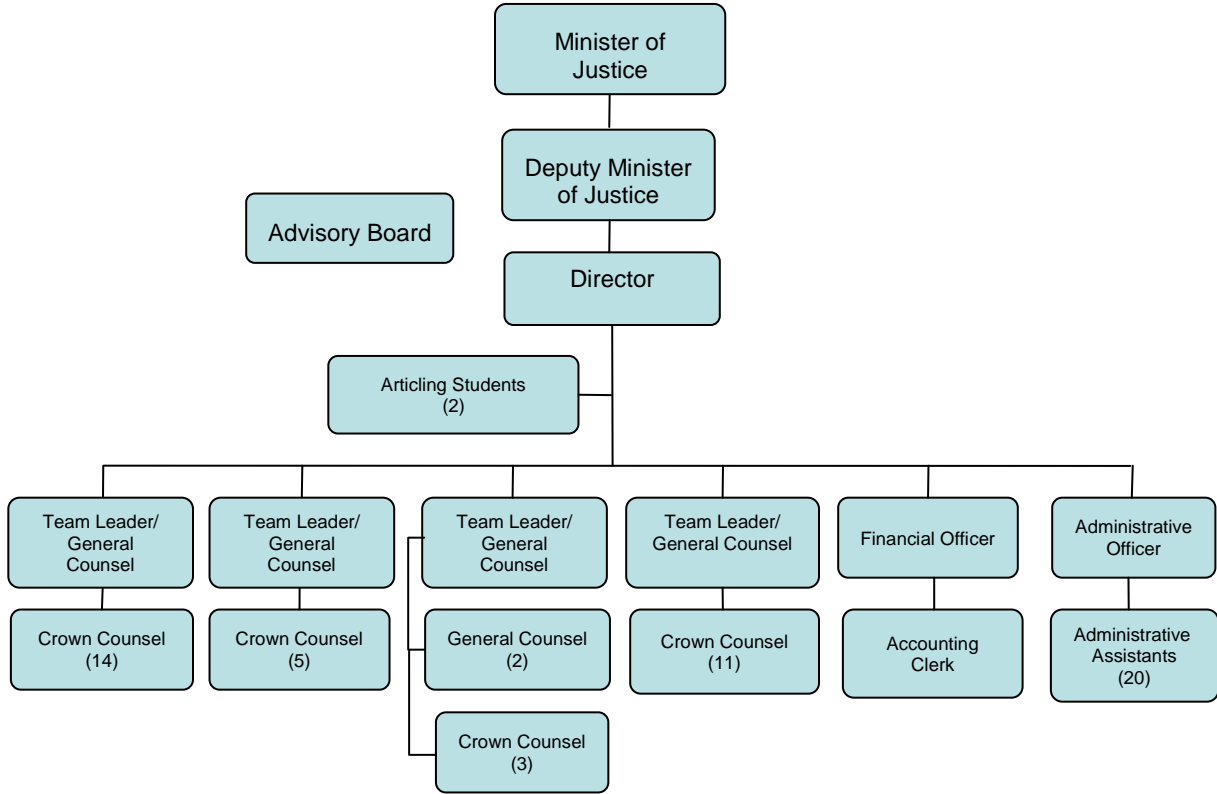
W. Glenn McFetridge  
Team Leader &  
General Counsel  
204-945-2843

Stewart Pierce  
Team Leader &  
General Counsel  
204-945-2835

Julie Frederickson  
Team Leader  
204-945-5000

# CIVIL LEGAL SERVICES ORGANIZATION CHART 2013/14

As at March 31, 2014





## SUSTAINABLE DEVELOPMENT

In December 2002, in accordance with Manitoba's Sustainable Development Procurement Guidelines, an Organizational Action Plan for the Department of Justice was developed. CLS adopted the Action Plan of Justice and implemented the goals that were applicable to its operation.

All CLS employees have worked toward the common objective of realizing the Province's sustainable development goals. The use of duplex printing and double-sided photocopying to reduce paper consumption, and participation in recycling programs were common practice in 2013/14. When feasible, CLS purchased and used environmentally preferable products and services, e.g. recycled paper and recycled toner cartridges for printers and fax machines.

## PERFORMANCE INDICATORS AND ACHIEVEMENTS

In the 2013/14 CLS Business Plan, CLS established the following performance indicators for the year which set achievement levels for CLS.

