

Newfoundland & Labrador
Legal Aid Commission
Annual Report
2014-15

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Message from the Chair

As Chair of the Newfoundland and Labrador Legal Aid Commission, I am pleased to present the Legal Aid Commission's Annual Report which outlines the Commission's activities for the fiscal year April 1, 2014 to March 31, 2015. This report was prepared under my direction and in accordance with the provisions of the *Transparency and Accountability Act*. This report includes the audited financial statements of the Legal Aid Commission as prepared by the Auditor General's Office.

The Legal Aid Commission is classified as a Category 3 Government Entity and, as such, must prepare an annual report which presents information on the activities of the entity carried out during the preceding fiscal year in compliance with its mandate.

The Legal Aid Commission operates under the *Legal Aid Act*, which provides for the provision of legal counsel to represent eligible residents of the Province of Newfoundland and Labrador charged with offences under the *Criminal Code* of Canada, other federal and provincial statutes, and to people who have family disputes or other civil matters. Legal counsel may be appointed for non-residents either through the Legal Aid Plan of the province in which they reside or our legal aid program. Duty Counsel Services are provided to residents, as well as to visitors to the Province.

The current Board of Commissioners wishes to extend their thanks for many years of service to Nick Avis, past Chair of the Board and William Collins, former Board member. Both finished their terms on the Board on December 31, 2014.

The Board of the Legal Aid Commission is accountable for the results reported. I, as the Chair of the Legal Aid Commission, accept accountability on behalf of the entire Board.



Jacqueline Penney
Chair

Background and Overview

The Newfoundland and Labrador Legal Aid Commission (“the Commission”) is a publicly funded, independent organization established in 1976 by the *Legal Aid Act* (the *Act*) to assume responsibility for the Legal Aid Plan. Prior to this, the Legal Aid Plan was administered by a committee of the Law Society of Newfoundland and Labrador.

The services of the Commission are an essential component of a fair and accessible justice system in the Province of Newfoundland and Labrador. The Commission responds to the needs of those whose means or capacity are compromised, as well as the general public in certain instances, by providing high quality, innovative and collaborative legal services through a staff solicitor model.

Eligibility for full service legal aid representation is dependent upon an applicant meeting the financial and legal eligibility requirements specified in the *Act* and the *Legal Aid Regulations* (the *Regulations*). Once an applicant is approved, services are provided by solicitors employed full time with the Commission in approximately 98 per cent of the cases, and by solicitors in private practice in the rest. Private solicitors are paid on a fee-for-service basis in accordance with the tariff found in the *Regulations*.

The Commission also delivers services, without the need for financial eligibility, through staff solicitors, including:

- Duty counsel on criminal law matters before the provincial and youth courts;
- Duty counsel on family law matters in the Supreme Court of Newfoundland and Labrador-Family Division in St. John’s; and
- Brydges counsel, whereby a solicitor can be reached at a 1-800 number, 24 hours a day, seven days a week, to provide advice to people upon arrest, detention or being questioned by a peace officer.

The Commission consists of a Board of Commissioners. The Deputy Minister of Justice and Public Safety and the Provincial Director of Legal Aid, or their designates, serve as ex-officio members of the Board. The Lieutenant Governor in Council appoints five commissioners, three of whom are appointed from a list of nominees by the Law Society. The Lieutenant Governor in Council designates one of the Commission members as Chair. Appointed members as of March 31, 2015 were:

Jacqueline Penney, Chair
Donna Strong
Rodney Zdebiak
John Jenniex
Allison Hagerty

Ex-officio members:

Todd Stanley, Assistant Deputy Minister, Designate
Nicholas Summers, Provincial Director

Legal Aid Offices and Staff

During the fiscal year 2014-15, the Legal Aid Commission employed a Provincial Director, two Deputy Provincial Directors – Corporate and Legal Services, two senior solicitors, 56 staff solicitors, three social workers, eight paralegals, four client services officers, 51 support staff, eight articling students, one counsellor and four community workers. These positions were dispersed throughout a provincial office, 11 area offices and six project offices.

In addition to operating 11 area offices, the Legal Aid Commission also has a number of special purpose offices and specialized roles. They are:

