

BC Family Maintenance Agency

2020/21 Annual Service Plan Report



**BC Family
Maintenance
Agency**

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Board Chair's Accountability Statement



The *BC Family Maintenance Agency 2020/21 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2020/21 – 2022/23 Service Plan* created in February 2020. The Board is accountable for those results as reported.

A handwritten signature in blue ink, appearing to read 'R. Fyfe'.

Richard J.M. Fyfe, QC
Board Chair
July 27, 2021

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Letter from the Board Chair & CEO

The British Columbia Family Maintenance Agency (BCFMA) is proud to present its first ever Annual Service Plan Report, which reflects our performance during the 2020/21 fiscal year.

After becoming a Crown agency in November 2019, the BCFMA was addressing post-transition activities and beginning to work with the Ministry of Attorney General on service delivery and governance development in early 2020 when changes to business processes were necessary to address the impacts of the COVID-19 pandemic. Prior to the pandemic, BCFMA staff worked in an office environment only, as we did not have the required infrastructure to support a comprehensive remote work environment. The BCFMA focused our teams to address multiple service delivery challenges, infrastructure and policies throughout the pandemic to provide staff with the support and resources necessary to provide services that would protect and enhance the public service people and families rely on. Recognizing that some of our staff were required to work in an office environment, WorkSafeBC and Provincial Health Order requirements were prioritized and implemented to ensure that those staff who had to work from the office could do so in a safe environment.

The 2020/21 year proved to be challenging for both receivers and payors of support payments due to high unemployment rates, reduced incomes and the general stress created by the pandemic. The BCFMA worked with our stakeholders and partners to align our actions and policies during these unprecedented times including pausing some enforcement activities and ensuring that our actions were reflective of our vision of supporting families. The result was the collection of over \$210 million in support payments to approximately 35,000 families. A significant amount of the financial support made its way to B.C. families despite the challenges the organization faced.

Key organizational accomplishments during the year included the development of an interim human resources compensation framework, a Virtual Private Network technological infrastructure and rapid deployment of business assets to enable staff to work remotely, enhanced service delivery mechanisms to automate and digitize many of our services, and the addition of three new members to our executive team. The BCFMA developed its first Strategic Plan as a new Crown agency during 2020/21 through the coordinated support of our staff, executive and management teams, and the Board of Directors that will contribute to a financially sustainable service model that will guide support of B.C. families going forward. The organization also completed collective bargaining for the B.C. Government and Service Employees' Union and the Professional Employees Association as the first bargaining mandate of the new Crown agency. The BCFMA has made significant process towards establishing strategies to reduce our environmental footprint and socializing our climate action responsibilities with our staff in addition to the completion of multiple stages of Gender Based Analysis Plus training as we enhance our commitment and responsibility to have a diverse, inclusive and citizen-centered organization reflective of the British Columbians we serve and represent.

We are very proud of our team and what we were able to accomplish given the challenges faced during the BCFMA's first full year operating as a Crown agency.

Richard J.M. Fyfe, QC



Board Chair, BCFMA
July 27, 2021

Joanne Hanson



CEO, BCFMA
July 26, 2021

Purpose of the Annual Service Plan Report

The Annual Service Plan Report is designed to meet the requirements of the [Budget Transparency and Accountability Act](#) (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Crown Corporation's Board is required to report on the actual results of the Crown's performance related to the forecasted targets documented in the previous year's Service Plan.

Purpose of the Organization

Following a B.C. Treasury Board request to create a Crown corporation to replace an existing contract for the delivery of the [Family Maintenance Enforcement Program](#) (FMEP), the [BC Family Maintenance Agency](#) was incorporated on June 17, 2019 and began its first day of operations on November 1, 2019. The BCFMA is responsible for operating the FMEP, which is delivered under the [Family Maintenance Enforcement Act](#) (FMEA) and is mandated to provide financial support services on behalf of families. The FMEA provides the authority for the BCFMA to monitor, facilitate and enforce maintenance orders and agreements, ensuring that families receive the financial support that they are entitled to under provincial and federal law.

The FMEP, a not for profit, funded public service, has been one of Canada's most successful support enforcement services over the past 30 plus years. FMEP operations include receiving support payments from the person required to pay maintenance (the payor) and disbursing that money to the person entitled to maintenance (the recipient). Many payors make their payments voluntarily, however the program often must take administrative enforcement measures and/or return matters to the courts. Most of the families in receipt of support are of low or modest incomes, and the monthly amounts received provide an important and growing amount of their disposable income. Since inception, over \$4.5 billion in child and spousal support payments have been disbursed through the program with an average of \$215 million a year over the past three years.

Establishing the BCFMA was the first step in a longer-term transformation of how family maintenance services are delivered in B.C. Globally, family maintenance services have evolved away from focusing on pure enforcement to be more supportive, cooperative, and collaborative as a holistic connector to broader public services and supports. These approaches have been proven to be of more benefit to both parents and children.