### Client Satisfaction

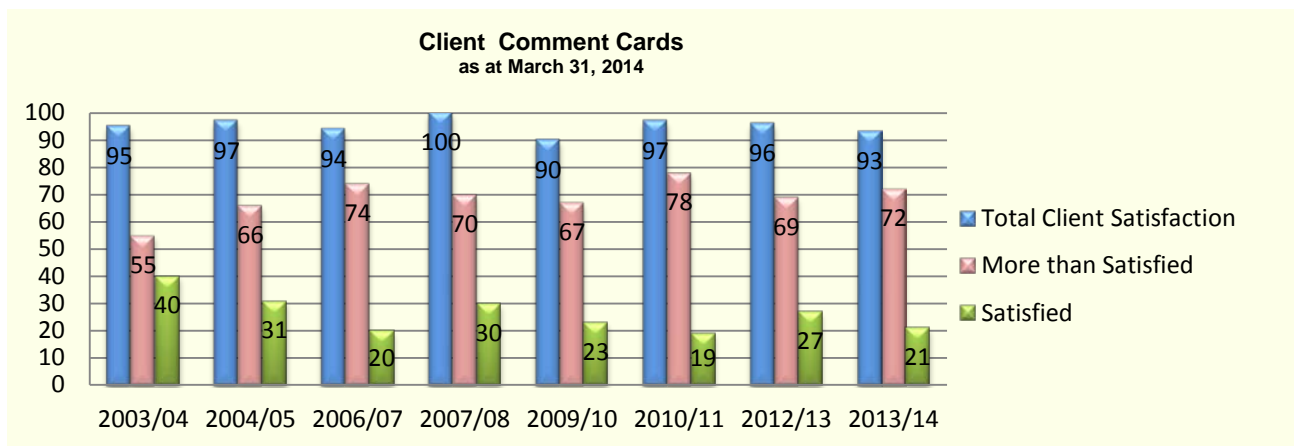
*Performance Indicator: Meetings with clients to discuss service.  
Performance: Meetings completed.*

Over the 2013/14 fiscal year, the Director of CLS met with Deputy Ministers and/or representatives of CLS’s client departments and representatives of its Crown corporation clients to discuss the commitment of CLS to providing client-focused, high quality services; the services provided and the benefit of those services to the client; the cost-effective nature of the services; and client concerns and issues.

*Performance Indicator: Use Client Comment Cards to regularly solicit client feedback as to their level of satisfaction.  
Performance: Client Comment Cards distributed.*

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Since March 1997 CLS has been sending out Client Comment Cards on a quarterly basis to clients in order to obtain ongoing feedback. The feedback continues to be positive in 2013/14, with 93% of clients responding to the Client Comment Cards indicating that they were satisfied or more than satisfied with the services provided. (Client Comment Cards were not sent out in 2005/06, 2008/09 or 2011/12 as Client Satisfaction Surveys were conducted).



***Performance Indicator: Review of Service Standards.***

***Performance: Service Standards reviewed.***

The CLS Service Standards were established in 1995/96, and have been reviewed regularly. Service standards are needed to ensure client satisfaction with the services provided and to assure the ongoing maintenance of a high standard of service delivery. CLS Service Standards are designed to ensure that CLS will continue to provide clients with a service which they value by providing a measure by which the quality of the legal services provided by CLS may be judged by those receiving the services (the client) and others, and by providing the staff of CLS with objective standards to be observed in carrying out their responsibilities.

There was nothing in the feedback from clients in 2013/14 to suggest that any amendment was required in the CLS Service Standards. Accordingly, CLS determined that no change to the Standards was necessary.

***Performance Indicator: Publish three information bulletins.***

***Performance: Three information bulletins published.***

In order to inform its clients on significant legal issues and related matters of interest, CLS published three Information Bulletins in 2013/14:

1. Report on the Work of the Uniform Law Conference of Canada - 2013
2. Summary of Manitoba Government Bills, 2<sup>nd</sup> Session, 40<sup>th</sup> Legislature
3. Summary of Manitoba Government Bills, 3<sup>rd</sup> Session, 40<sup>th</sup> Legislature, Pt. 1

In order to achieve the widest possible distribution of its Information Bulletins across government, CLS posted these and other recently published bulletins on the Justice Intranet.

**Performance Indicator: Educational seminars for clients on current legal issues and developments.**

**Performance: Members of CLS were directly involved in providing or presenting at a variety of seminars.**

CLS counsel were involved in providing a number of seminars, presentations and training sessions, including the following:

Seminars/Presentations and Workshops/Training Sessions	
Client/Participant	Topic/Issue
Alcohol Strategy Steering Committee	Overview of Bill 43, <i>The Manitoba Liquor and Lotteries Corporation Act</i> and <i>The Liquor and Gaming Control Act</i>
Civil Service Commission - Designated Officers under The Public Interest Disclosure (Whistleblower Protection) Act	Training Session respecting the relationship between <i>The Public Interest Disclosure (Whistleblower) Act</i> and <i>The Freedom of Information and Protection of Privacy Act</i> respecting the term "gross mismanagement" as interpreted by the Manitoba Ombudsman and others
Civil Service Commission / University of Manitoba Policy Research Institute	How to Manage a Conflict (of Interest)
Conservation & Water Stewardship	Legislation dealing with Environmental Monitoring
Culture, Heritage and Tourism - Information and Privacy Policy Secretariat - Government Access & Privacy Coordinators Training Sessions	Training on: Privacy – use and disclosure of personal information; Privacy and protection of personal information; privacy impact assessments
Isaac Pitblado Lectures	Human Rights Challenges and Achievements
Manitoba Housing and Renewal Corporation	Overview of <i>The Builders' Liens Act</i> , Q&A Period
Manitoba Access, Privacy, Security and Information Management Conference	Disentangling Privacy Legislation
Chairs/Board Members of Manitoba Administrative Tribunals	<ul style="list-style-type: none"> <li>▪ Manitoba Council of Administrative Tribunals Eighth Annual Conference including panel presentation on recent and significant cases on administrative law issues</li> <li>▪ Panel providing training on Records, Access and Privacy Issues for members of Boards and Tribunals</li> <li>▪ Panel presentation on Proportionality in the conduct of hearings by administrative tribunals</li> </ul>
Representatives of collective bargaining agents for employees of the Manitoba Lotteries Corporation and the Liquor Control Commission	Overview of Bill 43, <i>The Manitoba Liquor Control Act</i> and <i>The Liquor and Gaming Control Act</i>
Manitoba Gaming Control Commission	Overview of regulations required to implement <i>The Liquor and Gaming Control Act</i>
Executive Staff of the Manitoba Lotteries Corporation and the Liquor Control Commission	Overview of regulations required to implement <i>The Manitoba Liquor and Lotteries Corporation Act</i> and <i>The Liquor and Gaming Control Act</i>
Transportation Association of Canada (TAC) Conference	"Building a Road, Building Benefits" presentation on behalf of East Side Road Authority
Western Canadian Health Information Privacy Symposium	Co-presenter on "Privacy Paralysis"
University of Manitoba - Faculty of Law	Role of international human rights instruments in interpreting Canadian law (including the <i>Charter</i> ), technicalities of how CCOHR operates

## Job Satisfaction

*Performance Indicator: Focus on use of CLS Annual Staff Review Process.  
Performance: Staff reviews conducted.*

Implemented in 1997/98, the review process with respect to the members of CLS is intended to facilitate achieving the mission of CLS and to contribute to the benefits identified as flowing from the Review Process, including: improving communication within CLS, clarifying roles and expectations, improving job satisfaction, assisting with career planning and training, and assisting the members of CLS to work as effectively as possible.

## Fiscal Performance

*Performance Indicator: To recover the cost of operations.  
Performance: CLS recovered the cost of operations with a surplus.*

*Performance Indicator: To meet daily average billable hour target of 6.0 hours per billable day over the year.  
Performance: Target exceeded.*

The daily average billable hour target per lawyer of 6.0 hours per billable day during 2013/14 was exceeded and CLS recovered the cost of its operations. These results reflect a high level of productivity on the part of the members of CLS.

*Performance Indicator: To make a revenue sharing payment as directed.  
Performance: CLS made a revenue sharing payment of \$250 as directed.*

As directed by Treasury Board, CLS paid quarterly revenue sharing payments totaling \$250 in 2013/14.

## PERFORMANCE MEASUREMENT

Performance measurement outcomes for staffing, client service, client satisfaction and cost savings are attached as Appendix A.

### Cost Effectiveness (*In Thousands*)

#### Annual Cost Savings

The cost recovery for legal services was introduced as a budget reduction measure. Unlike the approach taken with respect to the recovery of rental costs by Government Services, the client departments of CLS were not given any additional funding to cover the cost of legal services. This means that the amount charged each year to each client represents a net reduction in the client budget and an on-going budgetary savings to government.

Following this approach, total savings from April 1, 1995 to March 31, 2014, are \$97,479.

#### Surplus (Deficit)

As CLS operates very cost effectively, such that each year it has recovered an amount that exceeds its annual operating costs, the difference between the dollar value of service provided each year and the cost to government of CLS's operations in that year in effect is another way of calculating a cost savings as those funds are collected by CLS from clients but not expended. Looking at savings in this fashion, the annual net surplus of CLS each year could be considered to be a government cost saving.

Following this approach, total savings from April 1, 1995 to March 31, 2014, are \$5,565.

#### Revenue Sharing

A third way of calculating cost savings to government would be to include revenue sharing payments from the Accumulated Surplus of CLS paid to government. In 1998/99, CLS made a \$400 revenue sharing payment to the government and in 1999/2000, CLS contributed \$500. In 2000/01, CLS was directed to budget for a \$500 payment towards revenue sharing. No revenue sharing payment was required for 2001/02. CLS was directed to submit revenue sharing payments in the amount of \$200 in each fiscal year from 2002/03 to and including 2008/09. In addition, CLS agreed to make an additional revenue sharing payment of \$50 in 2005/06. In 2009/10, 2010/11, 2011/12, 2012/13 and 2013/14 CLS was directed to budget for and submit a \$200 payment towards revenue sharing and was directed to make an additional revenue sharing payment of \$50 for a total of \$250 in each year.

Following this approach, total savings from April 1, 1998 to March 31, 2014, are \$4,100.

## THE PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWER PROTECTION) ACT

Any disclosures of wrongdoing received by Civil Legal Services SOA pursuant to *The Public Interest Disclosure (Whistleblower Protection) Act* will be reported in the annual report of Manitoba Justice. For further information, please refer to the 2013/14 annual report of Manitoba Justice.

