

# Legal Aid NL Annual Report 2022-23



LEGAL AID NL

REAL LAWYERS FOR REAL PEOPLE



## Message from the Chair

As Chair of the Newfoundland and Labrador Legal Aid Commission (the Commission or Legal Aid NL), I am pleased to present the Commission's Annual Report which outlines the activities completed during fiscal year April 1, 2022 to March 31, 2023. 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, also known as Legal Aid NL, 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.

Legal Aid NL 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 who are charged with offences under the **Criminal Code of Canada**, other federal and provincial statutes, and people who have family disputes.

Residents of Newfoundland and Labrador avail of Duty Counsel services when appearing on criminal matters in Provincial and Youth Court or on family matters in the Supreme Court Family Division. These services also extend to visitors to Newfoundland and Labrador. Legal counsel may be appointed for non-residents either through the Legal Aid Plan of the province in which they reside, or through Legal Aid NL.

Legal Aid NL is accountable for the preparation of this report and for the results reported. I, as Chair of the Newfoundland and Labrador Legal Aid Commission, accept accountability on behalf of myself and the entire board.



Timothy Chalker, K.C., Chair

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## Background and Overview

Legal Aid NL 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, a committee of the Law Society of Newfoundland and Labrador administered the Legal Aid Plan.

The services of Legal Aid NL are an essential component of a fair and accessible justice system in the province of Newfoundland and Labrador. Legal Aid’s mandate is to respond to the needs of those whose means 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 requires that financial and legal eligibility requirements specified in the Act and the **Legal Aid Regulations** (the Regulations) are met. Once approved, services are provided by solicitors employed full time with Legal Aid NL in approximately 99 per cent of the cases, and by solicitors in private practice in those remaining. Private solicitors are paid on a fee-for-service basis in accordance with the tariff (hours and rates) of the Regulations.

Legal Aid NL also delivers services, without the need for financial eligibility, through solicitors, by way of:

- 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 toll-free, 24 hours a day, seven days a week, to provide advice to people upon arrest, detention, or questioning by a peace officer.

A Board of Commissioners, comprised of nine members, manages the affairs of Legal Aid NL. The Deputy Minister of Justice and Public Safety and the CEO/Provincial Director of Legal Aid, or their designate, serve as *ex-officio* members of the Board. The Lieutenant-Governor in Council appoints seven Commissioners, three of whom are appointed from a list of nominees submitted by the Law Society. The Lieutenant-Governor in Council designates one of the Board of Commissioners as Chair. Members of the Board of Commissioners as of March 31, 2023 were:

- Timothy J. Chalker, K.C., Chair
- Allison Hagerty
- Beth McGrath, K.C.
- Rebecca Redmond Maclean, K.C.
- Donna Strong, K.C.
- Allison Whelan
- Rodney Zdebiak

*Ex-officio* members:

- Denise Woodrow, Assistant Deputy Minister (\*as designate of the Deputy Minister of Justice and Public Safety)
- Harman Khurana, CEO & Provincial Director

## Legal Aid Offices and Staff

During the fiscal year 2022-23 Legal Aid NL employed a CEO/Provincial Director, one Deputy Provincial Director, one Director of Legal Services, one Director of Legal Policy and Quality Assurance, 69 solicitors, two social workers, three paralegals, one Risk Assessment Officer, 52 support staff, three community workers and nine articling clerks. Positions were allocated across a network of 18 offices, including the Provincial Head Office, 12 Area Offices, and five Project Offices.

From five Project Offices, Legal Aid NL delivers the following services:

- The **Mental Health Office** works collaboratively with the Provincial Health Authority providing legal representation at the Mental Health Court, appearing before the Criminal Code Mental Disorder Review Board, the Mental Health Care and Treatment Review Board, as well as in the traditional court system. Legal Aid NL and Eastern Health take a multidisciplinary approach to client service in resolving legal and related issues which allows for the delivery of timely, comprehensive and holistic services to individuals who struggle with mental illness. By providing legal assistance through this office, clients with mental health issues who often face significant barriers to justice, have access to the legal rights to which they are entitled.
- The **Family and Child Offices** are located in Happy Valley-Goose Bay and Corner Brook. Its role is to assist parents of children taken into care by the Department of Children, Seniors and Social Development (CSSD); to respond to the concerns of CSSD; to assist parents in accessing the supports they need; and, to work towards the reunification of the family, where possible. Each office has a combination of lawyers, social workers, and paralegals.
- The **Family Duty Counsel Office** is located in St. John's at the Family Division of the Supreme Court of Newfoundland and Labrador. This is a no-fee service for people with family law matters, who do not already have a lawyer. Duty Counsel provides basic advice and speaks on their behalf in straightforward and uncontested court matters.
- The **Special Defence Unit** was established in June 2018 to provide legal services to clients with serious criminal charges. In early 2018, the Act was amended to remove the Choice of Counsel provision so clients no longer choose a private lawyer on serious charges such as murder and manslaughter. Clients facing such charges are now represented by senior lawyers experienced in dealing with major criminal matters. The office is staffed with a team of three senior lawyers experienced in dealing with major criminal matters.

