



LEGAL AID ONTARIO
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Legal Aid Ontario
2014/15 Annual report

**2014
/15**

Legal Aid Ontario

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Legal Aid Ontario receives financial assistance from the Government of Ontario.

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Letter to the Minister

July 2, 2015

The Honourable Madeleine Meilleur
Attorney General of Ontario
720 Bay Street, 11th floor
Toronto, ON M5G 2K1

Dear Minister,

Please accept, in accordance with Section 72 of the *Legal Aid Services Act, 1998*, the annual report for Legal Aid Ontario (LAO) for the year ended March 31, 2015.

On behalf of the people of Ontario, we thank you, your ministry and the Government of Ontario for your ongoing support of LAO and its mission to provide fair and equal access to justice for low-income Ontarians.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John D. McCamus". The signature is fluid and cursive, with the first name "John" and last name "McCamus" clearly distinguishable.

John D. McCamus
Chair
Legal Aid Ontario

About LAO

LAO is an independent, non-profit organization that helps almost 4,000 financially eligible, low-income Ontarians access justice every day, by providing legal services in criminal, family, immigration and refugee, and poverty law matters.

Because LAO is publicly funded, the organization has a responsibility to work within a framework of accountability to the Government of Ontario as outlined in the *Legal Aid Services Act, 1998*. LAO's administration is also governed by a memorandum of understanding between the Attorney General of Ontario and LAO.



Message from the Chair



2014 was an historic year for LAO. Up until November 3, 2014, financial eligibility had not been adjusted since 1996. When the Government of Ontario committed to expanding access to legal aid over the long term, it was welcome news.

Expanding financial eligibility means much more to Ontario than making a larger number of people eligible for legal aid. Currently, many low-income people earn too much to qualify for legal aid services, but too little to hire a lawyer. The province's investment will help address this problem.

This means Ontario will have fewer unrepresented litigants and faster services in the province's family and criminal courts and its tribunals.

It means more direct, cost-effective benefits in critical areas of social, economic and personal well-being.

And it means more services in important legal proceedings for the thousands of vulnerable low-income people in Ontario who require legal assistance for serious legal matters; people such as:

- › single parents seeking custody of children to protect them from abuse, seeking access, and seeking support from ex-partners for their children
- › impoverished individuals seeking access to the necessities of life, such as social assistance and housing
- › immigrants fleeing persecution and facing deportation orders or looking to stay in Canada on humanitarian and compassionate grounds
- › First Nation, Métis and Inuit Ontarians
- › people with mental illness and addictions, and people who have experienced domestic violence
- › unrepresented people accused of a serious criminal offense.

LAO shares with the provincial government a commitment to ensuring, as the government puts it, that

“low income families and vulnerable groups have the legal supports they need.”

Once the increased financial eligibility thresholds are fully implemented, over one million more people will qualify for legal aid services — more than doubling the number of low-income individuals with access to legal aid today.

Helping our clients to access justice are the many LAO employees, clinic staff, private bar lawyers, students and volunteers at LAO offices, clinics, legal aid student societies and courthouses across the province. It is a great privilege to work with these dedicated people.

Recognition is also due to my colleagues on LAO's Board of Directors with whom I work so closely.

But this year, in particular, I would like to highlight my appreciation to Robert W. Ward, LAO's CEO. Through his guidance and leadership, he has done an outstanding job of helping to shape LAO into the organization that it is today, and the significant increase in financial eligibility funding is in large measure due to Bob's vision and direction. On behalf of LAO, I thank Bob for his extraordinary work and leadership skills. It has been a pleasure to work with him and we all wish him the very best in his future endeavours.

John McCamus
Chair, Legal Aid Ontario

Message from the CEO



After over nine years as president and chief executive officer of Legal Aid Ontario (LAO) and more than 42 years in public service, I will be stepping down at the end of 2015 to begin my retirement.

I wanted to take this opportunity to express my gratitude to the Board of Directors for LAO, the executive group, management and all staff for the privilege of being part of one of the great institutions of social justice in our society.

I would like to give a special thanks to the two Chairs of the Legal Aid Board with whom I have worked: Ms. Janet Leiper and Professor John McCamus. Both are remarkable and dedicated professionals whose deep commitment to access to justice in our society sets a high standard of excellence for all who believe in the ideals of a compassionate and just society.

I also want to emphasize my appreciation to the people of Ontario who are very caring to those who are less fortunate and, who, through their tax dollars provide over \$400 million to LAO to assist with the legal needs of the most marginalized of our fellow residents, neighbours and friends.

Legal Aid has a very special responsibility to do whatever is consistent with its legislation to advance the legal interests of the most vulnerable in society while being mindful, of course, of the need for prudence and caution with both the public's money and goodwill.

The need of the population that LAO serves is great and ever-changing. LAO continues to address this dynamic public policy landscape with as much passion, commitment, innovation and good management as possible. The individuals who are part of this work day-to-day – the private bar, the staff of legal aid clinics and employees of LAO – are remarkable and deserve

much credit for their professionalism and dedication to the interests of both Legal Aid's clients and the public which supports it.