## FINANCIAL

### Statement of Operations

*(in thousands)*

Year ended March 31, 2014:

	2014 Budget	2014 Actual	2013 Actual
Revenue:			
Recoveries	\$ 8,791	\$ 8,751	\$ 8,038
Interest and Other	12	18	19
	\$ 8,803	\$ 8,769	\$ 8,057
Expenses:			
Advertising and Promotion	2	1	2
Amortization	25	20	25
Communications	63	64	62
Computer	66	60	68
Desktop Management Initiative	201	203	200
Government Records Centre	32	29	27
Law Society Fees	80	88	79
Miscellaneous	14	13	8
Occupancy	227	227	219
Office	43	44	50
Postage and Deliveries	19	18	16
Professional Fees and Services	67	40	50
Publications	50	62	50
Travel	42	17	18
Wages and Benefits	7,602	7,264	6,764
	\$ 8,533	\$ 8,150	\$ 7,638
Net Income before the transfer of funds to the Province of Manitoba	\$ 270	\$ 619	\$ 419
Transfer of funds to the Province of Manitoba	\$ 250	\$ 250	\$ 250
Transfer of assets and liabilities to SOAFA	-	\$ 1,325	-
Net income (loss) for the year	20	(956)	169
Accumulated Surplus, beginning of year	979	956	787
Accumulated Surplus, end of year	\$ 999	\$ -	\$ 956

See accompanying notes to financial statements on page 27.



## Surplus (Deficit)

CLS's surplus for the 2013/14 fiscal year is \$349 (129.3%) over budget, which is attributable to:

- (a) CLS's ability to use its staffing flexibility to provide a level of service appropriate to client demand;
- (b) a high level of productivity on the part of the members of CLS; and
- (c) strong demand for legal services.

## Total Expenses

Total expenses for CLS to March 31, 2014, are \$383 (4.5%) under budget. This is mainly attributable to a decrease in Wages and Benefits resulting from:

- (a) a decrease in the number of staff due to maternity leaves and retirements; and
- (b) the impact of the Voluntary Reduced Workweek Program.

# APPENDIX A

## Performance Measurement

	Objective	Baseline 1995/96*	2007/08*
<b>Input Measures</b>	To provide timely, high quality, helpful, efficient and cost-effective legal services that meet the needs of its clients, namely, the Government of Manitoba, the government's agencies, boards and committees and those Crown corporations to which CLS provides legal services	32 Full time employees (FTE)  20 counsel 1 articling student 9 admin assistants 1 admin officer 1 director	57  31 counsel* 2 articling students 20 admin assistants 1 admin officer 1 accounting clerk 1 financial officer 1 director  *includes three counsel on secondment and two counsel on maternity leave
<b>Output Measures</b>	Number of hours of service provided	27,860 hours	39,178 hours
<b>Activity Measures</b>	Average billable hour target per billable day per counsel	6.5 hours	6.0 hours
	Average actual billable hours per billable day per counsel	Achieved	Achieved
<b>Outcome Measures</b>			
<b>Client Satisfaction</b>	General Client Survey	92% of respondents satisfied or more than satisfied**	No survey
	Client Comment Cards Introduced in February 1997		100% of respondents satisfied or more than satisfied
<b>Cost Effectiveness Cost Savings (000's)</b>	Annual Cost Savings  The amount charged each year to each client represents a net reduction in the client budget and an on-going budgetary savings to government.  The total savings to March 31, 2014, are \$97,479	\$2,702	\$5,254
	Surplus (Deficit)  The difference between the dollar values of service provided each year and the cost to government of CLS's operations in that year.  Total savings to March 31, 2014, are \$5,565	CLS Net Income \$524	CLS Net Income \$5
	Revenue Sharing  Total savings to March 31, 2014, are \$4,100		Revenue Sharing Payment \$200

\*Figures are taken from the Annual Report for each applicable year.

\*\*CLS uses the results of the 1996 Client Satisfaction Survey as an ongoing baseline and target for client satisfaction.