Strategic Direction

The strategic direction set by Government in 2017, and expanded upon in the [Board Chair's 2020 Mandate Letter](#) from the Minister Responsible, shaped the goals, objectives, performance measures and financial plan outlined in the [2020/21 BC Family Maintenance Agency Service Plan](#) and actual results reported on in this annual report.

The global COVID-19 pandemic resulted in many shifts in priorities, structures and operations across the public sector. Any changes to the BC Family Maintenance Agency's goals, objectives,

performance measures or financial plan to align with the strategic direction established by Government in late 2020 are presented in the 2021/22 Service Plan.

Operating Environment

The BCFMA program remains one of B.C.'s strongest responses to combat child poverty, and disbursements directly support the economies of B.C.'s communities. For many families, the recovery of income support allows children and young adults to continue their education past secondary school, thereby providing greater opportunities for success and to become a part of building a stronger B.C. economy overall.

COVID-19 greatly impacted the BCFMA's operations during 2020/21. When the pandemic began there was an immediate and measurable impact on support payments as many payors went from gainful employment to relying on income support sources (including Employment Insurance and other Federal Government benefits). As a greater reliance was placed on funds intercepted each month from the Federal Government, the orientation of payments for many cases changed from direct payments by the payor to enforcement actions being taken (to ensure that some funds were recovered from income support sources). This change impacted almost 7,000 cases, or 20 per cent of the BCFMA's total caseload.

From the onset of the pandemic, the majority of BCFMA staff were transitioned from working full-time in office environments to working-from-home arrangements in support of Public Health Officer directives to keep British Columbians safe and ensure the integrity of our health care system. The BCFMA enabled staff to work remotely by quickly and efficiently providing them with the technical (e.g. computer equipment, network access) and operational (e.g. changes to business processes, training and development) support necessary to successfully deliver core business activities. A new Virtual Private Network was implemented to ensure the security and integrity of our information and systems, and laptops were purchased and deployed to ensure system reliability and secure access to information systems for staff working from home. The result was an agile work arrangement that didn't previously exist, as staff could now deliver program essentials effectively both while working from the office and when working remotely.

In response to the pandemic, regular operations in the Supreme and Provincial Courts of B.C. were temporarily suspended across B.C. as of March 23, 2020 with only urgent matters being dealt with as ordered by the judges. As a result, most pending *FMEA* applications, which are typically brought to the Provincial Courts, were adjourned by the courts for almost six months, and any new filings were suspended until after July 7, 2020. During the suspension, urgent matters were generally heard via telephone or in-person attendance, as directed by the judges, and as allowed under the Provincial Health COVID-19 safety measure protocols. However, the impact of these suspensions affected payors' abilities to get variances on court orders in a timely manner creating a further hardship for the payors with downstream impacts to recipients and children. When court operations resumed, a gradual expansion of services occurred while additional safety protocols were put in place. The BCFMA continues to enforce orders in court and respond to payor applications to set aside enforcement.

2020/21 brought about a significant change to the BCFMA as several executive roles (Chief Executive Officer, Chief Financial Officer, and the Chief Information Officer) were filled. The added team members brought innovative ideas and new opportunities to the organization that will be critical for [BC's Restart](#) and growth of our program as we modernize the organization.

The BCFMA provided gender-based training opportunities to staff to ensure future program policies and operational practices are developed using a Gender Based Analysis Plus lens. Equity and diversity, and specifically our role to support Truth and Reconciliation for indigenous peoples, are important to the BCFMA's growth as the Crown agency creates a cross-culturally strong staff and Board of Directors.

British Columbia's economy declined in 2020, as the negative impacts from the COVID-19 pandemic pushed economies all over the world into deep recessions. B.C.'s real GDP contraction of 3.8 per cent was the fourth smallest among provinces (behind Prince Edward Island, Nova Scotia, and New Brunswick). The decline in B.C.'s real GDP was almost entirely driven by service-producing industries, while goods-producing industries had modest declines. Output in the arts, entertainment and recreation, accommodation and food services and transportation were some of the main drivers of the decrease in the service sector. In B.C.'s goods producing sector declines in manufacturing and natural resources were partially offset by increases in the construction sector. Employment in B.C. decreased by 6.6 per cent in 2020. However, wages and salaries remained relatively stable compared to 2019 as low-wage workers accounted for the majority of job losses. Retail trade increased by 1.3 per cent in 2020, while consumer prices increased by 0.8 per cent. Residential construction activity slowed but remained relatively strong, with housing starts declining in 2020 after experiencing all-time highs in 2019. In contrast, after declining for three consecutive years home sales reached record levels in late 2020. On the external front, global international trade experienced significant disruptions as the pandemic unfolded. B.C.'s international merchandise exports contracted in 2020 reflecting a combination of weaker global demand and lower commodity prices.

Report on Performance: Goals, Objectives, Measures and Targets

Goal 1: Provide effective and efficient enforcement services for British Columbians

Continue to provide a high level of service during transition of the FMEP to the new BCFMA. Ensure service levels during and after transfer are maintained and/or improved where possible.