Over the last decade, on the recommendation of successive provincial governments via the budget process, the Ontario legislature has seen fit to approve a number of major additional investments in legal aid. These have included a dramatic increase over the last seven years in the hourly tariff rate paid to private lawyers who do legal aid work, an expansion of family law assistance, and most recently, a major multi-year investment in expanding legal aid eligibility levels.

With this support, LAO has worked to expand its programs throughout Ontario and to develop new ones for key communities such as those with mental health challenges, people who experienced domestic violence, racialized minorities and the Aboriginal community. As well, LAO has done much to modernize its operations so more service can be provided to clients. In this respect, I am particularly pleased that LAO has improved its overall productivity by 21 per cent, transformed its staff deployment so that the percentage of LAO staff providing direct support has increased from 23 per cent in 2009/10 to 65 per cent in 2014/15. LAO has also initiated major reforms to improve quality in the lawyer panels serving our clients, improved client accessibility to legal services by the establishment of a province-wide client phone-in service centre and reduced its administrative expenditures from 18 per cent of total expenditures in 2009/10 to 11.4 per cent in 2014/15.

The LAO Board of directors, executive group, management, staff, LAO's private bar lawyers, legal aid clinic staff, members of the clinic boards of directors and the staff of the Ministry of the Attorney General have all worked long and tirelessly to improve the effectiveness, efficiency and quality of the legal aid system in Ontario and continue to do so. It has been an honour and a privilege for me to be a part of this social justice enterprise.

Robert W. (Bob) Ward
President and CEO

Summary of accomplishments for 2014/2015

- › LAO had a **\$3.9 million** operating surplus
- › LAO's call centre answered **224,552 calls** at level 1 and **114,221** at level 2
- › LAO provided **29,540 summary legal advice assists** over the phone
- › Duty counsel and court workers assisted **755,609 clients** of which 29,000 were dispositive assists that helped move their case to resolution
- › LAO issued **87,279 certificates** in the areas of family, criminal, immigration and refugee and civil
- › **Increased financial eligibility by 6%** on November 1, 2014, the first increase in a multi-year commitment to increase financial eligibility

- › In March 2015 LAO **invested \$4.2 million** for clinic financial eligibility
- › **101,626 documents** were accessed by lawyers from LAO LAW
- › Resolved **97%** of the 330 complaints at the stage one level
- › Reduced the number of sick days from 8.5/employee in 2013/14 to 6.9/employee
- › Maintained the level of same-day decisions on client eligibility at **77%** of applications
- › Maintained client satisfaction at **83%**

Board

LAO's Board governs and manages the organization's affairs and is composed of people appointed by the Lieutenant Governor in Council.

NAME	NOMINATION	LAWYER	EFFECTIVE DATE	END DATE
JOHN McCAMUS, CHAIR	Ministry of the Attorney General	Yes	July 5, 2007	July 4, 2016
ALY ALIBHAI	Law Society of Upper Canada	Yes	May 25, 2004	July 18, 2015
JAMES McNEE	Attorney General	No	June 25, 2008	Sept. 12, 2015
JAMES N. YAKIMOVICH	Attorney General	No	June 25, 2008	Aug. 14, 2015
JOHN LISTON	Law Society/ Attorney General	No	March 19, 2008	June 6, 2017
MICHELLE HAIGH	Law Society	No	April 18, 2011	April 17, 2016
NANCY COOPER	Law Society	Yes	Feb. 18, 2009	Feb. 17, 2017
TIMOTHY JOHN MURPHY	Law Society	Yes	March 25, 2009	April 29, 2018
W.A. DERRY MILLAR	Attorney General	Yes	April 18, 2011	July 17, 2016
ROBERT WARD, PRESIDENT/CEO/EX OFFICIO BOARD MEMBER	LAO Board of Directors		Sept. 5, 2006	N/A



From Left to Right: (top row) *Bob Ward, W.A. Derry Millar, Michelle Haigh, John Liston, Timothy J. Murphy, James N. Yakimovich,* (front row) *Aly N. Alibhai, John D. McCamus, Nancy Cooper, James McNee.*

The committees

Advisory committees

LAO's advisory committees are comprised of over 90 community representatives, each supported by an LAO board member. The committees help to keep LAO and the Board informed about developments "on the ground" in every area of legal aid practice. Committee members' expertise and advice also assists LAO in planning a wide range of initiatives and programs. For example, advisory committee consultations have played an important part in LAO's development of plans for expanded eligibility for legal aid services.

Committee meetings take place twice a year, in the spring and fall, to support LAO's annual strategic and business planning processes.

There are eight advisory committees:

- › Aboriginal Issues Advisory Committee
- › Mental Health Law Advisory Committee
- › Prison Law Advisory Committee
- › Family Law Advisory Committee
- › Clinic Law Advisory Committee
- › Criminal Law Advisory Committee
- › Immigration and Refugee Law Advisory Committee
- › French Language Services Advisory Committee

In 2014/15 the committees underwent a new appointment and re-appointment process for the 2015-2017 membership term with 66 returning members and 26 new members.