2008/09*	2009/10*	2010/11* Restated	2011/12*	2012/13*	2013/14
58	58	58	61	64	65
33 counsel 2 articling students 19 admin assistants* 1 admin officer 1 accounting clerk 1 financial officer 1 director	33 counsel* 2 articling students 19 admin assistants* 1 admin officer 1 accounting clerk 1 financial officer 1 director	33 counsel* 2 articling students 19 admin assistants* 1 admin officer 1 accounting clerk 1 financial officer 1 director	36 counsel* 2 articling students 19 admin assistants* 1 admin officer 1 accounting clerk 1 financial officer 1 director	39 counsel* 2 articling students 19 admin assistants* 1 admin officer 1 accounting clerk 1 financial officer 1 director	39 counsel 2 articling students 20 admin assistants* 1 admin officer 1 accounting clerk 1 financial officer 1 director
*includes two counsel on secondment and one admin assistant on maternity leave	*includes two counsel on secondment and one admin assistant on leave	*includes two counsel on secondment, one counsel on leave and one admin assistant on leave	*includes two counsel on secondment, one counsel on leave and one admin assistant on leave; also includes one counsel on secondment in a Prosecutions position	*includes one counsel on secondment, one counsel on leave and one admin assistant on leave	*includes one admin assistant on leave
44,009 hours	43,725 hours	44,029 hours	46,346 hours	50,451 hours	53,900 hours
6.0 hours	6.0 hours	6.0 hours	6.0 hours	6.0 hours	6.0 hours
Achieved	Achieved	Achieved	Achieved	Achieved	Achieved
94% of respondents satisfied or more than satisfied	No Survey	No Survey	98% of respondents satisfied or more than satisfied	No Survey	No Survey
Client Comment Cards not sent due to Client Survey being conducted	90% of respondents satisfied or more than satisfied	97% of respondents satisfied or more than satisfied	Client Comment Cards not sent due to Client Survey being conducted	96% of respondents satisfied or more than satisfied	93% of respondents satisfied or more than satisfied
\$6,321	\$6,597	\$6,562	\$7,035	\$8,038	\$8,751
CLS Net Income \$398	CLS Net Income \$337	CLS Surplus (Deficit) \$230	CLS Surplus (Deficit) \$378	CLS Surplus (Deficit) \$419	CLS Surplus (Deficit) \$619
Revenue Sharing Payment \$200	Revenue Sharing Payment \$250	Revenue Sharing Payment \$250	Revenue Sharing Payment \$250	Revenue Sharing Payment \$250	Revenue Sharing Payment \$250



**FINANCIAL  
STATEMENTS**

for the year ending March 31, 2014  
(In Thousands)

# Manitoba



**Justice**

Civil Legal Services  
Room 730 Woodsworth Building  
405 Broadway  
Winnipeg MB R3C 3L6

**Civil Legal Services  
An Agency of the Province of Manitoba**

**Management's Responsibility for Financial Reporting**

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The accompanying financial statements are the responsibility of management of Civil Legal Services and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgments regarding all necessary estimates and all other data available as at June 6, 2014.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The financial statements of Civil Legal Services have been audited by Magnus Chartered Accountants LLP, independent external auditors. The responsibility of the auditor is to express an independent opinion on whether the financial statements of Civil Legal Services are fairly represented, in all material respects, in accordance with Canadian public sector accounting standards. The Independent Auditors' Report outlines the scope of the audit examination and provides the audit opinion on the financial statements.

On behalf of Management of Civil Legal Services

A handwritten signature in blue ink, appearing to read 'Julie Frederickson'.

Julie Frederickson  
Acting Director

A handwritten signature in blue ink, appearing to read 'Maria Ducharme'.

Maria Ducharme  
Chief Financial Officer

## INDEPENDENT AUDITORS' REPORT

To the Special Operating Agencies Financing Authority of  
Civil Legal Services

### Report on the Financial Statements

We have audited the accompanying financial statements of Civil Legal Services, an agency of the Special Operating Agencies Financing Authority, Province of Manitoba, which comprise the statements of financial position as at March 31, 2014 and the statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Civil Legal Services as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

June 6, 2014  
Winnipeg, Canada



Magnus Chartered Accountants LLP

**CIVIL LEGAL SERVICES  
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY  
PROVINCE OF MANITOBA**

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Statement of Financial Position

(in thousands)

As at March 31, 2014

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	2014 Actual	2013 Actual
<b>Financial assets</b>		
Cash and cash equivalents	\$ -	\$ 1,519
Accounts receivable (Note 5)	-	1,052
Portfolio investments	-	380
	-	2,951
<b>Liabilities</b>		
Accounts payable and accrued liabilities	-	158
Accrued vacation entitlements	-	691
Employee future benefits (Note 7)	-	1,179
	-	2,028
<b>Net financial assets</b>	-	923
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	-	33
	-	33
<b>Accumulated surplus</b>	\$ -	\$ 956

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Designated assets (Note 9)

See accompanying notes to financial statements.

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**CIVIL LEGAL SERVICES**  
**AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY**  
**PROVINCE OF MANITOBA**

Statement of Operations

(in thousands)

Year ended March 31, 2014

	2014 Budget	2014 Actual	2013 Actual
Revenue:			
Recoveries	\$ 8,791	\$ 8,751	\$ 8,038
Interest and other	12	18	19
	8,803	8,769	8,057
Expenses:			
Advertising and promotion	2	1	2
Amortization	25	20	25
Communications	63	64	62
Computer	66	60	68
Desktop management initiative	201	203	200
Government records centre	32	29	27
Law Society fees	80	88	79
Miscellaneous	14	13	8
Occupancy	227	227	219
Office	43	44	50
Postage and deliveries	19	18	16
Professional fees and services	67	40	50
Publications	50	62	50
Travel	42	17	18
Wages and benefits	7,602	7,264	6,764
	8,533	8,150	7,638
Net income before government transfers	270	619	419
Government transfers:			
Transfer of funds to the Province of Manitoba (Note 10)	250	250	250
Transfer of assets and liabilities to SOAFA (Notes 1 and 4)	-	1,325	-
Net (loss) income for the year	20	(956)	169
Accumulated surplus, beginning of year	979	956	787
Accumulated surplus, end of year	\$ 999	\$ -	\$ 956

See accompanying notes to financial statements.