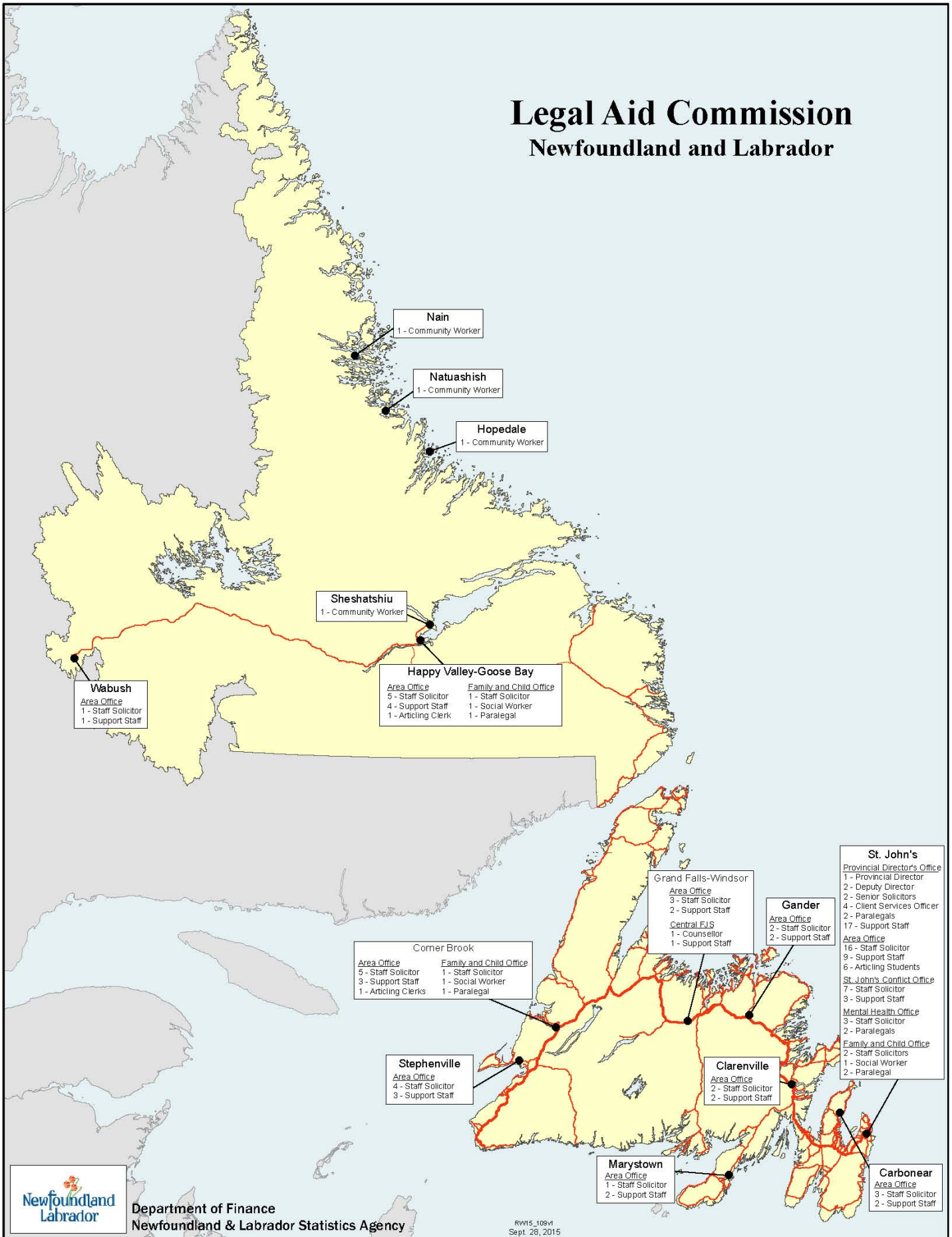
Special Purpose Offices

- The **Mental Health Office** has a collaborative relationship with Eastern Health working to provide a multidisciplinary approach to clients in resolving their legal and related issues. This collaborative relationship assists in delivering timely, comprehensive and holistic services to its clients. People struggling with mental illness face significant barriers to justice. Through this office, clients with mental illness obtain legal representation in the Mental Health Court, before the Criminal Code Mental Disorder Review Board, before the Mental Health Care and Treatment Review Board, as well as in the traditional court system for other matters. By providing legal assistance, clients with mental issues have access to the civil rights to which they are entitled.
- The **Family and Child Offices** are located in St. John's, Happy Valley-Goose Bay, and Corner Brook. Each office has lawyers, social workers, and paralegals. Its role is to assist parents of children taken into care by the Department of Child, Youth and Family Services (CYFS), to respond to the concerns of CYFS, to assist parents in accessing the supports they need, and to work towards the re-unification of the family where possible. Acceptance of a matter involving CFYS is not usually based on financial eligibility.
- The **Family Duty Counsel Office** is located in the Family Division of the Supreme Court in St. John's. This is a no-charge service for people who need assistance with family law matters. If someone is not represented by a lawyer, Duty Counsel can give them advice and speak on their behalf in straight-forward and uncontested court matters.

Specialized Roles

- The Institutional Client Service Officer's role is to coordinate and facilitate all Legal Aid Commission communication with persons incarcerated anywhere in the provincial or federal prison systems or held in an institution.
- The Aboriginal Project operates out of the Happy Valley-Goose Bay office and is intended to facilitate working with Aboriginal communities to better improve the quality of legal services to Aboriginal people who encounter the law. As part of this project, the Legal Aid Commission continues to support the provinces Aboriginal community with part-time Community Liaison Workers providing service for the towns of Nain, Hopedale, Natuashish and Sheshatshiu.
- The French Speaking Project has five staff solicitors fluent in French to provide legal advice by telephone, in person and, when necessary, to conduct trials in French.

Legal Aid Commission Newfoundland and Labrador



Mandate

The mandate of the Commission is contained in Part V of the *Act* entitled “The Legal Aid Plan.” The *Act* states: “The Commission may, upon receipt of an application, and where the applicant is found eligible, provide legal aid in criminal and civil matters without charge to an individual who is unable to pay and with partial charge to an individual who is able to pay a portion thereof.” Coverage is identified under Part VI of the *Act*. In criminal law, legal aid is provided for indictable offences and for summary conviction offences when certain conditions are met. In family cases and limited civil matters, legal aid is provided when there is case merit. The Commission assists people with their legal issues and facilitates access to justice.

Lines of Business

Eligibility for legal aid is dependent upon an applicant meeting the financial and case eligibility requirements specified in the *Act* and Regulations. Once an applicant is approved, services are provided by staff solicitors or, in approximately two percent of the cases, by lawyers in private practice. Private Counsel are paid on a fee for service basis in accordance with the tariff found in the Regulations.

For residents of Newfoundland and Labrador who meet financial and case eligibility criteria, and for non-residents charged with a criminal offence or who qualify under the legal aid plan of the province or territory in which they reside, the following services are provided:

- Representation in criminal, family and civil cases;
- Representation in appeals before the Courts; and
- Representation before administrative tribunals in areas such as: immigration and refugee claims; Canada Pension; employment insurance; and social assistance.

For all residents of Newfoundland and Labrador, and visitors to the province, the following services are provided:

- Duty counsel to accused persons appearing in the provincial and youth courts across the province, and Family Division-Trial Division-Supreme Court in St. John’s.
- Brydges Duty Counsel, a 24 hours telephone service to people arrested or detained by a peace officer.

There are additional services that are not subject to financial criteria:

- Persons with Mental Health Issues eligible under the Mental Health Project; and
- Duty Counsel Project in Supreme Court, Family Division St. John’s.

Vision Statement

A province where all people, regardless of means, capacity or social situation, have access to the knowledge and services they require to protect their basic legal rights and quality of life through collaborative, holistic and long-term solutions to their legal issues.

Mission Statement

The mission statement identifies the primary focus of the Commission over two planning cycles (2011-14 and 2014-17). It represents the key long-term results that it will be working toward. The statement also identifies the measures and indicators that will assist both the Commission and the public in monitoring and evaluating success.

During the first planning cycle of the current Mission Statement, the Commission focused on service enhancements such as family duty counsel services, use of paralegals, improved human resource management and new technologies.

During the 2014-17 planning cycle, the Commission will focus on implementing modern technologies, updating policies and procedures, assessing opportunities to improve service delivery and enhancing engagement with community partners.

Mission Statement:

By March 31, 2017 the Legal Aid Commission will have enhanced its ability to offer the highest quality legal services.

Measure: Ability to offer the highest quality legal services enhanced

Indicators:

- Innovative processes implemented;
- Service quality enhanced; and
- Implementation of technological advancements, as appropriate.

Highlights and Accomplishments

Variance in Year to Year Statistics

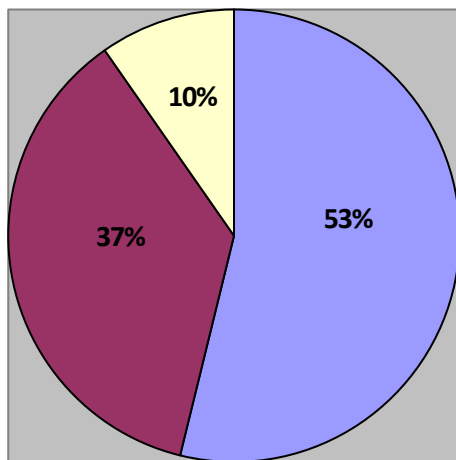
The following charts and tables show a slight decrease in the number of files handled by the Commission in the 2014-15 year as compared to the 2013-14 year. Part of this is due to an effort to standardize how applications and files are counted in all of the Commission's offices. This has resulted in a change in the way some area offices were counting applications. There is also a country-wide decline in the number of criminal charges being laid by the police. Obviously this results in fewer people applying for assistance with criminal matters. There has not been a corresponding decrease in applications for family law matters. Offsetting the decrease in criminal applications is the fact that all cases in court, both criminal and family, are taking longer to get to court and once there taking longer to complete. Cases have become more complex and require a greater amount of lawyers' time to resolve.