Legal Aid NL also supports specialized projects and initiatives, including:

- The **Intimate Partner Violence Intervention Court**, a specialized court established in 2015 by the Department of Justice and Public Safety and supported by Legal Aid, with locations in St. John's, Stephenville and Grand Falls-Windsor. This court serves victims of domestic and intimate partner violence and helps enhance victim safety and offender accountability. Legal Aid NL provides a Risk Assessment Officer, based in the Provincial Head Office, to assess persons whose cases are being considered for inclusion in the Intimate Partner Violence Intervention Court. Solicitors from the St. John's Primary Conflict Area Office, the Stephenville Area Office and the Grand Falls-Windsor Area Office handle the provision of advice and representation to accused persons.
- **The Indigenous Project**, focuses on working with Indigenous communities to improve access to justice and the quality of legal services for Indigenous peoples. Legal Aid NL provides three part-time and one full-time Community Liaison Worker positions in the towns of Nain, Hopedale, Natuashish and Sheshatshiu.
- **The French Speaking Project**, ensures access to French-speaking services. Legal Aid NL maintains a roster of solicitors fluent in French to provide legal advice by telephone, in person and, when necessary, conduct trials in French.
- **The Drug Treatment Court**, established in 2019, is intended for offenders with serious drug addictions, who commit non-violent, drug-motivated offences. Legal Aid NL's Mental Health Office is supporting this initiative by actively processing referrals and transfers at the Court's weekly file meetings and providing advice and representation to accused persons.

## Lines of Business

For residents of Newfoundland and Labrador who meet financial and case eligibility criteria, and for certain non-residents charged with a criminal offence or who otherwise qualify, the following services are provided:

- Representation in criminal, family and civil cases;
- Representation in appeals before the Courts;
- Representation before administrative tribunals in areas such as: immigration and refugee claims; Canada Pension; employment insurance; and social assistance; and,
- Representation in specialized courts including Mental Health Court, Intimate Partner Violence Intervention Court, and Drug Treatment Court

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

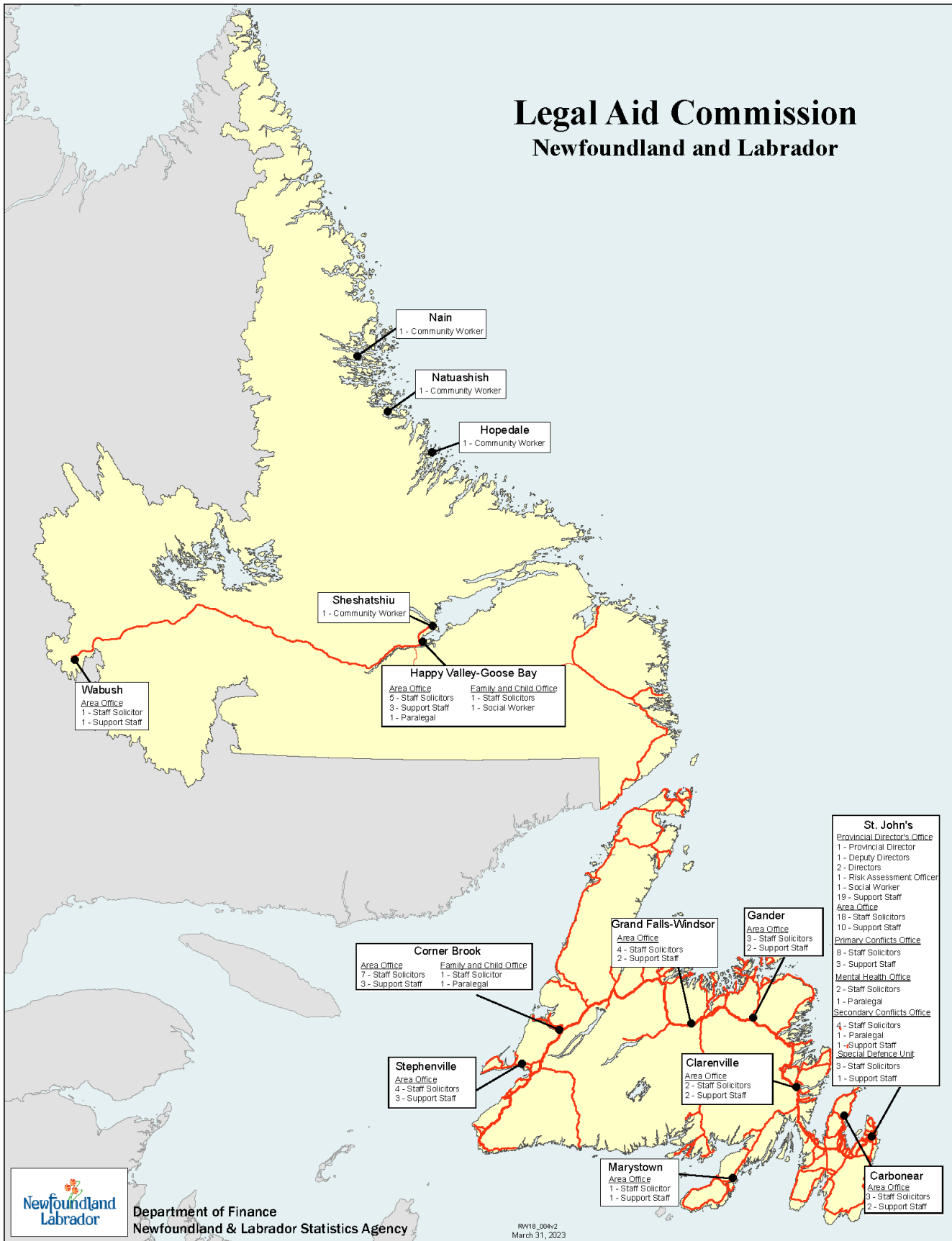
- Duty Counsel to accused persons appearing in the provincial and youth courts across the province, and Family Division-Trial Division-Supreme Court in St. John's.