**CIVIL LEGAL SERVICES  
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY  
PROVINCE OF MANITOBA**

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Statement of Change in Net Financial Assets

(in thousands)

Year ended March 31, 2014

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	2014 Budget	2014 Actual	2013 Actual
Net (loss) income for the year	\$ 20	\$ (956)	\$ 169
Tangible capital assets:			
Acquisition of tangible capital assets	(40)	(10)	(19)
Amortization of tangible capital assets	25	20	25
Transfer of tangible capital assets to SOAFA	-	23	-
Net acquisition of tangible capital assets	(15)	33	6
Increase (decrease) in net financial assets	5	(923)	175
Net financial assets, beginning of year	942	923	748
Net financial assets, end of year	\$ 947	\$ -	\$ 923

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See accompanying notes to financial statements.

**CIVIL LEGAL SERVICES  
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY  
PROVINCE OF MANITOBA**

Statement of Cash Flow

(in thousands)

Year ended March 31, 2014

	2014 Actual	2013 Actual
Cash provided by (applied to)		
Operating activities:		
Net (loss) income for the year	\$ (956)	\$ 169
Adjustment for:		
Amortization	20	25
	(936)	194
Changes in the following prior to the transfer:		
Accounts receivable	(12)	(189)
Accounts payable and accrued liabilities	20	20
Accrued vacation entitlements	(52)	115
Employee future benefits	24	111
Transfer of net working capital to SOAFA	(956)	-
Cash (applied to) provided by operating activities	(1,912)	251
Capital activities:		
Acquisition of tangible capital assets	(10)	(19)
Transfer of tangible capital assets to SOAFA	23	-
Cash provided by (applied to) capital activities	13	(19)
Investing activities:		
Portfolio investments reclassified to cash and cash equivalents	380	-
Cash provided by investing activities	380	-
Change in cash and cash equivalents	(1,519)	232
Cash and cash equivalents, beginning of year	1,519	1,287
Cash and cash equivalents, end of year	\$ -	\$ 1,519

See accompanying notes to financial statements.

**CIVIL LEGAL SERVICES  
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY  
PROVINCE OF MANITOBA**

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Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

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**1. Nature of organization**

The role of Civil Legal Services (the "Agency") flows from the constitutional and statutory responsibilities of the Minister of Justice as the Chief Legal Advisor to government and the guardian of the public interest. Acting pursuant to government policy, the Agency is responsible for providing a full range of high quality legal services, on a cost recovery basis, to its clients, namely the Province of Manitoba, the Province's agencies, boards and commissions and some Crown organizations.

Effective April 1, 1995, the Agency was designated a Special Operating Agency pursuant to *The Special Operating Agencies Financing Authority Act*, Cap. s185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). The Financing Authority has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the Agency through repayable loans and working capital advances. The financial framework provides increased management authority which, coupled with more rigorous planning and reporting requirements afforded by special operating status, assists the Agency to sustain the provision of high quality legal services to its clients.

A Management Agreement between the Financing Authority and the Minister of Justice assigns responsibility to the Agency to manage and account for the Agency related assets and operations on behalf of the Financing Authority. The Agency continues to be part of Manitoba Justice under the general direction of the Deputy Minister and Minister. The Agency remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

The designation of the Agency as a special operating agency under *The Special Operating Agencies Financing Authority Act* was revoked by a Manitoba Order in Council dated March 19, 2014 and its operating charter was cancelled effective the end of the day March 31, 2014. As at the end of the day on March 31, 2014, the net assets of the Agency were transferred to SOAFA (Note 4). Effective April 1, 2014, the former operations of the Agency will continue to operate as a branch of the Department of Justice.

**2. Basis of accounting**

These financial statements have been prepared in accordance with Canadian public sector accounting standards which are Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board.

**3. Significant accounting policies**

**(a) Revenue**

Recoveries

Recoveries are recognized on an accrual basis as legal services are provided.

Other revenue

Interest and other revenues are recognized on an accrual basis.

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**CIVIL LEGAL SERVICES  
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY  
PROVINCE OF MANITOBA**

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Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

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**3. Significant accounting policies (continued)**

**(b) Expenses**

Accrual accounting

All expenses incurred for goods and services are recorded on an accrual basis when the related goods or services are received.

Government transfers

Government transfers are recognized as expenses in the period in which the transfers are authorized and all eligibility criteria have been met.

**(c) Financial assets**

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short term deposits and investments with original maturities of three months or less.

Accounts receivable

Accounts receivable are recorded at the lower of cost and net realizable value. An allowance for doubtful accounts is recorded when there is uncertainty whether the amounts will be collected.

Portfolio investments

Portfolio investments are investments and deposits with original maturities of more than three months. These investments are recognized at cost.

**(d) Liabilities**

Liabilities are present obligations as a result of transactions and events occurring at or prior to the end of the fiscal year the settlement of which will result in the future transfer or use of assets or other form of settlement. Liabilities are recognized when there is an appropriate basis of measurement and a reasonable estimate can be made of the amount involved.