Objective 1.1: Maintenance orders and agreements filed under the Family Maintenance Enforcement Act are enforced and payments are recovered

Key Highlights

- Most staff were transitioned from working 100 per cent in the office to working from home in response to the COVID-19 pandemic
- A Virtual Private Network was deployed during COVID-19 to provide secure access to information systems for those working remotely
- Over \$210 million child and family support payments were processed to over 35,000 cases

Performance Measures	2012/13 Baseline	2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target	2022/23 Target
1.1a Child and family support payments recovered through the Family Maintenance Enforcement Program ¹	\$5,053	\$6,061	\$5,956	\$6,293	\$6,015	\$6,076
1.1b Telephone call response time – in minutes (industry target is less than 3 minutes) ¹	1:00	4:19	2:30	2:03	2:30	2:30
1.1c Web message response time – in hours:minutes (internal standard for the program is less than 16 business hours) ²	6:07	8:03	8:30	9:42	9:00	9:30

¹ Data source: FMEP Key Indicators Report.

² Data source: FMEP Key Indicators Report. 8 hours equals one business day. The maximum internal web response standard was changed to five business days during 2020/21 to align with other organizational communications practices.

Discussion of Results

The impact of COVID-19 on the recovery of support payments through the program and on communications with clients were indicative of the many challenges addressed during 2020/21. The average child and family support payment recovered did increase in 2020/21 to \$6,293 per case from \$6,061 per case in 2019/20, exceeding the 2020/21 target of \$5,956. Although the value of support payments was maintained year over year, the average rose as a result of the number cases falling from over 37,000 at the start of the 2019/20 fiscal to just under 35,000 by the end of 2020/21. Support payments obtained through the interception of federal government

supports (employment insurance and GST payments) increased significantly whereas direct payments from payors decreased. Many payors who were not making regular payments suddenly became visible as federal funds were captured from them.

An average telephone call response time of two minutes and three seconds was achieved over the full 2020/21 fiscal year, bettering the 2020/21 target of two minutes and 30 seconds. The average time to answer grew to over 14 minutes in March 2020 and was over nine minutes in April of 2020. As the number of staff in the office was reduced to accommodate Public Health Orders in late March 2020, the BCFMA worked to put in place phone technology to support working remotely. By the end of April 2020 staff working remotely had the ability to send and receive calls and average call response times improved dramatically over the remainder of the year.

Telephone call response times had increased dramatically above the historical baseline during 2019/20 due to several challenges, including staff retirements/departures, challenging labour market conditions, time required to train new staff, and short-term office closures due to a building flood and a potential COVID-19 exposure. Many of these challenges were still being addressed as the COVID-19 pandemic took hold into 2020/21. Office physical distancing requirements initially resulted in less staff being available until their home offices were properly established.

Communications staff are cross-trained to address both telephone calls and web enquiries. For the first time since 2015 when the FMEP website was re-designed, web message traffic was down – by approximately five per cent for the year. The number of inbound calls were down by approximately 25 per cent. Based on anecdotal feedback received from clients some of these changes in client activity were the result of payment receivers understanding that lost jobs for payors during the pandemic would affect their support payments. They decided to place their day to day efforts/concerns elsewhere.

Even with web traffic down the average web message response time increased from just over eight hours to nine hours and 42 minutes during 2020/21, above the 2020/21 target of eight hours and 30 minutes. Unlike the longer average telephone response times experienced at the start of COVID-19, the BCFMA's web message response times initially shrank as available communications staff had more time and accessibility to respond to web messages (while the telephony technology was rolled out to staff working remotely). The BCFMA has an operational objective to respond to all messages as soon as possible. Over the course of the year staff ended up taking additional time to respond to web messages in part due to the complexity of COVID-19 related concerns raised by clients, which resulted in a higher overall average web message response time.

Goal 2: Ensure BCFMA’s services support the needs of individuals and families

Work collaboratively with service delivery partners, including the Ministry of Attorney General, affected ministries, and relevant stakeholders, to determine opportunities to better meet the needs of low-income individuals and families for support and enforcement.

Objective 2.1: Raise awareness of BCFMA mandate and strengthen relationships with FMEP participants and stakeholders

Key Highlights

- A three-year strategic plan was developed to publicize the organization’s vision, mission, goals, and objectives
- Successfully maintained current client services while exploring opportunities with ministry partners to work together in support of common clients

Performance Measure	2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target	2022/23 Target
2.1a Agency completes a multi-year strategic plan ¹	n/a	100%	100%	100%	100%

¹ Data source: BCFMA

Discussion of Results

A three-year strategic plan was developed in consultation with the Board, executive, management, and staff to build strategic awareness and gain a common understanding of the direction of the organization. The BCFMA’s vision, mission, goals, and objectives have been aligned and priority actions have been identified to focus our desired future state. The new strategic direction reflects the organization’s current operating environment and was specifically developed to demonstrate how the work of staff contributes to the organization’s success.

Goal 3: Develop and maintain a responsive and resilient organization

Establish a governance framework to deliver the mandate of the BCFMA while reviewing opportunities to maintain a healthy workplace environment, in consultation with the Minister of Attorney General.