Disposition of Services			
	2014-15	2013-14	Change
ACCEPTED APPLICATIONS	3942	4693	-16%
REJECTED APPLICATIONS	2676	3056	-12%
PENDING APPLICATIONS*	703	811	-13%
TOTAL	7321	8560	-14%

* Pending Applications are ones which have not yet been approved as more information is needed before a decision can be made as to an applicant's eligibility for Legal Aid.

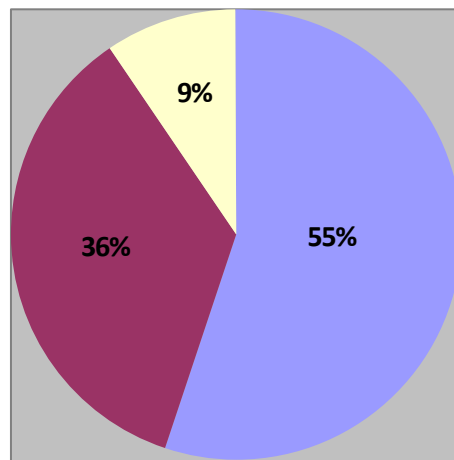
Services 2014-15

Accepted Rejected Pending



Services 2013-14

Accepted Rejected Pending



Full Service Legal Representation

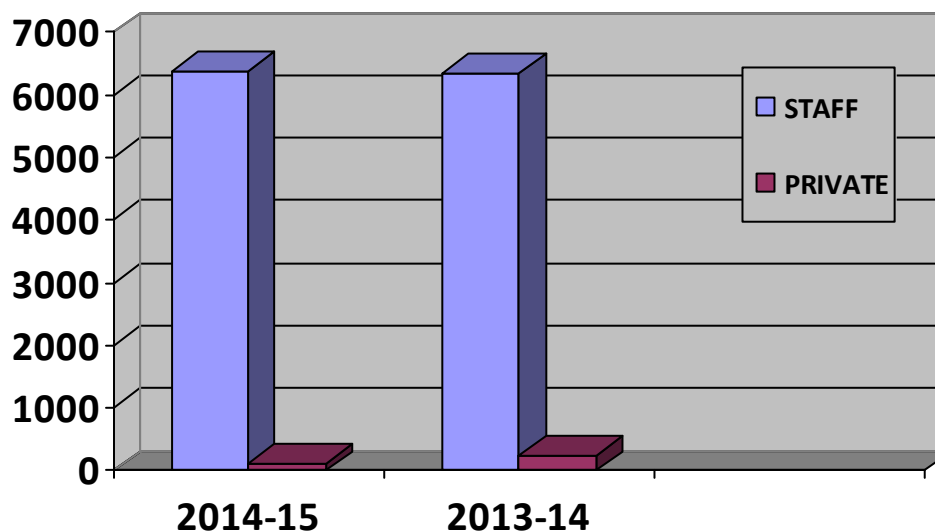
During the fiscal year ending March 31, 2015, 7321 applications were received for full service legal representation. This is a decrease of 1239 applications over the previous year. Of those received, 3942 were approved for full service legal representation, 751 less than previous year. Applications were rejected because they did not meet the financial or legal eligibility criteria.

Full Service Legal Representation						
Law Type	2014-15		2013-14		Percent Change - Applications Received	Percent Change - Applications Approved
	Applications Received	Applications Approved	Applications Received	Applications Approved		
Criminal	3674	2496	4561	2993	-24.1	-19.9
Youth	401	300	486	330	-17.5	-10
Civil/Family	3222	1528	3488	1367	-8.2	-10.5
Immigration	24	19	25	3		
Total	7321	4343	8560	4693	-14.5	-8.0

Cases Completed

Staff lawyers completed 6389 cases and 114 cases were completed by the private bar, amounting to 6503 cases in 2014-15. In comparison to 2013-14, staff lawyers completed 6350 and 247 were completed by private bar. This was a 1 percent increase over the number of completed cases in 2013-14. There was a 46 percent decrease in the number of files completed by the private bar. In the 2014-15 year there were a number of cases involving whether a person should be assigned private counsel which created a delay in court proceedings. Therefore, fewer cases with private counsel were able to be completed that year. As well, the tariff paid to private counsel was not acceptable to many private lawyers and they were therefore unwilling to take cases at that rate. The Commission anticipates that this issue will be addressed in the next fiscal year.

CASES COMPLETED



Duty Counsel Services

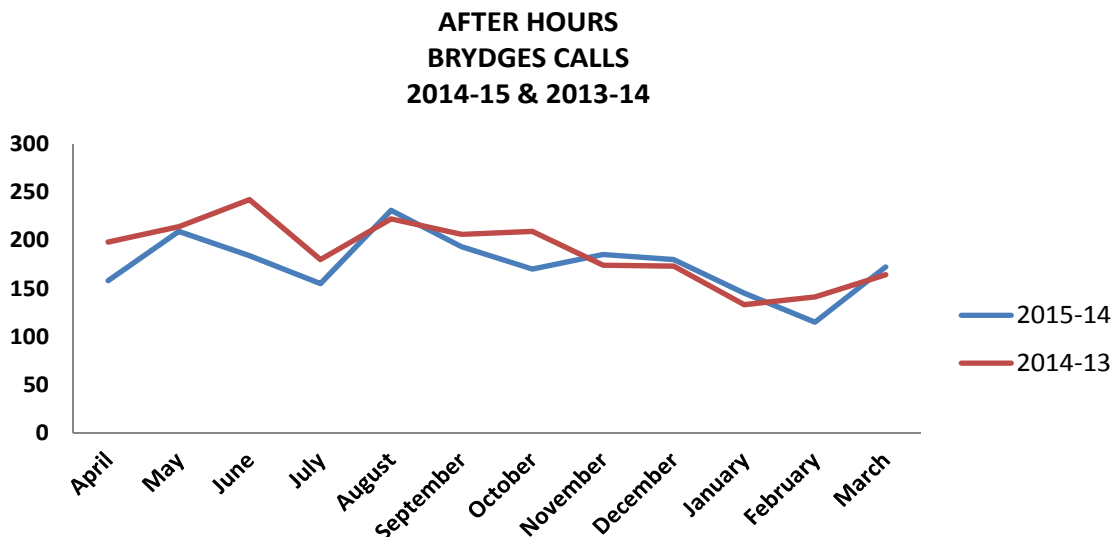
Duty Counsel in Provincial Court is a no-charge service provided to people on their first appearance before a Provincial or Youth Court Judge. Duty Counsel assisted 10,067 adults and 589 youth in Provincial Court. This is an increase of 1 per cent over the number of adults assisted in 2014-15, and a decrease 39 per cent in the number of youth assisted.

Law Type	2014-15	2013-14
Criminal	10,067	9,972
Family	536	380
Youth	589	960
Total	11,192	11,312

Duty Counsel at the Family Division of the Supreme Court of Newfoundland and Labrador in St. John's can appear on behalf of individuals for straightforward matters before the Judge and also explain legal rights and obligations. The Duty Counsel services at the Family Division also have a Client Services Officer who can provide basic information and assistance in applying for legal aid or in completing some court documents. The Client Services Officer assisted 964 people in 2014-15. Of these, the Duty Counsel solicitors assisted 536 people. This is an increase of 9 per cent over the number of people assisted by the Client Services Officer in 2013-14. This is also an increase of 41 per cent over the number assisted by the Duty Counsel solicitors in 2013-14.