- Brydges Duty Counsel, a 24 hour telephone service to people arrested or detained by a peace officer.

## **Vision**

A province where all people, regardless of means, capacity, social situation, or GBA+ identity factors, 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.

# Legal Aid Commission Newfoundland and Labrador





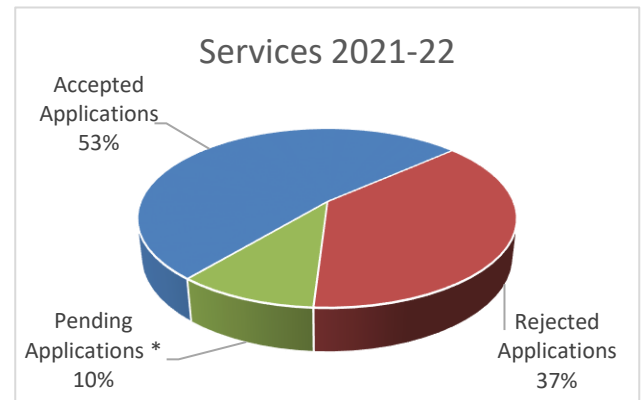
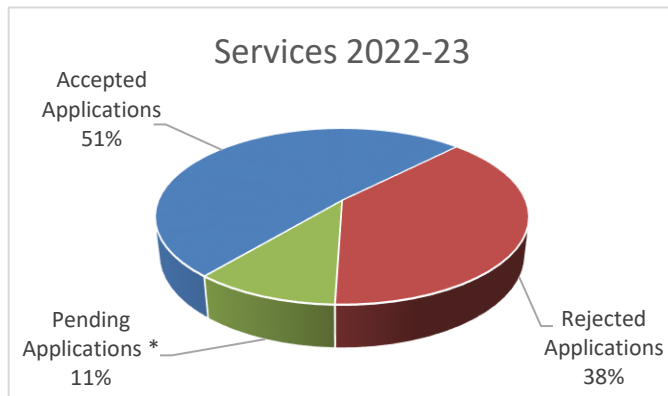
# Highlights and Partnerships

## Applications for Legal Services

During the fiscal year ending March 31, 2023, Legal Aid NL received 7,244 applications for full service legal representation, representing a 12 per cent increase over the previous year. The increase in applications aligns with the expected trend of demand for legal services returning to pre-COVID level.

Of the applications received, 51 per cent (or 3,718 applications) were approved, 38 per cent (or 2,758 applications) were rejected as they did not meet one or both of the financial or legal eligibility criteria, and the remaining 11 per cent (or 768 applications) were pending a decision. The table and charts below show the change in the number of files handled by Legal Aid NL in the 2022-23 fiscal year as compared to the previous year.

Applications Processed				
	2022-23		2021-22	
<b>Accepted Applications</b>	3,718	51%	3,378	53%
<b>Rejected Applications</b>	2,758	38%	2,414	37%
<b>Pending Applications *</b>	768	11%	653	10%
<b>Total</b>	<b>7,244</b>		<b>6,445</b>	
* Pending Applications have not yet been approved as additional information is required before a decision can be made as to an applicant's eligibility.				