Objective 3.1: Provide a workplace that promotes employee engagement and satisfaction

Key Highlights

- An employee engagement survey is ready for implementation in early 2021/22
- Emails were shared and all staff calls with executive were conducted with staff to provide regular updates on the impacts of COVID-19 on operations and staffing to ensure consistent communication and engagement
- A safe work environment was provided by following the guidance of our Occupational Health and Safety Team to follow safe workplace practices (using hand sanitizer, masks, and sanitary wipes) while working in the office
- Online Gender Based Analysis Plus and mental health and wellness learning opportunities were provided via Microsoft Teams

Performance Measure	2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target	2022/23 Target
3.1a An employee engagement survey has been completed ¹	n/a	100%	50%	100%	100%

¹ Data source: BCFMA

Discussion of Results

The COVID-19 pandemic created new challenges with respect to facilitating employee engagement, as the majority of staff transitioned from working in the office to working from home. Microsoft Teams was integrated successfully into operations to allow for staff training, general communications, and for holding team building events.

An employee engagement survey was planned to be conducted in 2020/21 to analyze the health of the BCFMA work environment and to gain a better understanding of the relationship between the organization and employees. With this being the first employee engagement survey a baseline would be established to help evaluate the successful implementation of future strategies that support continuous organizational improvement with respect to improving staff satisfaction and retention.

The employee engagement survey was drafted by the Ministry of Attorney General, however, it was not released in 2020/21 because the impacts of COVID-19, collective bargaining, and the pending hire of a new Chief Executive Officer would likely have had too strong of an effect on the establishment of a baseline. The survey is scheduled to be implemented in early 2021/22, and is scheduled to be conducted every two years going forward.

Financial Report

For the auditor's report and audited financial statements, see Appendix B. These documents are also published on the [BC Family Maintenance Agency website](#).

Discussion of Results

In the first full year of operations the BCFMA enjoyed strong financial performance. Salaries and benefits are our most significant costs, accounting for 80.1 per cent of total expenditures. Settling labour agreements provided the BCFMA with substantially greater operating and financial certainty for the current and upcoming fiscal years.

Adapting to work location guidance related to the ongoing COVID-19 pandemic drove business process change for the BCFMA, which in turn drives financial decision making. We invested to the maximum extent allowed by financial resources into mobile computing equipment and accelerated certain information technology infrastructure projects to support remote working arrangements. Many of the BCFMA's information technology assets are at or past expected functional life, so these expenses represent an acceleration of investment as opposed to net-new investment in assets. This program will continue in fiscal 2021/22, again to the extent that the BCFMA's financial position allows.

With decreased social contact and significant periods of restricted travel has come a decrease in sick leave utilization. While this is generally a positive for the BCFMA and our people, it has driven expenses related to the recognition of earned sick leave benefits. In a related vein, travel restrictions and stay-local directions have resulted in a substantial increase in deferred vacation leave, which also drives leave-liability related expenses. The BCFMA has implemented a leave scheduling plan to support the wellness of our people and more reasonably manage the expenses related to earned vacation entitlements.

Overall, expense management tools proved effective for the BCFMA, and overall financial performance was good. We continued to meet operational demands and adapt to pandemic operating conditions. The BCFMA addressed remaining transition matters from last year, which was the first year the Crown agency existed in current form.

Financial Summary

(\$ millions) ¹	2019/20 ² Actual	2020/21 Estimates Budget	2020/21 Actual	2020/21 Variance ⁵
Revenue				
Contribution from Province	7.949	16.851	18.925	2.074
Recoveries from Province	0.000	0.000	0.000	0.000
Other Income & Recoveries	0.000	0.000	0.000	0.000
Total Revenue	7.949	16.851	18.925	2.074
Expenses				
Salaries & benefits	6.143	13.684	15.157	1.473
Travel	0.086	0.192	0.018	(0.174)
Contracts	0.265	0.225	0.377	0.152
Information technology	0.270	0.675	0.680	0.005
Office expenses & equipment	0.210	0.593	0.402	(0.191)
Staff development	0.075	0.000 ³	0.091	0.091
Facilities	0.800	1.241	2.052	0.811
Miscellaneous	0.100	0.241	0.148	(0.093)
Total Expenses	7.949	16.851	18.925	2.074
Net Income	0	0	0	0
Total Liabilities	0	0	0	0
Capital Expenditures	0	0	0	0
Accumulated Surplus	(0.196)⁴	0	(0.196)	0

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles.

Note 2: 2019/20 was the first year the organization existed as a Crown agency, and was a partial year. Financial results for the year reflect the period of November 2019 through March 2020. There were significant transitional expenses as organization changed reporting standards from Accounting Standards for Private Enterprise (ASPE) to Public Sector Accounting Standards (PSAS).

Note 3: For 2019/20 staff development costs were accounted for in Miscellaneous expenses.

Note 4: The transition from ASPE to PSAS in 2019/20 resulted in the BCFMA taking a one-time non-cash transition expense related to the recognition of employee leave entitlements.