Brydges Counsel Services

Brydges Counsel is a telephone service that offers free legal advice on a 24-hour basis to individuals under arrest and in custody, or under active investigation by the police and who need immediate advice on their charter rights and criminal law matters. The number of clients assisted by Brydges Counsel in 2014-15 was 2,097 as compared to 2,253 in 2013-14.



Report on Performance

The Legal Aid Commission's Activity plan for 2014-17 planning cycle focuses on modernizing the structure of the Legal Aid Commission, further developing the services of the Commission and raising public awareness of the services provided. These strategic issues contribute to the strategic direction of government entitled *Access to Justice*.

Issue 1: Modernization of Legal Aid

The Legal Aid Commission is experiencing a period of change and modernization as a result of an external review completed in 2014 by John F. Roil, QC as well as a result of changes to the management approach of the organization. Changes are being made to adopt more modern approaches to organizational structure, roles, responsibilities, policies and operating practices that support consistent service levels as well as effective and efficient operations across the province. In addition, the adoption and use of more modern technology and enhanced internal communications are all part of the new approach to management at the Commission. The objective identified below outlines the activities the Commission has carried out this year to address this issue.

Goal 1: By March 31, 2017, the Legal Aid Commission will have addressed all external review recommendations pertaining to the modernization of the organization.

Measure: All external review recommendations pertaining to the modernization of the organization addressed.

Indicators:

- Organizational structure changes implemented
- Performance management process supported and enhanced
- Board structure and governance reviewed
- Internal communications enhanced
- Modern technology implemented
- Policies and procedures reviewed and updated

Objective 1.1:	By March 31, 2015, the Legal Aid Commission will have initiated activities to support the modernization of the organization.
Measure	
Activities to modernize Legal Aid initiated.	
Indicators:	Actual Results
Roles and responsibilities reviewed	Roles and responsibilities were reviewed, primarily at the Commission's head office, resulting in: <ul style="list-style-type: none"> • Reinstatement of the Deputy Provincial Director – Legal position; • Changes to the Administrative Coordinator role to report to the entire Management Committee and not solely to

	<p>the Provincial Director, as well as changes to the responsibilities of this role;</p> <ul style="list-style-type: none"> • Changing the role of Assistant to the Deputy Directors to Executive Assistant to the Management Committee, and changing the responsibilities of this role; • Merging the positions of Financial Appeals Coordinator and Senior Client Services Officer to become Applications & Financial Appeals Coordinator, along with changes to the responsibilities of this role; and • Establishing a Senior Accountant position in the Finance department. <p>As well, a scan of the organization was conducted for all versions of job descriptions and job advertisements related to positions on the organizational chart. These were reviewed in conjunction with individuals working in these roles to update and reflect current job roles and responsibilities.</p>
Organizational structure revised	<p>Organizational structure was revised to reduce the number of employees reporting directly to the Provincial Director and delegate some of these supervisory duties to the Deputy Provincial Directors. In addition, the Administrative Coordinator and the Executive Assistant now report to the entire Management Committee.</p> <p>The need was identified for an additional position in the Finance department to provide support and ensure the department could provide timely financial information, review current practices and improve efficiency. This position was created and filled in 2014-15.</p>
Board governance recommendations prepared	<p>Board governance recommendations were prepared by a committee established to conduct a review of the <i>Legal Aid Act</i> and <i>Regulations</i>, which included a review of the current board structure and composition. Recommendations were made to increase the size of the board as well as to establish requirements on members' attendance and ability to participate in meetings remotely. The recommendations were brought forward to government.</p>
Internal intranet implemented	<p>An internal intranet was implemented on September 30, 2014 to improve internal communications and establish a web-based platform to share information in one readily available and consistent place that is accessible to all within the organization. A committee was established to work with the Office of the Chief Information Officer (OCIO) to design the structure of the site and upload content before launch. When the intranet was launched, there was a video</p>

	<p>conference via Microsoft Lync with all staff on the introduction, overview, search function, benefits and uses of the Intranet.</p> <p>The intranet is now used for all communication to mass internal audiences, including policy changes, job postings, announcements, etc. which has resulted in a significant reduction in the number of emails sent. Management has been providing a weekly update email of additions to the Intranet with links to the relevant News items on the site.</p> <p>The Intranet is a valuable source of vetted precedents for Family Law and Criminal Law across the province. It also functions as a centralized location for staff to share and find information including forms, policies, etc.</p>
Use of technology enhanced	<p>The use of technology was enhanced, including:</p> <ul style="list-style-type: none"> • Microsoft Lync is now available on all computers throughout Legal Aid. This system enables the use of free internal videoconferencing allowing meetings to be conducted where individuals across the province can participate in a virtual environment. Lync has enhanced inter-office communication and has expanded learning opportunities. For example, diversity training was completed through Lync which was available for viewing and participation by all staff without having to travel. As well, training sessions and other presentations are recorded via Lync and uploaded to the intranet so that anyone who could not join the session live or who joins the Commission later can watch the session at their convenience from their own computer. • The Legal Aid Commission’s lawyers do quite a bit of travelling due to legal conflict files. • The Commission has undertaken to provide all lawyers with laptops as desktop computers are replaced – including 15 over the past year. The laptop can then be setup with a virtual private network (VPN) access such that lawyers can work anywhere with an internet connection with access to all of their files and programs they need, such as LAMIS. This initiative will continue into the next two years. • In addition, all lawyers are offered the option of availing of a BlackBerry which gives the lawyer access to their email while out of the office. This improves internal communication and ensures client information remains on Legal Aid servers and networks but is accessible when needed.

	<ul style="list-style-type: none"> The Finance department is using electronic payment methods more widely to pay all vendors with a view to eliminating the need for printed cheques, except in rare circumstances. This reduces time in the processing of invoices and payments as well as costs associated with the printed cheques, envelopes, stamps, etc.
<i>Legal Aid Act and Regulations</i> amendments proposed	Amendments to the <i>Legal Aid Act and Regulations</i> were proposed to the government. An internal committee was established, consisting of a board member, management, and senior solicitors to review the legislation. When conducting the review, the committee considered the recommendations of the Roil Report, as well as other aspects of governance and the operational practices and needs of the Commission. Recommendations were prepared and submitted to government for review.
Review of Legal Aid Policy Manual initiated	A review of the Legal Aid Policy manual was initiated by establishing a committee to review the current policy manual and prioritize the policies to be updated and/or developed. The committee has identified some policies where staff input will be sought prior to approval and those that will go directly to the Board for approval. Several draft policies have been developed and posted on the intranet for staff comment while others have been presented to the Board for their consideration. This work will continue into the next fiscal year.

Objective 1.2:	By March 31, 2016, the Legal Aid Commission will have implemented further activities toward modernization of the organization.
Measure	
Further activities toward modernization of the organization implemented	
Indicators:	
Further technology enhancements utilized	
Review of the Legal Aid Policy Manual continued	
Professional Development opportunities enhanced	

Issue 2: Service Delivery Enhancements

The Legal Aid Commission is committed to quality service delivery and continuous improvement in its operational processes. In order to monitor current service delivery and make improvements, the Commission is evaluating options to obtain feedback from clients and continuing internal assessments of its delivery of legal services. This will include reviewing functions from client intake to legal services and internal administrative processes. In order to deliver quality service, employees of the Commission must be trained and knowledgeable in their areas of practice which requires continuous learning and professional development opportunities. The objective identified below outlines the activities the Commission has carried out this year to address this issue.