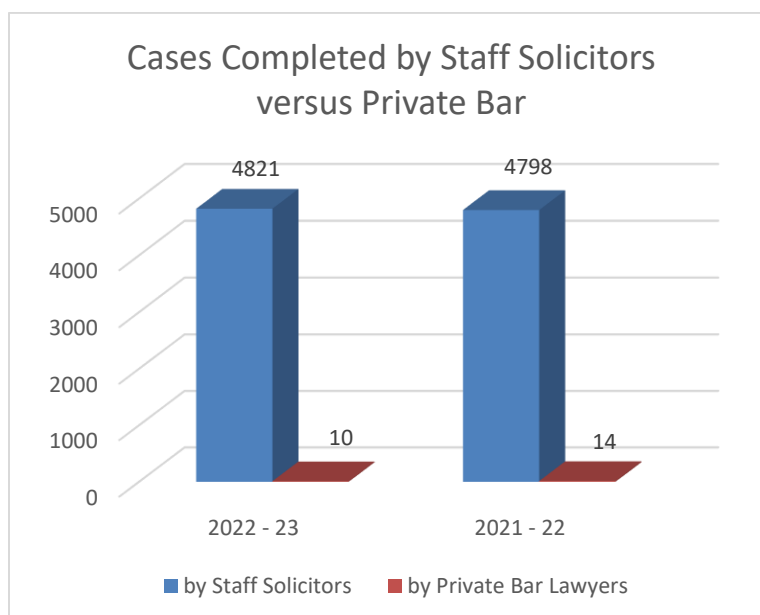
## Type of Legal Representation

Legal Aid NL provides a range of legal services to low income individuals primarily in the areas of family and criminal law. During 2022-23, 68 per cent of the 3,718 applications approved (or 2,528 applications) related to criminal matters; the remaining were made up of 24 per cent civil (909 applications), seven per cent youth (249 applications), and one per cent immigration/refugee matters (32 applications). The table below outlines the types of applications received and approved year-over-year.

Law Type	2022-23			2021-2022		
	Applications Received	Applications Approved		Applications Received	Applications Approved	
Criminal	4,204	2,528	68%	3,854	2,222	66%
Youth	277	249	7%	271	248	7%
Civil/Family	2,696	909	24%	2,290	901	27%
Immigration	67	32	1%	30	7	<1%
<b>Total</b>	<b>7,244</b>	<b>3,718</b>	<b>100%</b>	<b>6,445</b>	<b>3,378</b>	<b>100%</b>

## Cases Completed

Legal Aid NL primarily uses a staff solicitor model to deliver legal services as opposed to relying on the private bar for service delivery. During the 2022-23 fiscal year, Legal Aid NL provided representation on 4,831 cases. Consistent with previous years, staff lawyers handled more than 99 per cent (or 4,821) of the cases completed, with private bar representing less than one per cent (or 10) of the cases completed. The chart below shows the year-over-year comparison of the number of cases completed by staff solicitors versus private lawyers.



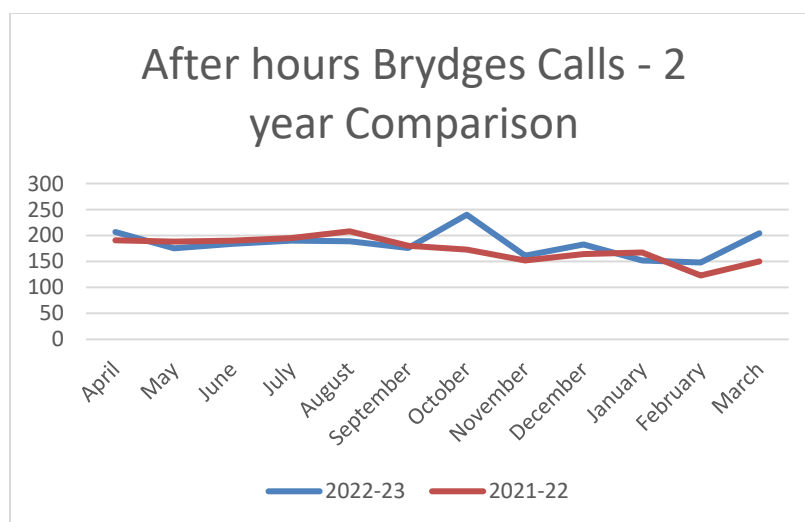
## Duty Counsel Services

Duty Counsel at Provincial Court is a no-charge service provided to people on their first appearance before a Provincial or Youth Court Judge. During the 2022-23 fiscal year, Duty Counsel assisted 9,974 clients, including 9,718 adults and 256 youth. The majority of adult clients assisted through Duty Counsel involved matters relating to criminal charges (9,158 clients or 97 per cent of adults). The remaining adult client assists pertained to family law issues and were assisted by Duty Counsel solicitors from the Family Division project office.

Duty Counsel				
Client	2022-23		2021-22	
<b>Adult</b>				
Criminal	9,158	92%	9185	95%
Family	560	5%	314	3%
<b>Total Adult</b>	9,718	97%	9,499	98%
<b>Youth</b>	256	3%	148	2%
<b>Total</b>	9,974	100%	9,647	100%

## Brydges Counsel Services

Brydges Counsel is a telephone service offering free legal advice on a 24-hour basis to individuals under arrest and in custody, under active investigation by the police, and who need immediate advice on their rights under the **Canadian Charter of Rights and Freedoms** and criminal law matters. The number of clients assisted by Brydges Counsel in 2022-23 was 2,209 as compared to 2,081 in 2021-22, representing a six per cent increase over the prior year.