**(e) Non-financial assets**

Non-financial assets do not normally provide resources to discharge existing liabilities of the Agency. These assets are normally employed to provide future services.

Tangible capital assets

Tangible capital assets are recognized at cost. Cost includes the purchase price as well as other acquisition costs. The costs of tangible capital assets, less any residual value, are amortized over their estimated useful lives as follows:

Computer equipment and software	20% straight line (10% in year of acquisition)
Furniture and fixtures	20% straight line (10% in year of acquisition)
Leasehold improvements	20% straight line (10% in year of acquisition)

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**CIVIL LEGAL SERVICES  
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY  
PROVINCE OF MANITOBA**

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Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

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**3. Significant accounting policies (continued)**

**(f) Financial instruments - measurement**

Financial instruments are classified into one of two measurement categories: (a) fair value; or (b) cost or amortized cost.

The Agency records its financial assets at cost, which includes cash and cash equivalents, accounts receivable and portfolio investments. The Agency also records its financial liabilities at cost, which include accounts payable and accrued liabilities.

Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs. Gains and losses on financial instruments measured at fair value, if any, are recorded in accumulated surplus as remeasurement gains and losses until realized; upon disposition of the financial instruments, the cumulative remeasurement gains and losses are reclassified to the statement of operations.

**(g) Measurement uncertainty**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**4. Transfer of assets and liabilities to SOAFA**

Upon cancellation of the Agency's operating charter effective March 31, 2014, the following assets and liabilities were transferred to SOAFA:

Financial assets:		
Cash and cash equivalents	\$	2,259
Accounts receivable (Note 5)		1,064
Non-financial assets:		
Tangible capital assets (Note 8)		23
		<hr/>
		3,346
Liabilities:		
Accounts payable and accrued liabilities		(178)
Accrued vacation entitlements		(640)
Employee future benefits (Note 7)		(1,203)
		<hr/>
Total net assets transferred to SOAFA at March 31, 2014	\$	1,325

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**CIVIL LEGAL SERVICES  
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY  
PROVINCE OF MANITOBA**

Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

**5. Accounts receivable**

Accounts receivable at March 31 is comprised of the following:

	2014	2013
Trade accounts receivable	\$ 1,051	\$ 1,040
Other receivables	13	12
	1,064	1,052
Less: Transfer to SOAFA at March 31, 2014	(1,064)	-
	\$ -	\$ 1,052

**6. Working capital advances**

The Special Operating Agencies Financing Authority provided the Agency with an authorized line of working capital of \$200 of which \$nil was used at March 31, 2014 (2013 - \$nil).

**7. Employee future benefits**

	2014	2013
Severance benefits	\$ 1,035	\$ 1,030
Sick pay benefits	168	149
	1,203	1,179
Less: Transfer to SOAFA at March 31, 2014	(1,203)	-
	\$ -	\$ 1,179

**Pension benefits**

Employees of the Agency are eligible for pension benefits in accordance with the provisions of the *Civil Service Superannuation Act (CSSA)*, administered by the Civil Service Superannuation Board. The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the Agency, through the Civil Service Superannuation Fund.

Pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province the pension liability for its employees. The Agency was required to pay to the Province an amount equal to the current pension contributions of their employees. The amount paid for 2014 was \$500 (2013 - \$408). Under this agreement, the Agency has no further pension liability.

**Severance benefits**

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of the severance pay benefit obligation is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life (EARSL) of the related employee group.

**CIVIL LEGAL SERVICES  
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY  
PROVINCE OF MANITOBA**

Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

**7. Employee future benefits (continued)**

An actuarial report was completed for the severance pay liability as of March 31, 2011. The report provides a formula to update the liability on an annual basis. The Agency's actuarially determined net liability for accounting purposes as at March 31, 2014 was \$1,035 (2013 - \$1,030) with the actuarial losses of \$124 (2013 - \$124) based on the completed actuarial reports being amortized over the 15 year EARSL of the employee group.

Significant long-term actuarial assumptions used in the March 31, 2011 actuarial valuation and in the determination of the March 31, 2014 present value of the accrued severance benefit liability are:

Annual rate of return:	
Inflation component	2.00%
Real rate of return	4.00%
	6.00%
Assumed salary increase rates:	
Annual productivity increase	1.00%
Annual general salary increase	2.75%
	3.75%

The severance benefit liability at March 31 included the following components:

	2014	2013
Accrued benefit liability	\$ 1,101	\$ 1,104
Less: unamortized actuarial losses	(66)	(74)
Severance benefit liability	\$ 1,035	\$ 1,030

Total severance benefits paid during the year ended March 31, 2014 were \$105 (2013 - \$nil). The total expense related to severance benefits for the year ended March 31 includes the following components:

	2014	2013
Interest on obligation	\$ 72	\$ 66
Current period service cost	30	28
Amortization of actuarial losses over EARSL	8	8
Total expense related to severance benefits	\$ 110	\$ 102

**Sick pay benefits**

The Agency provided sick leave benefits for employees that accumulate but do not vest. The accrued benefit obligation related to sick leave entitlements earned by employees is determined using a valuation model developed by an actuary. The valuation is based on employee demographics, sick leave usage and actuarial assumptions. These assumptions include a 6.00% annual return and a 3.75% annual salary increase. The Agency's sick leave benefit liability as at March 31, 2014 based on the valuation model was \$168 (2013 - \$149). The increase in the sick leave benefit liability of \$19 (2013 - \$9) represents the total sick leave benefit expense for the year.