Goal 2: By March 31, 2017, the Legal Aid Commission will have enhanced efficiency and effectiveness in the delivery of legal aid services.

Measure: Efficiency and effectiveness in the delivery of legal aid services enhanced.

Indicators:

- Operational and administrative enhancements achieved
- Options for client feedback assessed
- Professional development needs addressed

Objective 2.1:	By March 31, 2015, the Legal Aid Commission will have assessed current service delivery and operational processes.
Measure	
Current service delivery and operational processes assessed.	
Indicators:	Actual Results
Options for client feedback assessed	Options for client feedback were assessed by piloting a client feedback questionnaire at the Supreme Court of Newfoundland Family Division regarding Family Duty Counsel service. The assessment involved an analysis of the quantity of surveys received back from clients. Due to low numbers and discussions with staff and management, it was determined that the distribution of the survey in paper format was not effective. It was determined that alternative methods to obtain feedback would be required. The Commission has made changes to its file management system, LAMIS, to obtain email addresses and consent to contact clients about service received. An online survey tool will be used in 2015-16 to develop and distribute surveys, obtain answers and analyze results of client feedback. It is anticipated there will be higher participation rates using this method.
Continued assessment of legal services delivery	An assessment of legal services was initiated by reviewing current practices regarding the client intake process. This entailed collecting intake policy and procedures of other

	<p>legal aid plans across Canada with a view to identifying ways to streamline and simplify the intake process for applicants. Simplifying the process will also reduce the administrative staffing needs dedicated to the intake function which can then be diverted to servicing clients' legal issues. This review will be ongoing in the next fiscal year between staff and management to develop ideas on creating a simplified intake process.</p>
<p>Professional development needs and opportunities identified</p>	<p>Professional development needs and opportunities were identified through conducting employee performance evaluations, seeking ideas from employees for the Legal Aid conference as well as researching options available outside of Legal Aid. The Commission enhanced its use of technology to deliver select professional development sessions by installing Lync and webcams on all staff computers throughout the province which allows individuals to attend sessions by video conference. These sessions are referred to internally as "Lync and Learn" sessions which can be on a variety of topics including diversity awareness, changes in court rules and legal research training as well as information sessions from the management team. The Commission currently records all sessions and saves them on the Intranet so that all staff members have an opportunity to view at their convenience.</p>

Objective 2.2:	By March 31, 2016, the Legal Aid Commission will have initiated implementation of identified service delivery and operational processes.
Measure	
Implementation of identified service delivery and operational processes initiated	
Indicators:	
Intake and appeals review initiated	
Feasibility of service delivery enhancement recommendations assessed	
Professional development opportunities provided	

Issue 3: Public Information and Awareness Enhancements

The Legal Aid Commission recognizes the importance of ensuring the public understands and is aware of the services it provides. It also recognizes, as identified in the external review of the Legal Aid Commission, the need to promote the experience and quality service provided by its solicitors. The Commission will accomplish this by enhancing community outreach, updating informational materials, and making enhancements to its website. The objective identified below outlines the activities the Commission has carried out this year to address this issue.

Goal 3: By March 31, 2017, the Legal Aid Commission will have enhanced public information and awareness activities.

Measure: Public information and awareness activities enhanced.

Indicators:

- Community outreach enhanced
- Professional image enhanced
- Public information needs identified
- Information materials updated
- Website enhanced

Objective 3.1:	By March 31, 2015, the Legal Aid Commission will have initiated activities to enhance public information and awareness.	
Measure		
Activities to enhance public information and awareness initiated.		
Indicators:	Actual Results	
Participation in community outreach events increased	Participation in community outreach events has been enhanced throughout the past year. A number of Legal Aid lawyers presented to community groups to provide information about various aspects of Legal Aid services. A Legal Aid staff member participated in the setup of a chapter of the 7 th Step Society of Canada in St. John's which offers a program to inmates to help change their behavior and attitudes, working towards rehabilitation to reduce rates of recidivism. Two lawyers from the Commission were also invited to speak at a family law conference in the United States.	
Relationships with community partners enhanced	Relationships with community partners were enhanced throughout the past year. Some of the enhancements included the Management Committee of the Commission participating on a number of stakeholder committees including: <ul style="list-style-type: none"> • Access to Justice Steering Committee • Association of Legal Aid Plans of Canada (ALAP) • Joint ALAP & Canadian Bar Association (CBA) National Legal Aid Benchmarks Project • Human Rights Working Group 	

	<ul style="list-style-type: none"> • Provincial Court Stakeholders Committee • Criminal Justice Committee High Risk Offender Notification Committee • Family Division/Child Youth and Family Services Committee
Public information needs identified	<p>Public information needs were identified. It was identified that the public needs updated information on services provided by the Commission. This will be facilitated through updates to the website and new pamphlet development. Those updates were ongoing at the end of 2014-15 and will be completed in 2015-16.</p> <p>It was also identified that applicants applying for Legal Aid need a clear picture of what information they need to provide when applying for Legal Aid. Through discussions with Client Services Officers who perform client intake functions across the province, a best practice “Application Checklist” was created and uploaded to the website. This checklist is useful to provide to anyone wishing to apply for Legal Aid and should expedite the decision related to whether they can be accepted for Legal Aid service.</p> <p>The Commission also recognized that more information materials are required on specific services. The Commission began a cross-jurisdictional scan to identify best practices in information dissemination and will continue to develop new information materials in 2015-16.</p>
Development of visual standards initiated	<p>Development of visual standards was initiated by engaging a marketing consultant to complete a needs assessment. The visual standards included developing a new logo, designing templates and standards for communication materials. Project objectives were identified, along with timelines and cost required to complete the work. A request for proposals is currently in progress and will be executed in 2015-16.</p>
Current website content reviewed	<p>Current website content was reviewed and the Commission’s renewed vision and values have been added to the site. The Human Resources department is now using the website to post career opportunities when applicable. As well, new publications have been uploaded, along with more links to external resources. Legal Aid staff assigned as administrators, participated in training this past year, creating efficiencies in completing required updates to the site. Design and layout upgrades will come in 2015-16.</p>
Content of informational pamphlets updated	<p>The content of informational pamphlets was updated. The Family Duty Counsel and the Family Child Office pamphlets</p>

	were updated and distributed. In addition to the content updates, the Legal Aid Commission recognized a need to update the format and design of its informational materials. This will be included with the scope of work regarding development of visual standards.
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Objective 3.2:	By March 31, 2016, the Legal Aid Commission will have continued the implementation of activities to enhance public information and awareness.
Measure	
Implementation of activities to enhance public information and awareness continued	
Indicators:	
Survey distributed and results analyzed	
Relationships with community partners continued	
Updated informational pamphlets distributed	

Opportunities and Challenges Ahead

The comprehensive, external review of the Newfoundland and Labrador Legal Aid Commission by John F. Roil, QC, identified a number of challenges that required action. Through the implementation of these recommendations, the Legal Aid Commission has an opportunity to reflect on its structure and operations and to make positive changes. The implementation of many recommendations is ongoing and some improvements include:

- To improve service delivery, the Commission has several areas of focus including public awareness, human and financial resources and improved technology.
- A need for a review of the appeals process was identified and completed. Through this review, the Commission recognized that the intake process required modifications. These modifications are ongoing.
- A committee was implemented to review Legislation and, from this review, a list of proposed changes was presented to government for review.