# Report on Performance

## Strategic Issue: Improved Productivity and Client Service Delivery through focus on Technology

To align with the strategic direction of the Provincial Government for a more efficient public sector, Legal Aid NL committed to building an adaptable and more cohesive workforce capable of responding to client needs effectively. As part of its 2020-23 Activity Plan, Legal Aid NL set aspirations of improving productivity and client service delivery by leveraging and investing in technology. The overarching focus was to improve productivity and response time over the three-year period by making strategic investments towards modernizing the organization’s technological platform and strengthening Information Technology (IT) competencies within the workforce.

During 2022-23, the third and final year of the three-year Activity Plan, Legal Aid NL built on some of the programs and services piloted in the previous year and successfully finalized and implemented several initiatives that will significantly enhance productivity and service delivery well into the future. For example, building on the success with upgrading laptops for solicitors, during 2022-23 all support staff were migrated from desktops to laptops. This has greatly enhanced the ability of support staff to work remotely; thereby, reducing absenteeism and minimizing interruptions to administrative services and supports. Similarly, after successfully piloting the online application portal in St. John’s and virtual risk assessments in Stephenville in the previous year, during 2022-23 Legal Aid NL rolled out these programs to all offices. Legal Aid NL will continue to foster a culture of innovation and build on these initiatives to ensure the organization and its workforce can effectively respond to the needs of its clients and those of the justice system.

<b>Goal:</b>	By March 31, 2023, the Legal Aid Commission will have implemented measures to improve productivity for enhanced client service delivery.
<b>Indicators:</b>	<b>Actual Results:</b>
Activities to identify areas of improvement and technological/skills gaps	During 2020-21, the Commission undertook several activities to develop a better understanding of the existing IT infrastructure and competencies within the organization as well as to identify opportunities for improvement in client facing delivery processes and mechanisms. During the year, the Commission completed a comprehensive assessment of its current portfolio of IT hardware and software, and reviewed performance reports for various IT resources currently in use. These activities helped Legal Aid map out a future course of action and isolate areas of improvement. Similarly, through a series of engagement initiatives with staff, the Commission identified several

	opportunities to increase utilization of technology, including virtual platforms and programs, to efficiently and effectively meet client needs.
Activities to identify, evaluate, and pilot solutions to improve productivity	As a follow up to the IT portfolio assessment completed in the previous year, during 2021-22 Legal Aid NL made several upgrades to its IT assets including purchasing new laptops, desktops and smartphones to replace aging equipment. Legal Aid NL also piloted two new client-facing solutions. The first project involved enhancements to Legal Aid NL's website to allow Legal Aid NL to receive applications online. The second project encompassed testing various technological platforms to facilitate virtual risk assessments for Intimate Partner Violence Intervention Court (IPVIC) clients. During the 2021-22 fiscal year, virtual risk assessments were piloted via Skype for IPVIC clients in Western Newfoundland.
Implementation of initiatives to enhance productivity and service delivery	During the final year of the planning period in 2022-23, several projects that were initiated in the previous year were finalized and implemented to help improve productivity and service delivery. Both new client facing enhancements, the online application ( <a href="https://www.legalaid.nl.ca/online-application/">https://www.legalaid.nl.ca/online-application/</a> ) portal and virtual risk assessment platform were rolled out across the Commission to all regional offices. Significant investments were also made in upgrading computer hardware and peripheral devices for solicitors and support staff to help improve responsiveness and save time.

<b>Objective 3:</b>	By March 31, 2023, the Legal Aid Commission will have implemented initiatives to improve productivity for enhanced client service delivery.
<b>Indicators:</b>	<b>Actual Results:</b>
Continued to upgrade remaining IT hardware and software	<p>During 2022-23, all support staff were issued laptops to allow for remote work. As of March 31, 2023 every employee of Legal Aid NL is equipped with a laptop and can continue to handle work responsibilities from home, when necessary and deemed appropriate. Similar to the upgrades made in the previous year, during 2022-23 all iPhone 7 smartphones were phased out and decommissioned due to lack of ongoing product support, and replaced by iPhone 11 devices.</p> <p>Other noteworthy investments during this period include:</p> <ul style="list-style-type: none"> <li>- upgrades to internet infrastructure and network in Carbonear and Clarenville offices, significantly improving internet speed and services;</li> <li>- the provision of new high speed DVD copiers to St. John's offices to help save time and resources;</li> </ul>