**CIVIL LEGAL SERVICES  
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY  
PROVINCE OF MANITOBA**

Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

**8. Tangible capital assets**

	2014			
	Opening Balance	Additions	Disposals/ Transfers	Closing Balance
<b>Cost</b>				
Computer equipment and software	\$ 171	\$ 5	\$ (176)	\$ -
Furniture and fixtures	287	-	(287)	-
Leasehold improvements	81	5	(86)	-
	\$ 539	\$ 10	\$ (549)	\$ -
<b>Accumulated amortization</b>				
Computer equipment and software	\$ (155)	\$ (8)	\$ 163	\$ -
Furniture and fixtures	(278)	(7)	285	-
Leasehold improvements	(73)	(5)	78	-
	\$ (506)	\$ (20)	\$ 526	\$ -
<b>Net book value</b>	<b>\$ 33</b>	<b>\$ (10)</b>	<b>\$ (23)</b>	<b>\$ -</b>

	2013			
	Opening Balance	Additions	Disposals/ Transfers	Closing Balance
<b>Cost</b>				
Computer equipment and software	\$ 162	\$ 9	\$ -	\$ 171
Furniture and fixtures	278	9	-	287
Leasehold improvements	80	1	-	81
	\$ 520	\$ 19	\$ -	\$ 539
<b>Accumulated amortization</b>				
Computer equipment and software	\$ (148)	\$ (7)	\$ -	\$ (155)
Furniture and fixtures	(265)	(13)	-	(278)
Leasehold improvements	(68)	(5)	-	(73)
	\$ (481)	\$ (25)	\$ -	\$ (506)
<b>Net book value</b>	<b>\$ 39</b>	<b>\$ (6)</b>	<b>\$ -</b>	<b>\$ 33</b>

**CIVIL LEGAL SERVICES  
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY  
PROVINCE OF MANITOBA**

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Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

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**9. Designated assets**

The Agency had allocated \$380 (2013 - \$380) of its cash and cash equivalents and portfolio investments as designated assets for cash received from the Province of Manitoba for the vacation entitlements earned by employees of the Agency prior to its designation as an SOA and the severance pay benefits accumulated to March 31, 1998 for certain of their employees. This amount is held in an interest bearing account until the cash is required to discharge the related liabilities.

**10. Transfer of funds to the Province of Manitoba**

During the year, with Lieutenant-Governor-in-Council approval by Order in Council, the Agency transferred \$250 of its surplus funds to the Province of Manitoba (2013 - \$250). These amounts are recorded as an expense in the statement of operations.

**11. Financial instruments and financial risk management**

The Agency did not have any significant financial instruments subsequently measured at fair value or denominated in a foreign currency therefore the Agency did not incur any remeasurement gains or losses during the year (2013 - \$nil).

**Financial risk management – overview**

The Agency had exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; interest rate risk; and foreign currency risk.

**Credit risk**

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Agency to credit risk consist principally of cash and cash equivalents, accounts receivable and portfolio investments.

The maximum exposure of the Agency to credit risk at year end was:

	2014	2013
Cash and cash equivalents	\$ 2,259	\$ 1,519
Accounts receivable	1,064	1,052
Portfolio investments	-	380
	3,323	2,951
Less: Transfer to SOAFA at March 31, 2014	(3,323)	-
	\$ -	\$ 2,951

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Cash and cash equivalents and portfolio investments: The Agency was not exposed to significant credit risk as these amounts are held by the Minister of Finance.

Accounts receivable: The Agency was not exposed to significant credit risk as the balance is due primarily from other government departments and agencies and payment in full is typically collected when it is due. The Agency managed this credit risk through close monitoring of overdue accounts.

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**CIVIL LEGAL SERVICES  
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY  
PROVINCE OF MANITOBA**

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Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

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**11. Financial instruments and financial risk management (continued)**

The Agency established an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

There was no change in the allowance for doubtful accounts during the year. The allowance for doubtful accounts balance at March 31, 2014 was \$nil (2013 - \$nil).

**Liquidity risk**

Liquidity risk is the risk that the Agency will not be able to meet its financial obligations as they come due.

The Agency managed liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet its obligations.

**Market risk**

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Agency's income or the fair values of its financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and cash equivalents and portfolio investments.

The interest rate risk on cash and cash equivalents is considered to be low because of their short-term nature. The interest rate risk on portfolio investments was considered low as the original deposits are reinvested at rates for investments with similar terms and conditions.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Agency was not exposed to significant foreign currency risk as it does not have any significant financial instruments denominated in a foreign currency.

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