Over the next two years, the Commission will continue to face challenges and opportunities. Specific opportunities will include focusing on the collection of accounts receivables and continued efficiency along with accountability in the accounting division. Other opportunities include enhancing cultural awareness of the Aboriginal communities of Newfoundland and Labrador through seminars for Commission employees.

The Commission will continue to implement initiatives that will enhance operations and ensure a client-focused culture. To ensure a client-focused culture we will continue to coordinate with other community resources. Clients that need the Commission's services may be facing other challenges so Legal Aid will aim to coordinate with other support services to fully assist clients.

Access to justice continues to be a priority provincially for the Legal Aid Commission and is also a priority on the national agenda. The Commission is hopeful that the representation it is making on the Access to Justice Committee will lead to the collaborative implementation of positive change. The Commission recognizes there is more work to be done, and looks forward to the opportunity to address challenges.

**NEWFOUNDLAND AND LABRADOR
LEGAL AID COMMISSION**

FINANCIAL STATEMENTS

MARCH 31, 2015

Management's Report

Management's Responsibility for the Newfoundland and Labrador Legal Aid Commission Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information periodically and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Commission in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Newfoundland and Labrador Legal Aid Commission.

On behalf of the Newfoundland and Labrador Legal Aid Commission.



Provincial Director



Deputy Director



**AUDITOR
GENERAL**
of Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
The Newfoundland and Labrador Legal Aid Commission
St. John's, Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Newfoundland and Labrador Legal Aid Commission which comprise the statement of financial position as at March 31, 2015, the statements of operations, change in net debt, and cash flows 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 these 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

Independent Auditor's Report (cont.)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Legal Aid Commission as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink, appearing to read 'T. Paddon', with a long horizontal line extending to the right.

TERRY PADDON, CPA, CA
Auditor General

August 11, 2015
St. John's, Newfoundland and Labrador

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF FINANCIAL POSITION

As at March 31

2015

2014

FINANCIAL ASSETS

Cash	\$ 1,603,632	\$ 1,112,876
Accounts receivable (Note 3)	760,268	1,320,676
	2,363,900	2,433,552

LIABILITIES

Accounts payable and accrued liabilities (Note 4)	2,358,383	2,605,334
Employee future benefits (Note 5)	1,656,368	1,736,039
Deferred revenue	578,000	978,308
	4,592,751	5,319,681
Net debt	(2,228,851)	(2,886,129)

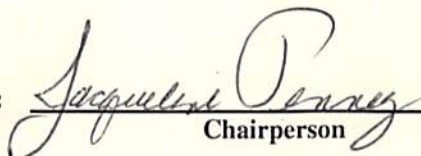
NON-FINANCIAL ASSETS

Prepaid expenses (Note 7)	180,883	113,131
Tangible capital assets (Note 6)	189,974	232,118
	370,857	345,249
Accumulated deficit	\$ (1,857,994)	\$ (2,540,880)

Contingent liabilities (Note 8)
 Contractual obligations (Note 9)
 Trusts under administration (Note 10)

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

Signed on behalf of the Board:


 Chairperson


 Member

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF OPERATIONS

For the Year Ended March 31

2015
Budget

2015
Actual

2014
Actual

(Note 16)

REVENUES

Province of Newfoundland and Labrador

Operating grants	\$ 15,594,300	\$ 15,594,370	\$ 13,221,334
Law Foundation of Newfoundland and Labrador grant	300,000	331,526	287,576
Legal Services	75,000	361,726	308,174
Interest	20,000	24,727	19,181

15,989,300 16,312,349 13,836,265

EXPENSES (Note 11)

Administration	6,878,759	6,892,153	6,774,902
Criminal law	5,148,250	5,042,979	4,688,984
Youth law	303,264	292,681	203,236
Civil law	3,564,502	3,401,650	3,424,868

15,894,775 15,629,463 15,091,990

Annual surplus (deficit) 94,525 682,886 (1,255,725)

Accumulated deficit, beginning of year (2,540,880) (2,540,880) (1,285,155)

Accumulated deficit, end of year \$ (2,446,355) \$ (1,857,994) \$ (2,540,880)

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

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF CHANGE IN NET DEBT

For the Year Ended March 31

	2015 Budget	2015 Actual	2014 Actual
	(Note 16)		
Annual surplus (deficit)	\$ 94,525	\$ 682,886	\$ (1,255,725)
Tangible capital assets			
Acquisition of tangible capital assets	-	(60,398)	(30,212)
Amortization of tangible capital assets	-	102,542	117,805
	-	42,144	87,593
Prepaid expenses			
Acquisition of prepaid expenses	-	(180,883)	(113,131)
Use of prepaid expenses	-	113,131	113,068
	-	(67,752)	(63)
Decrease (increase) in net debt	94,525	657,278	(1,168,195)
Net debt, beginning of year	(2,886,129)	(2,886,129)	(1,717,934)
Net debt, end of year	\$ (2,791,604)	\$ (2,228,851)	\$ (2,886,129)

*The accompanying notes are an
integral part of these financial statements.*

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF CASH FLOWS
For the Year Ended March 31

2015

2014

Operating transactions

Annual surplus (deficit)	\$ 682,886	\$ (1,255,725)
Adjustment for non-cash items		
Amortization	102,542	117,805
Bad debt expense	110,916	1,688
	896,344	(1,136,232)
Change in non-cash operating items		
Accounts receivable	449,492	(461,660)
Accounts payable and accrued liabilities	(246,951)	609,522
Employee future benefits	(79,671)	(15,236)
Deferred revenue	(400,308)	165,228
Prepaid expenses	(67,752)	(63)
Cash provided from (applied to) operating transactions	551,154	(838,441)
Capital transactions		
Purchase of tangible capital assets	(60,398)	(30,212)
Cash applied to capital transactions	(60,398)	(30,212)
Net increase (decrease) in cash	490,756	(868,653)
Cash, beginning of year	1,112,876	1,981,529
Cash, end of year	\$ 1,603,632	\$ 1,112,876

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

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

1. Nature of operations

The Newfoundland and Labrador Legal Aid Commission (the Commission) operates under the authority of the *Legal Aid Act*. The purpose of the Commission is to establish and administer a plan for the provision of legal aid for the residents of the Province of Newfoundland and Labrador.

The affairs of the Commission are managed by a Board of Commissioners consisting of the Assistant Deputy Minister of Justice and Public Safety (ex-officio), the Provincial Director of the Commission (ex-officio) and five members appointed by the Lieutenant-Governor in Council.

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Commission is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board. The Commission does not prepare a statement of remeasurement gains and losses as the Commission does not enter into relevant transactions or circumstances that are being addressed by this statement. Outlined below are the significant accounting policies followed.