	<ul style="list-style-type: none"> <li>- the installation of boardroom TVs and computer peripheral devices to support virtual group meetings and court appearances; and</li> <li>- the replacement of ageing telephone infrastructure in Happy Valley-Goose Bay area offices with a state-of-art telephone conferencing system.</li> </ul>
<p>Finalized implementation of initiatives aimed at improving client service delivery</p>	<p>Building on the pilots that were launched in 2021-22, Legal Aid NL finalized implementation of several client facing enhancements in 2022-23. First and foremost, the online application portal was rolled out across all Legal Aid offices. During the testing stages, all online applications were received by the St. John’s intake office, who then forwarded the application to the Client Service Officer of the regional office as appropriate. Now, when applicants apply online, their applications are automatically sent to the appropriate regional office for processing, saving considerable time and resources.</p> <p>Similarly, virtual risk assessments that were previously piloted using Skype for IPVIC clients in Western Newfoundland, can now be completed for clients in any region of the province as the need arises. With the recent expansion of IPVIC to Grand Falls-Windsor, this has greatly enhanced Legal Aid NL’s capability to offer clients timely service in central Newfoundland.</p>
<p>Reinforced learning and development using technology-based training framework</p>	<p>During 2022-23, the Commission continued to provide staff one-on-one support and training to excel in the virtual work environment. At the same time, Legal Aid NL offered more opportunities for learning and development using virtual technology platforms such as Skype and Zoom. Numerous Lunch-and-Learn training sessions were offered throughout the year on a range of topics. To help enhance the learning environment and reinforce ongoing learning opportunities, most training sessions were recorded and uploaded to the intranet for staff to access anytime in the future. Legal Aid NL’s intranet platform is growing to become a permanent repository of knowledge and ongoing learning for current and future employees of the Commission.</p>

## Opportunities and Challenges Ahead

Over the past three years, Legal Aid NL has made tremendous progress with improving its technological infrastructure and building the IT competencies of its workforce. The recent investments in technology and training has created a solid foundation for Legal Aid NL to build on and continue to deliver programs and services in an effective and efficient manner.

The organization is now better equipped than any time in its history to deal with the ever evolving demands of the legal system and the expectations of its clients and stakeholders. However, new challenges remain on the horizon. The statistics shared in this Annual Report, show a stark reality. The post-COVID era comes with an increase in demand for Legal Aid's programs and services; demand that will very likely surpass pre-COVID levels. The issue is further exacerbated by the ongoing inflationary environment and the after effects of the pandemic, which has compromised the emotional and financial wellbeing of the already vulnerable population of our province. Like other Legal Aid Plans across the country, Legal Aid NL must prepare itself for this new reality. We must remain nimble, ready to adapt to new and evolving technologies, and continue to improve productivity levels so that our programs and services can meet the anticipated surge in demand.

Over the coming years, Legal Aid NL will seek out new opportunities to improve productivity. Technology and workforce development continue to offer the greatest opportunity for productivity improvements and service delivery enhancements. The organization is currently limited by its existing information management system. The next three years offer a unique opportunity for Legal Aid NL to consider undertaking a strategic upgrade of its information management platform. Legal Aid NL will endeavor to explore and investigate this opportunity further.

**LEGAL AID NL  
FINANCIAL STATEMENTS**

**MARCH 31, 2023**



**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2023**

**NEWFOUNDLAND AND LABRADOR  
LEGAL AID COMMISSION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2023**

## Management's Report

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

Management, in accordance with Canadian public sector accounting standards, has prepared the financial statements 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.



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Harman Khurana, CPA, CMA  
CEO & Provincial Director



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Kim Russell  
Finance Manager



OFFICE OF THE AUDITOR GENERAL  
NEWFOUNDLAND AND LABRADOR

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

I have audited the financial statements of the Newfoundland and Labrador Legal Aid Commission (the Commission), which comprise the statement of financial position as at March 31, 2023, and the statement of operations, statement of change in net financial assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Commission in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

## **Independent Auditor's Report (cont.)**

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

### **Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Independent Auditor's Report (cont.)

- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



**DENISE HANRAHAN, CPA, CMA, MBA, ICD.D**  
**Auditor General**

September 27, 2023  
St. John's, Newfoundland and Labrador

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION****STATEMENT OF FINANCIAL POSITION**

As at March 31

**2023****2022****FINANCIAL ASSETS**

Cash	<b>\$3,617,938</b>	\$2,648,261
Accounts receivable (Note 3)	<b>93,541</b>	74,165
	<b>3,711,479</b>	2,722,426

**LIABILITIES**

Accounts payable and accrued liabilities (Note 4)	<b>1,855,695</b>	1,842,950
Employee future benefits (Note 5)	<b>84,870</b>	155,867
	<b>1,940,565</b>	1,998,817

**Net financial assets** **1,770,914** 723,609

**NON-FINANCIAL ASSETS**

Prepaid expenses (Note 6)	<b>187,568</b>	164,955
Tangible capital assets (Note 7)	<b>163,935</b>	134,571
	<b>351,503</b>	299,526