Note 5: In 2020/21 the Ministry of Attorney General provided an additional \$2.074 million to meet BCFMA service demands.

Variance and Trend Analysis

The BCFMA had a significant variance to budget in salaries for 2020/21. This was due to retro-active labour agreement settlement costs that the BCFMA was required to pay and recognize in the period. As salaries and benefits are 4/5 of operating costs this represents a material variance. This will not repeat in 2021/22 as retro-active costs are one-time, and current year wage costs are within forecasted range.

The BCFMA experienced lower than usual travel costs as a result of guidance from the Provincial Health Officer substantially restricting travel in B.C. This is expected to continue in 2021/22 although travel expenses will increase in the later part of the fiscal year. Travel expenses are not expected to reach pre-pandemic levels for the foreseeable future, as the BCFMA and most organizations with which we have business have invested in digital collaboration tools and updated business processes that allow for more effective remote collaboration.

Risks and Uncertainties

Overall, the BCFMA enjoyed a period of general stability during 2020/21. With the expectation that COVID-19 related restrictions will be reduced, planning began to put in place a hybrid work-location model. While our leadership is confident the plan respects the needs and interests of our people and ensures continuity of business operations, there is risk that staff anxiety and full time remote work preference will be a challenge consistent with feedback from colleague public sector organizations. The impact of this risk is low, while the probability is moderate. The BCFMA mitigates this risk through a comprehensive, inclusive and thoughtful communications planning with staff and by providing increased employee wellness and staff development programming.

The BCFMA has risk related to failure of our case management system. An interim analysis was performed during 2020/21 and although the case management system is stable, it is dated and operates on older technology platforms. A significant capital investment would be required in order to replace it and this has been identified as a longer term strategy. Additionally, technical resources to support the system are both increasingly difficult to find and/or very expensive to contract. A material effect on our financial position would occur should unforeseen changes in key personnel that support the system occur. The BCFMA mitigated this risk during 2020/21 by supporting existing key personnel and implementing a medium term replacement strategy. The impact of this risk is high, however the probability is low. This is not a near-term risk.

The BCFMA is monitoring its risk related to back-office administrative systems, as the organization operates on a legacy financial accounting system that is only minimally supported. While the financial system supports strong internal controls and proper financial accounting reporting, the system lacks integration with other business critical systems such as payroll management and human resource management. The organization also lacks a human resource information system which substantially increases the effort required for payroll, recruitment, leave and benefit administration, and human resource management. Generally, the BCFMA enjoys the benefit of long employee tenure, however with employee turnover trending up and

labour market mobility evolving the risk and effort required to manage succession and recruitment has substantially increased. To mitigate this risk, we have been working on implementing a modern, integrated financial and human resource management system. The impact of this risk is high, and the near-term probability is low.

Appendix A: Additional Information

Organizational Overview

The BC Family Maintenance Agency (BCFMA) was incorporated in June of 2019. The responsibility for the Family Maintenance Enforcement Program (FMEP) was transferred from a contracted service to the BCFMA on November 1, 2019. The BCFMA works directly with the Government of B.C. to support the goals of increasing access to justice, reducing child poverty and delivering services to citizens in a customer-focused way. The BCFMA is building a foundation for services that is predictable, sustainable and able to change and expand as required. For additional BCFMA organization information, please review: www.bcfma.ca.

The FMEP is a not for profit, funded public service available to B.C. families that are entitled to receive maintenance or are obligated to pay support. The FMEP is responsible for monitoring and enforcing court orders and agreements that are filed with the program to collect child and spousal support payments. Payments are collected from the person required to pay maintenance (the payor) and the funds are then sent to the person entitled to maintenance (the recipient). The FMEP collects over \$200 million each year for over 35,000 B.C. families.

In many cases, the payor makes payments voluntarily. However, if a payor does not comply with support obligations, the FMEP will take steps to collect ongoing maintenance and/or arrears. The *Family Maintenance Enforcement Act* (FMEA) provides the legislative authority for the FMEP to take administrative and court action to recover funds owed to recipients. To learn more about how the FMEP assists B.C. families please see the FMEP website at: <https://www.fnep.gov.bc.ca/>. For FMEP program highlights and high-level case statistics, please review the [2019-2020 FMEP Annual Report](#).

Corporate Governance

The BCFMA Board of Directors is committed to ensuring the BCFMA serves the interests of B.C. families. The Board is responsible for developing the BCFMA's strategic plan and for providing oversight of the operations of the FMEP. Additional information regarding the BCFMA's Board of Directors can be viewed at: <https://www.bcfma.ca/about-us/board-of-directors/>.

Since transitioning to a Crown agency, the BCFMA has focused on stabilizing the organization, assessing current services, and most recently and critically responding to the COVID-19 pandemic. To evolve our services and plan for the future, the BCFMA has developed a new strategic framework to focus the organization over the next three years (through to 2024). The backbone of this new strategic framework is the creation of more holistic vision and mission statements:

- BCFMA Vision Statement: *Healthy and thriving families achieve their full potential and secure the best possible future for their children*
- BCFMA Mission Statement: *British Columbians who experience separation or divorce are supported in achieving and maintaining the best financial outcomes for their family*

The following link provides access to the BCFMA's business cycle reporting, as well as to our financial statements and executive compensation reporting: <https://www.bcfma.ca/about-us/reporting/>. Several of the statutes and regulations that the BCFMA follows are found here: <https://www.bcfma.ca/about-us/statutes-and-regulations/>.