(b) Financial instruments

The Commission's financial instruments recognized in the statement of financial position consist of cash, accounts receivable, and accounts payable and accrued liabilities. The Commission generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Commission subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at cost include cash. Financial assets measured at amortized cost include accounts receivable. Financial liabilities measured at cost include accounts payable and accrued liabilities.

The carrying value of cash, accounts receivable, and accounts payable and accrued liabilities approximate fair value due to their nature and/or the short term maturity associated with these instruments.

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

2. Summary of significant accounting policies (cont.)

(b) Financial instruments (cont.)

Interest attributable to financial instruments is reported in the statement of operations.

(c) Cash

Cash includes cash in bank.

(d) Employee future benefits

Employee future benefits include severance pay and accumulating, non-vesting sick leave benefits.

- (i) Severance is accounted for on an accrual basis, based upon years of service and current salary levels.
- (ii) The cost of accumulating, non-vesting sick leave benefits is calculated based upon management's best estimate of its employees' sick leave utilization rates, sick leave balances, annual sick leave entitlements and current salary levels. Under the former annual leave policy, all employees hired before September 30, 1994 were credited with 2 days sick leave per month. After this date, the Commission moved to the new paid leave policy which did not include a sick leave entitlement. Accumulated benefits under the former policy may be used in future years and, if not used, the benefits cease upon termination of employment.

Under the *Legal Aid Act*, Commission employees shall be considered to be employed in the public service for the purpose of the *Public Service Pensions Act, 1991*. Employee contributions are matched by the Commission and then remitted to the Public Service Pension Plan Corporation from which pensions will be paid to employees when they retire. This plan is a multi-employer defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best six years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service.

During the year, there were significant changes made to the Public Service Pension Plan. The changes include: increases in contribution rates of between 2.15% and 3.25% of pensionable earnings; calculation of pension benefits, for service on or after January 1, 2015, using the average of the best six years of earnings rather than the average of the best five years of earnings; calculation of pension benefits, for service before January 1, 2015, using the higher of the average of the frozen best 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service rather than the average of the best five years of earnings; and increases in the minimum age and/or service requirements for early retirement with an unreduced pension benefit. Employees who are eligible, or become eligible, to retire on or before January 1, 2020, are exempt from increases in the minimum age and/or service requirements for early retirement with an unreduced pension benefit.

The contributions from the Commission to the plan are recorded as an expense for the year.

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

2. Summary of significant accounting policies (cont.)

(e) Deferred revenue

Deferred revenue represents amounts relating to contracts for legal services which have been entered into with clients for which the legal services have yet to be completed. The deferred revenue will be recognized in the period during which the legal services have been completed.

(f) Tangible capital assets

Tangible capital assets are recorded at cost at the time of acquisition.

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Office furniture and equipment	5 years
Software development	5 years
Computer equipment	5 years
Leasehold improvements	Remaining life of the rental agreement

Tangible capital assets are written down when conditions indicate that they no longer contribute to the ability of the Commission to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

(g) Prepaid expenses

Prepaid expenses are charged to expense over the periods expected to benefit from it.

(h) Revenues

Revenues are recognized in the period in which the transactions or events occurred that give rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers (Province of Newfoundland and Labrador operating grants) are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except when and to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulations related to the liabilities are settled.

Interest revenue is recognized as earned.

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

2. Summary of significant accounting policies (cont.)

(i) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are recorded as an expense in that year.

(j) Measurement uncertainty

The preparation of financial statements in conformity with CPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the collectability of accounts receivable, expected useful life of tangible capital assets, and estimated employee future benefits.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. Accounts receivable

	<u>2015</u>	<u>2014</u>
Trade	\$ 1,107,615	\$ 1,542,423
Harmonized Sales Tax	43,724	58,408
	<u>1,151,339</u>	<u>1,600,831</u>
Less: Allowance for doubtful accounts	(391,071)	(280,155)
	<u>\$ 760,268</u>	<u>\$ 1,320,676</u>

4. Accounts payable and accrued liabilities

	<u>2015</u>	<u>2014</u>
Trade and other	\$ 1,005,638	\$ 1,195,776
Salaries and benefits	1,352,745	1,409,558
	<u>\$ 2,358,383</u>	<u>\$ 2,605,334</u>

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

5. Employee future benefits

Employee future benefits consist of:

	<u>2015</u>	<u>2014</u>
Severance pay (a)	\$ 1,569,723	\$ 1,629,080
Accumulating, non-vesting sick leave benefit liability (b)	86,645	106,959
	<u>\$ 1,656,368</u>	<u>\$ 1,736,039</u>

(a) Severance pay

Severance pay consists of the liability related to the following employees:

	<u>2015</u>	<u>2014</u>
Employees with 9 or more years of service	\$ 1,279,963	\$ 1,389,157
Employees with less than 9 years of service	289,760	239,923
	<u>\$ 1,569,723</u>	<u>\$ 1,629,080</u>

(b) Accumulating, non-vesting sick leave benefit liability

	<u>2015</u>	<u>2014</u>
Accumulating, non-vesting sick leave benefit liability	\$ 86,645	\$ 106,959

(c) Employee future benefits (recovery) expense

Portion of salaries and benefits expense related to employee future benefits:

	<u>2015</u>	<u>2014</u>
Severance pay (recovery) expense	\$ (59,357)	\$ 37,166
Accumulating non-vesting sick leave benefit (recovery)	(20,314)	(52,402)
	<u>\$ (79,671)</u>	<u>\$ (15,236)</u>

5. Employee future benefits (cont.)

(d) Employee future benefits

(i) Severance pay

Severance is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance vests with employees with nine years of continuous service, and accordingly a liability has been recorded by the Commission for these employees. For employees with less than nine years of continuous service, the Commission has made a provision in the accounts for the payment of severance which is based upon the Commission's best estimate of the probability of having to pay severance to the employees and current salary levels. Severance is payable when the employee ceases employment with the Commission provided no severance has been paid by Government or another Crown corporation or agency for the same period and the employee has at least nine years of continuous service. The Commission does not recognize prior service with the public service for the purpose of calculating severance entitlement.

(ii) Accumulating, non-vesting sick leave benefits

All employees hired before September 30, 1994, were credited with 2 sick days per month for use as paid absences during the year due to illness. Subsequent to September 30, 1994, the Commission moved to the new paid leave policy which did not include a sick leave entitlement. Sick leave benefits accumulated prior to September 30, 1994, may be used in future years and, if not used, the benefits cease upon termination of employment. For the year ended March 31, 2015, a sick leave liability was calculated for 16 employees.

(iii) Pension contributions

Under the *Legal Aid Act*, the Commission's employees are subject to the *Public Service Pensions Act, 1991*. The plan will be administered by the Public Service Pension Plan Corporation, including payment of pension benefits to employees to whom the *Act* applies. The Public Service Pension Plan is a multi-employer, defined benefit plan.

The plan provides a pension to employees based on their age at retirement, length of service and rates of pay. The maximum contribution rate for eligible employees was 11.85% (2014 - 8.6%). The Commission's contributions equal the employee contributions to the plan. The Commission is not required to make contributions in respect of any actuarial deficiencies of the plan. Total pension expense for the Commission for the year ended March 31, 2015 was \$774,073 (2014 - \$714,700).