**Accumulated surplus** **\$2,122,417** \$1,023,135

**Contractual obligations (Note 8)****Trusts under administration (Note 9)**

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

	2023 Budget	2023 Actual	2022 Actual
	Unaudited (Note 14)		
<b>REVENUES</b>			
Province of Newfoundland and Labrador			
Operating grants	\$17,036,900	\$17,036,900	\$16,796,200
Law Foundation of Newfoundland and Labrador grant	310,000	1,465,679	115,710
Legal services	95,000	49,641	84,883
Interest	20,000	96,424	15,938
	<u>17,461,900</u>	<u>18,648,644</u>	<u>17,012,731</u>
<b>EXPENSES (Note 10)</b>			
Administration	6,092,888	6,140,819	5,720,897
Criminal law	6,966,744	7,037,214	6,442,952
Youth law	375,586	369,633	329,414
Civil law	4,026,682	4,001,696	4,097,827
	<u>17,461,900</u>	<u>17,549,362</u>	<u>16,591,090</u>
<b>Annual surplus</b>	-	1,099,282	421,641
<b>Accumulated surplus, beginning of year</b>	1,023,135	1,023,135	601,494
<b>Accumulated surplus, end of year</b>	\$ 1,023,135	\$ 2,122,417	\$ 1,023,135

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



**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION****STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

For the Year Ended March 31

	2023 Budget	2023 Actual	2022 Actual
	Unaudited (Note 14)		
Annual surplus	\$ -	\$1,099,282	\$ 421,641
<b>Tangible capital assets</b>			
Acquisition of tangible capital assets	(60,953)	(93,104)	(39,384)
Amortization of tangible capital assets	85,000	63,740	63,526
	24,047	(29,364)	24,142
<b>Prepaid expenses</b>			
Acquisition of prepaid expenses	-	(187,568)	(164,955)
Use of prepaid expenses	-	164,955	134,212
	-	(22,613)	(30,743)
Increase in net financial assets	24,047	1,047,305	415,040
Net financial assets, beginning of year	723,609	723,609	308,569
Net financial assets, end of year	\$ 747,656	\$ 1,770,914	\$ 723,609

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

**2023****2022****Operating transactions**

Annual surplus	\$ 1,099,282	\$ 421,641
Adjustment for non-cash items		
Amortization	63,740	63,526
Bad debt expense	7,802	15,645
	<b>1,170,824</b>	<b>500,812</b>
Change in non-cash operating items		
Accounts receivable	(27,178)	87
Accounts payable and accrued liabilities	12,745	(294,345)
Employee future benefits	(70,997)	(38,794)
Prepaid expenses	(22,613)	(30,743)
<b>Cash provided from operating transactions</b>	<b>1,062,781</b>	<b>137,017</b>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(93,104)	(39,384)
<b>Cash applied to capital transactions</b>	<b>(93,104)</b>	<b>(39,384)</b>
<b>Net increase in cash</b>	<b>969,677</b>	<b>97,633</b>
<b>Cash, beginning of year</b>	<b>2,648,261</b>	<b>2,550,628</b>
<b>Cash, end of year</b>	<b>\$ 3,617,938</b>	<b>\$ 2,648,261</b>

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

# NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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### 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 an Assistant Deputy Minister of Justice and Public Safety (ex-officio), the Provincial Director of the Commission (ex-officio) and seven 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). Management, in accordance with CPSAS for provincial reporting entities established by the Public Sector Accounting Board (PSAB), prepares these financial statements. 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 that 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.

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

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2023**

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**2. Summary of significant accounting policies (cont.)**

**(c) Cash**

Cash includes cash in bank and petty cash funds.

**(d) Employee future benefits**

- (i) 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 that 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.
- (ii) 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, 2019. Employee contributions are matched by the Commission and then remitted to Provident<sup>10</sup> from which pensions will be paid to employees when they retire. The Public Service Pension 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.

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

**(e) Tangible capital assets**

Tangible capital assets are recorded at cost at the time of acquisition, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

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
Computer equipment	5 years
Software development	5 years
Leasehold improvements	Lesser of 5 years or remaining life of the rental agreement.

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2023**

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**2. Summary of significant accounting policies (cont.)**

**(e) Tangible capital assets (cont.)**

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.

**(f) Prepaid expenses**

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

**(g) 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.

**(h) 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.

**(i) 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 the accrual for legal fees and disbursements-private bar.

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2023**

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**2. Summary of significant accounting policies (cont.)**

**(i) Measurement uncertainty (cont.)**

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>2023</u>	<u>2022</u>
Legal services	\$ 109,116	\$ 92,916
Harmonized Sales Tax	37,578	26,600
	<u>146,694</u>	<u>119,516</u>
*Less: Allowance for doubtful accounts	<u>(53,153)</u>	<u>(45,351)</u>
	<u>\$ 93,541</u>	<u>\$ 74,165</u>

**4. Accounts payable and accrued liabilities**

	<u>2023</u>	<u>2022</u>
Trade	\$ 201,564	\$ 123,180
Legal fees and disbursements-private bar	23,865	14,750
Salaries and benefits	1,630,266	1,705,020
	<u>\$1,855,695</u>	<u>\$1,842,950</u>