Contact Information

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Appendix B: Auditor's Report and Audited Financial Statements

Financial Statements of

BC FAMILY MAINTENANCE AGENCY

And Independent Auditors' Report thereon

Year ended March 31, 2021

MANAGEMENT'S REPORT

Management's Responsibility for the Financial Statements

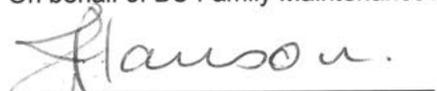
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board of Directors are 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 statements on a monthly basis and external audited financial statements yearly. The Board also discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of BC Family Maintenance Agency and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of BC Family Maintenance Agency



Joanne Hanson
Chief Executive Officer



Dave Boychuk
Chief Financial Officer



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of BC Family Maintenance Agency

Opinion

We have audited the financial statements of the BC Family Maintenance Agency (the Agency), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations and accumulated deficit for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Agency in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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 Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 auditors' report that includes our 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We 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 our 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.

- 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 Agency'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 Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Agency 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.
- 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 we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
May 20, 2021

BC FAMILY MAINTENANCE AGENCY

Statement of Financial Position

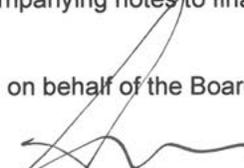
March 31, 2021, with comparative information for 2020

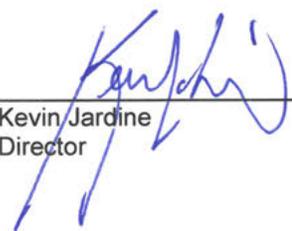
	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 347,537	\$ 631,506
Accounts receivable (note 2)	131,022	203,109
	<u>478,559</u>	<u>834,615</u>
Liabilities		
Accounts payable and accrued liabilities (note 3)	252,586	591,691
Accrued employee benefits (note 4)	710,177	741,795
Obligations under capital lease (note 5)	193,517	259,323
	<u>1,156,280</u>	<u>1,592,809</u>
Net debt	(677,721)	(758,194)
Non-Financial Assets		
Tangible capital assets (note 6)	279,208	289,028
Prepaid expenses	202,833	273,486
	<u>482,041</u>	<u>562,514</u>
Accumulated deficit	\$ (195,680)	\$ (195,680)

Trust fund (note 7)
Contractual obligations (note 8)

See accompanying notes to financial statements.

Approved on behalf of the Board:


Richard J.M. Fye, Q.C.
Chair


Kevin Jardine
Director

BC FAMILY MAINTENANCE AGENCY

Statement of Operations and Accumulated Deficit

Year ended March 31, 2021, with comparative information from commencement of operations on November 1, 2019 to March 31, 2020

	Budget (note 1(j))	2021	2020
Revenue:			
Operational revenue	\$17,907,000	\$ 17,912,000	\$ 7,523,461
Default fee collection	400,000	400,000	166,667
Federal funding	215,000	224,450	137,424
CCSS project	142,906	144,000	62,159
Additional funding	-	121,855	14,949
Telecommunication transfer	108,477	87,377	28,087
Trust fund reimbursement	25,000	17,640	6,452
Interest revenue	12,368	10,472	7,039
Funding for ISO web support	7,000	7,000	2,917
	<u>18,817,751</u>	<u>18,924,794</u>	<u>7,949,155</u>
Expenses:			
Salaries and benefits	11,411,045	11,844,645	4,752,202
Facilities	1,988,099	2,052,285	799,692
Operating benefits	2,149,328	2,024,193	865,011
B&T solutions	809,114	679,977	269,742
Management benefits	498,619	603,398	233,117
Office expenses and equipment	445,484	402,410	210,648
Default fee salaries and benefits	400,000	400,000	166,667
Contracts	386,567	376,645	265,320
Legal benefits	283,554	285,160	125,912
Other costs	211,943	79,069	99,754
Staff development	97,711	90,640	75,049
Amortization	65,290	68,520	-
Travel	69,591	17,852	86,041
	<u>18,816,345</u>	<u>18,924,794</u>	<u>7,949,155</u>
Surplus from operations before the undernoted	1,406	-	-
One-time loss related to the transfer of the Program (note 11)	-	-	195,680
Surplus (deficit) for the year	1,406	-	(195,680)
Accumulated surplus (deficit) at beginning of period	(195,680)	(195,680)	-
Accumulated deficit at end of period	<u>\$ (194,274)</u>	<u>\$ (195,680)</u>	<u>\$ (195,680)</u>

See accompanying notes to financial statements.