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

6. Tangible capital assets

Original Cost

	Balance March 31, 2014	Additions	Disposals	Balance March 31, 2015
Office furniture and equipment	\$ 1,141,865	\$ 26,319	\$ -	\$ 1,168,184
Computer equipment	643,329	32,369	-	675,698
Software development	186,950	-	-	186,950
Leasehold improvements	80,428	1,710	-	82,138
	<u>\$ 2,052,572</u>	<u>\$ 60,398</u>	<u>\$ -</u>	<u>\$ 2,112,970</u>

Accumulated Amortization

	Balance March 31, 2014	Amortization	Disposals	Balance March 31, 2015	Net book value March 31, 2015	Net book value March 31, 2014
Office furniture and equipment	\$ 988,114	\$ 62,968	\$ -	\$ 1,051,082	\$ 117,102	\$ 153,751
Computer equipment	583,640	30,625	-	614,265	61,433	59,689
Software development	185,589	281	-	185,870	1,080	1,361
Leasehold improvements	63,111	8,668	-	71,779	10,359	17,317
	<u>\$ 1,820,454</u>	<u>\$ 102,542</u>	<u>\$ -</u>	<u>\$ 1,922,996</u>	<u>\$ 189,974</u>	<u>\$ 232,118</u>

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

7. Prepaid expenses

	<u>2015</u>	<u>2014</u>
Bar fees and insurance	\$ 92,596	\$ 80,190
Software license	-	4,400
Library fees	11,097	-
Prepaid human resources expenses	40,158	-
Prepaid travel	12,257	-
Workplace Health, Safety and Compensation Commission	24,775	28,541
	<u>\$ 180,883</u>	<u>\$ 113,131</u>

8. Contingent liabilities

- (a) Statements of Claim have been served on the Commission by two former employees for alleged wrongful dismissal. The Commission, through legal counsel, has filed a defence to each claim. The potential settlement amount for the cases has not been disclosed as it may have an adverse effect on the outcome of the claim.
- (b) A Statement of Claim has been served on the Commission, as represented by the Department of Transportation and Works, by a company in connection with a tender for office space. The Commission, through legal counsel, has filed a defence. The potential settlement amount has not been disclosed as it may have an adverse effect on the outcome of the claim.
- (c) A Statement of Claim in the amount of \$8,900 has been served on the Commission by a former employee in connection with severance pay. The Commission, through legal counsel, has filed a defence.
- (d) A Statement of Claim has been served on the Commission by a former client for alleged professional negligence in representation pertaining to the division of matrimonial property. The Commission, through legal counsel, has filed a defence. The value of the claim is unknown due to the nature of the damages sought.

9. Contractual obligations

The Commission has entered into agreements requiring lease payments for office rental as follows:

2016	\$ 1,321,454
2017	1,284,405
2018	924,491
2019	656,764
2020	650,232
Thereafter	<u>318,756</u>
	<u>\$ 5,156,102</u>

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

10. Trusts under administration

Assets held in trust of \$667,627 (2014 - \$ 695,454) include amounts received by the Commission for legal services which have yet to be completed. When a contract for legal services is entered into with a client, provision may be made in the contract for periodic payments to be made to the Commission while the legal services are being provided. Once the legal services have been completed, any payments received at that time will be combined with the general funds of the Commission. Any payments received under these contracts subsequent to the completion of legal services will be recorded with the general funds of the Commission immediately. Assets held in trust also include amounts received by the Commission, such as settlements, which will be disbursed once the related services have been completed.

11. Expenses by object

	<u>2015</u> <u>Budget</u> (Note 16)	<u>2015</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
Amortization	\$ -	\$ 102,542	\$ 117,805
Bad debt expense	-	110,916	1,688
Bar fees and insurance	143,076	157,140	146,867
Commissioners' fees and expenses	85,000	43,742	70,451
Conference and education	228,000	204,694	25,754
Family Justice Services			
Central Project (Note 12)	-	126,870	138,893
Legal fees and disbursements	1,541,860	1,118,995	1,082,957
Library fees	38,400	25,636	27,049
Miscellaneous	4,000	85,665	86,932
Office and equipment rental	1,507,664	1,502,064	1,496,189
Office expense	318,550	324,208	344,557
Salaries and benefits	11,764,375	11,641,157	11,404,657
Telephone and light	106,350	119,619	83,995
Travel	157,500	66,215	64,196
	<u>\$ 15,894,775</u>	<u>\$ 15,629,463</u>	<u>\$ 15,091,990</u>

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

12. Family Justice Services Central Project

On March 31, 2004, an Agreement was signed between the Government of Canada and the Province to provide funding to the Province for a Family Justice Services Central Project. The Agreement, which expired on March 31, 2007, covered a portion of the costs of a project designed to provide enhanced access to family law justice services in Central Newfoundland. During the year ended March 31, 2015, the Commission funded this project through its operating grant from the Province. Actual expenditures paid by the Commission for the project were as follows:

	<u>2015</u> <u>Budget</u> (Note 16)	<u>2015</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
Bar fees	\$ -	\$ 1,438	\$ 1,157
Office expense	-	84	94
Salaries and benefits	-	124,361	134,902
Travel	-	987	2,740
	<u>\$ -</u>	<u>\$ 126,870</u>	<u>\$ 138,893</u>

13. Related party transactions

Province of Newfoundland and Labrador:

During the year, the Commission received \$15,594,370 (2014 - \$13,221,334) from the Province in Operating grant revenue.

The Office of the Chief Information Officer (OCIO), an entity within the Executive Council of the Province, provides Information Technology (IT) support services to the Commission. These IT costs are reflected in these financial statements in the amount of \$103,934 (2014 - \$98,304).

The Province provides the Commission with the use of office space for the Family Justice Services Central Project (see Note 12) at no cost.

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

14. Financial risk management

The Commission recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The risks that the Commission is exposed to through its financial instruments are credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Commission's main credit risk relates to cash and accounts receivable. The Commission's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Commission is not exposed to significant credit risk with its cash because this financial instrument is held with a Chartered Bank.

The Commission is exposed to significant credit risk related to its accounts receivable relating to amounts owed from clients. Legal aid clients enter into a payment program based on a contract for the provision of legal services, and the accounts receivable balance is comprised primarily of small amounts held by a large client base. Any estimated impairment of these accounts receivable has been provided for through a provision for doubtful accounts as disclosed in Note 3.

There have been no significant changes from the previous year in the exposure to credit risk or policies, procedures and methods used to manage credit risk.

Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its contractual obligations and financial liabilities. The Commission's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities, and its contractual obligations. The Commission manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its contractual obligations and financial liabilities. The future minimum payments required from the Commission in relation to its contractual obligations are outlined in Note 9.

There have been no significant changes from the previous year in the exposure to liquidity risk or policies, procedures and methods used to manage liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other price risk. The Commission is not exposed to significant foreign exchange risk or other price risk. The Commission is not exposed to significant interest rate risk related to cash because of its nature.

There have been no significant changes from the previous year in the exposure to market risk or policies, procedures and methods used to manage market risk.

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

15. Non-financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Commission. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Commission's objectives.

16. Budget

Budgeted figures, which have been prepared on a cash basis, are provided for comparison purposes and have been approved by the Commission's Board.



**Newfoundland & Labrador
Legal Aid Commission**
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