**5. Employee future benefits**

Employee future benefits consist of:

	<u>2023</u>	<u>2022</u>
Severance pay	\$ 82,927	\$ 151,429
Accumulating, non-vesting sick leave benefit liability	1,943	4,438
	<u>\$ 84,870</u>	<u>\$ 155,867</u>

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2023**

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**5. Employee future benefits (cont.)**

**(a) Severance pay**

Executive, management, and non-management/non-union employees of the Commission as at May 31, 2018 were entitled to severance pay. No further severance will accrue for these employees after May 31, 2018. All employees had the option of receiving their severance entitlement prior to March 31, 2019 or deferring it to a later date.

The severance liability as at March 31, 2023 represents severance owing to employees who deferred receiving their severance entitlement.

**(b) Accumulating, non-vesting sick leave benefits**

All employees hired before September 30, 1994, were credited with two 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 that 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, 2023, a sick leave liability was calculated for two employees.

**(c) Pension contributions**

Under the Legal Aid Act, the Commission's employees are subject to the Public Service Pensions Act, 2019. The Public Service Pension Plan is administered by Provident<sup>10</sup>, including payment of pension benefits to employees to whom the Act applies. The 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% (2022 - 11.85%). The Commission's contributions equal the employee contributions to the plan. Total pension expense for the Commission for the year ended March 31, 2023, was \$1,162,063 (2022 - \$1,140,349).

**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2023**

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**6. Prepaid expenses**

	<u>2023</u>	<u>2022</u>
Bar fees and insurance	\$ 91,824	\$ 94,860
Computer support	12,874	13,654
Prepaid human resources expenses	20,367	25,953
Prepaid advertising/subscriptions	4,350	2,175
Prepaid travel	30,193	6,685
Workplace Health, Safety and Compensation Commission	27,960	21,628
	<u>\$ 187,568</u>	<u>\$ 164,955</u>

**7. Tangible capital assets**

**Original Cost**

	<b>Balance March 31, 2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance March 31, 2023</b>
Office furniture and equipment	\$ 1,206,387	\$ 20,895	\$ (12,455)	\$ 1,214,827
Computer equipment	918,441	71,560	(19,964)	970,037
Software development	197,671	649	-	198,320
Leasehold improvements	158,692	-	-	158,692
	<u>\$ 2,481,191</u>	<u>\$ 93,104</u>	<u>\$ (32,419)</u>	<u>\$ 2,541,876</u>



**NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2023**

**7. Tangible capital assets (cont.)**

**Accumulated Amortization**

	Balance March 31, 2022	Amortization	Disposals	Balance March 31, 2023	Net book value March 31, 2023	Net book value March 31, 2022
Office furniture and equipment	\$ 1,181,032	\$14,570	\$(12,455)	\$1,183,147	\$ 31,680	\$ 25,355
Computer equipment	822,891	42,812	(19,964)	845,739	124,298	95,550
Software development	193,428	2,054	-	195,482	2,838	4,243
Leasehold improvements	149,269	4,304	-	153,573	5,119	9,423
	<u>\$ 2,346,620</u>	<u>\$63,740</u>	<u>\$(32,419)</u>	<u>\$2,377,941</u>	<u>\$ 163,935</u>	<u>\$ 134,571</u>

**8. Contractual obligations**

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

2024	\$1,011,536
2025	759,522
2026	<u>347,500</u>
	<u>\$2,118,558</u>

**9. Trusts under administration**

Assets held in trust of \$116,709 (2022 - \$85,249) 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.

# NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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### 10. Expenses by object

	<u>2023</u> <u>Budget</u> (Note 14)	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
Amortization	\$ 85,000	\$ 63,740	\$ 63,526
Bad debt expense	-	7,802	15,645
Bar fees and insurance	160,742	166,414	149,722
Commissioners' fees and expenses	67,160	35,093	49,583
Conference and education	178,710	158,170	35,711
Legal fees and disbursements	547,543	662,434	495,261
Library fees	43,500	36,969	35,142
Miscellaneous	3,675	23,907	2,898
Office and equipment rental	1,359,386	1,359,864	1,357,250
Office expense	351,148	375,235	314,740
Salaries and benefits	14,548,286	14,535,381	13,960,466
Telephone and light	93,000	98,354	96,897
Travel	23,750	25,999	14,249
	<u>\$17,461,900</u>	<u>\$17,549,362</u>	<u>\$16,591,090</u>

### 11. Related party transactions

Province of Newfoundland and Labrador:

During the year, the Commission received \$17,036,900 (2022 - \$16,796,200) 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 for \$99,804 (2022 - \$99,804). These transactions are recorded at their carrying amount.

### 12. 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.

# NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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### 12. Financial risk management (cont.)

#### 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 8.

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, 2023**

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**13. 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.

**14. Budget**

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