BC FAMILY MAINTENANCE AGENCY

Statement of Changes in Net Debt

Year ended March 31, 2021, with comparative information from commencement of operations on November 1, 2019 to March 31, 2020

	Budget (Note 1(j))	2021	2020
Surplus (deficit) for the year	\$ 1,406	\$ -	\$ (195,680)
Acquisition of tangible capital assets	-	(58,700)	(289,028)
Amortization of tangible capital assets	68,520	68,520	-
	68,520	9,820	(484,708)
Acquisition of prepaid expenses	-	(160,778)	(273,486)
Use of prepaid expense	-	231,431	-
	-	70,653	(273,486)
(Increase) decrease in net debt	69,926	80,473	(758,194)
Net debt, beginning of period	(758,194)	(758,194)	-
Net debt, end of period	\$ (688,268)	\$ (677,721)	\$ (758,194)

See accompanying notes to financial statements.

BC FAMILY MAINTENANCE AGENCY

Statement of Cash Flows

Year ended March 31, 2021, with comparative information from commencement of operations on November 1, 2019 to March 31, 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual operating deficit	\$ -	\$ (195,680)
One-time loss related to the transfer of the Program (note 11)	-	195,680
Amortization	68,520	-
Net change in non-cash operating working capital:		
Accounts receivable	72,087	(203,109)
Accounts payable and accrued liabilities	(339,105)	591,691
Accrued employee benefits	(31,618)	272,629
Prepaid expenses	70,653	-
	(159,463)	661,211
Capital activities:		
Purchase of tangible capital assets	(58,700)	-
Financing activities:		
Capital lease payments	(65,806)	(29,705)
Increase (decrease) in cash and cash equivalents	(283,969)	631,506
Cash and cash equivalents, beginning of period	631,506	-
Cash and cash equivalents, end of period	347,537	\$ 631,506
Supplemental cash flow information:		
Tangible capital assets acquired under capital lease	\$ -	\$ 259,323

See accompanying notes to financial statements.

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2021

Nature of operations:

BC Family Maintenance Agency Ltd. (the "Agency") was incorporated on June 17, 2019 under the Business Corporations Act. The BC Family Maintenance Agency (BCFMA) is dedicated to ensuring BC children and families receive the child and spousal support they are entitled to. The Agency commenced operations on November 1, 2019 with no corresponding revenues or expenses incurred from the period of incorporation until this time.

Beginning March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to contain the spread of the virus. Many governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, quarantines and a general reduction in operational activities. While these affects are expected to be temporary, the duration of the disruption and related financial impact cannot be reasonably estimated at this time. Given the unprecedented and pervasive impact of changing circumstances surrounding the COVID-19 pandemic, there is inherently more uncertainty as compared to prior periods.

1. Significant accounting policies:

The financial statements of the Agency are prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the Agency are as follows:

(a) Basis of accounting:

The Agency follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Amounts received in advance of services being provided are deferred until the service is provided. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Revenue recognition:

Revenues are recognized on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2021

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except 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 stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable, and are presented as non-financial assets in the statement of financial position.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and demand deposits that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Company has not elected to carry any such financial instruments at fair value. Financial instruments are adjusted by transaction costs incurred on initial acquisition, which are amortized using the straight-line method. Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment.

(e) Financial assets and liabilities:

Financial assets and liabilities include cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, and accrued employee benefits.

All non-cash financial assets and liabilities are recorded at amortized cost.

(f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2021

1. Significant accounting policies (continued):

(g) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the asset. Tangible capital assets are amortized on a straight-line basis as follows:

Asset	Rate
Computer equipment	25%

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

(i) Employee future benefits:

The Agency and its employees make contributions to a defined contribution plan that provides benefits to its employees. These contributions are expensed as incurred. The cost of non-vesting accumulating sick leave benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days, sick leave utilization, long-term inflation rates and discount rates.

(j) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the Agency's Fiscal 2020/2021 Budget forecast approved by the Board of Directors on November 16, 2020. The budget is reflected in the statement of operations and accumulated deficit.

(k) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(l) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the period. Key estimates include assumptions used in employee benefits, rates for amortization, impairment of assets and provisions for losses incurred. Actual results could differ from those estimated.

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2021

2. Accounts receivable:

	2021	2020
Funding from the Province of British Columbia	\$ 128,478	\$ 155,743
GST receivable and other	2,544	47,366
	\$ 131,022	\$ 203,109

3. Accounts payable and accrued liabilities:

	2021	2020
Trade accounts payables	\$ 97,998	\$ 279,891
Other accrued liabilities	85,983	252,368
Salary and benefits payable	68,605	59,432
	\$ 252,586	\$ 591,691

4. Accrued employee benefits:

Accrued employee benefits are made up of accumulated vacation entitlement and sick leave.

(a) Accumulated vacation:

Employees may carry up to a maximum of six or ten days of vacation over to the next fiscal year (dependent on union status). In fiscal 2021, this maximum carry forward was extended on a one-time basis for an additional five days of leave for each employee in response to high vacation balances due to travel restrictions in place as a result of COVID-19. At March 31, 2021 the balance of this accumulated vacation was \$464,570 (2020 - \$272,629)

(b) Accumulated sick leave:

Employees are entitled to non-vesting sick leave whereby they are credited days per year, ranging from six to ten days, for use as paid absences in the year due to illness or injury. Employees are allowed to accumulate unused sick day credits each year, up to an allowable maximum provided in their respective employment agreement.

Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment and employee unused sick bank is not paid out at retirement. The benefit cost and liabilities related to the plan are recorded in the financial statements. The liability recorded is equal to the expected future use of accrued sick leave. At March 31, 2021 the balance of accumulated sick leave was \$245,607 (2020 - \$469,166)

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2021

5. Obligations under capital lease:

The amounts due for obligations under capital leases are as follows:

2022	89,745
2023	89,745
2024	22,436
Total minimum lease payments	201,926
Less amounts representing interest at 2.45%	8,409
Present value of net minimum capital lease payments	\$ 193,517

Interest expense of \$4,252 (2020 - \$nil) related to the capital lease obligation was recorded in the current year.

6. Tangible capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 347,728	\$ 68,520	\$ 279,208	\$ 289,028

Amortization expense of \$68,520 (2020 - \$nil) was recorded in the current year.

7. Trust fund:

The trust fund is a Provincial Government account and represents money received from or on behalf of debtors which, in turn, are payable to creditors and/or debtors as well as enforcement fees payable to the Province for services rendered for the creditors and/or debtors. These funds have not been included in the statement of financial position nor have their operations been included in the statement of operations. This fund is administered by the Agency, but is not the property of the Agency.

	2021	2020
Trust fund balance as of March 31	9,005,563	\$ 9,310,028
Trust liabilities as of March 31	(9,005,563)	(9,310,028)
	\$ -	\$ -

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2021

8. Contractual obligations:

(a) Premise leases:

The Agency has entered into leases expiring in March 2022, 2027 and 2029. Minimum lease payments and estimated operating costs are as follows:

2022	1,959,668
2023	1,633,291
2024	1,672,106
2025	1,723,564
2026	1,766,357
Thereafter	3,851,532
	<hr/>
	\$ 12,606,518

(b) Equipment and service contracts:

The Agency is committed for photocopier and mail machine leases expiring in 2022, 2023, and 2025 with payments as follows:

2022	33,628
2023	29,541
2024	29,541
2025	29,541
	<hr/>
	\$ 122,251

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2021

9. Defined contribution pension plan and PSPP:

The Agency contributes to a defined contribution plan that provides pension benefits to its employees. Participation in the plan is compulsory for all eligible employees meeting certain conditions. The Agency contributes 9.43% and the employee 5% of gross annual salary. In 2021, the Agency contributed \$52,641 (2020 - \$19,838) to the plan.

The Agency and its employees make contributions to the Public Service Pension Plan (the "Plan"), a jointly trustee pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at March 31, 2020, the Plan had approximately 64,000 active members and 51,000 retired members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and adequacy of Plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation as at March 31, 2020 indicated a surplus of \$2,667 million for basic pension benefits on a going concern basis. The next valuation will be as at March 31, 2023, with results available in 2024. Contributions to the plan by the Agency totaled \$1,065,756 (2020 - \$414,231) during the year.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2021

10. Financial risk management note:

The nature of the program's operations results in a statement of financial position that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk.

(a) Credit risk:

The program is not subject to significant credit risk as most financial assets are amounts due from the Province of British Columbia.

(b) Market risk:

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices.

The program is not generally subject to market risk.

(c) Liquidity risk:

Liquidity risk is the risk that the program is unable to meet its financial obligations as they fall due. The program is not subject to significant liquidity risk as financial obligations are funded through receivables from the Province of British Columbia.

There have been no changes to the risk exposures from 2020.

11. Transfer of the Program:

On November 1, 2019 (the "transfer date"), the Agency took over the operation of the Family Maintenance Enforcement Program from the previous operator. As part of the transfer, the Agency received financial assets, financial liabilities and non-financial assets as follows:

(a) Cash and cash equivalents:

The cash transferred to the Agency was calculated based on a cash reconciliation formula. The details are included in the following table.

(b) Accounts receivable and accounts payable and accrued liabilities:

Accounts receivable and accounts payable and accrued liabilities in connection with the Program were assumed by the Agency on the transfer date.

BC FAMILY MAINTENANCE AGENCY

Notes to Financial Statements

Year ended March 31, 2021

11. Transfer of the Program (continued):

(c) Accrued employee benefits:

Accrued vacation and accrued sick time payable for transferring and displaced employees was assumed by the Agency at the transfer date.

The following is a reconciliation of the assets and liabilities transferred to the Agency on November 1, 2019 that result in the restructuring loss of \$195,680 on the statement of operations in fiscal 2020.

Cash	\$ 309,004
Accounts receivable	9,476
Prepaid expenses	273,486
Accounts payable and accrued liabilities	(318,480)
Accrued employee benefits	(469,166)
	<hr/>
	\$ (195,680)