Area committees

LAO has nine area committees that hear appeals related to the decisions made by directors general regarding client eligibility for legal aid certificates.

Approximately 300 people, including lawyers and community representatives, are on these committees.

Group Applications and Test Case Committee

Group applications for legal aid, applications for representation at coroners' inquests and test cases involving the Charter of Rights and Freedoms often raise complex or new legal issues. Individuals or groups can apply to the Group Applications and Test Case Committee for funding (via certificates or project funding agreements) or for research support, coordination of linkages and partnerships and staff lawyer support or mentoring. The committee makes its decision based on its assessment of the strengths and weaknesses of the legal matter and its potential impact on low-income Ontarians.

Exceptions Committee

This committee, comprised of experienced criminal lawyers, recommends the budget for big criminal cases that are anticipated to cost more than \$75,000.

LAO's regional structure

LAO is organized into three regions and eleven districts to better serve clients.

Greater Toronto Area (GTA) region

Over the course of 2014/15, the GTA regional office strengthened its ties to local community agencies and enhanced its ability to serve local clients by creating the following three district offices to serve the region:

- › Toronto Central
- › Toronto North, which covers North York, Etobicoke and Scarborough
- › Peel York, which also oversees Brampton, Orangeville and Newmarket

With all GTA activities under the oversight of three directors, LAO can more effectively meet clients' intersecting legal needs, leverage existing and new resources, and strengthen local partnerships, across all areas of law.

A key component is collaboration and engagement with local legal service providers and social agencies to better deliver services that best serve clients' needs.

As a result, the GTA region is better equipped to integrate its key priorities for the most vulnerable in our society into its service delivery model. These individuals include people with mental health issues, those who have experienced domestic violence and those who self-identify as Aboriginal.

Throughout the fiscal year, the GTA was home to a number of important initiatives.

LAO started taking a look at developing partnerships with our community and clinic organizations by expanding access to legal services at the Davenport-Perth Neighbourhood Community Health Centre. LAO started offering immigration and family law services at the Community Legal Clinic of York Region. And, for the first time, the organization started offering direct

family law services out of Scarborough by having a family lawyer rotating out of east-end legal clinics and a community hub.

LAO committed \$3 million per year over the next three years to helping community and legal clinics improve access to justice and outcomes for low-income Ontarians. Toronto projects that received funding included the St. Michael's Legal Services Project, which helps medical staff and social workers identify and refer legal issues at the family medicine department at St. Michael's Hospital.

The GTA Transformation Project received funding to develop a model for restructuring the 16 GTA community legal clinics, to reduce administrative cost structures and enhance client service delivery.

The HIV & AIDS Legal Clinic Ontario, one of 17 specialty clinics in the province, received funds to identify barriers faced by Trans Ontarians in accessing justice and legal aid services. The clinic will make recommendations on how to overcome these barriers and educate Ontario's Trans community as well as legal service providers.

LAO's GTA region will complete its district restructuring in 2015/16. Other partnerships and projects lay ahead and these new alliances will enable LAO to help even more low-income Ontarians access justice.

Southwest region

LAO has seen significant growth in the scope of legal aid services available to clients in the Southwest region during this fiscal year.

LAO's family law strategy made it possible to address the Southwest's expanding need for family law services. The goals of this strategy are to reduce the number of unrepresented family litigants, provide an avenue for consensual dispute resolution, expand the early resolution

service sector, and provide holistic and integrated services.

London families gained additional support and resources at the family law information centre as well as the Neighbourhood Legal Services Clinic.

LAO also funded family law services at the Elgin-Oxford Legal Clinic in Tillsonburg; Legal Assistance of Windsor and Western University's Community Legal Services and student legal aid services society, Western University's Community Legal Services; the Halton Legal Service Centre in Milton; and the Tilbury Information and H.E.L.P. Centre. In addition, duty counsel began to assist unrepresented people wanting changes to support provisions in final orders or agreements through Ontario's Dispute Resolution Officer pilot program in Milton and Hamilton Superior courts.

LAO's legal clinic service expansion strategy also made an important difference. Through this strategy, 18 clinics in the southwest received additional funding. These funds will help them support communities with fewer clinic resources to meet the needs of their low-income populations, as well as the province's Francophone and ethno-linguistic clinics. The clinics who received this support included the Chatham-Kent Legal Clinic, the Legal Clinic of Guelph and Wellington County, Waterloo Regional Community Legal Services; the Windsor-Essex Bilingual Legal Clinic; Halton Community Legal Services in Milton; and Neighbourhood Legal Services (London & Middlesex). A new community justice hub also opened in Welland, partnering LAO's family law service centre, Justice Niagara community legal clinic, and the John Howard Society.

LAO looks to continue to improve and expand legal aid services for clients in the southwestern region of Ontario throughout the coming year.

North, Central and Eastern regions

This past year has brought the expansion of existing services and entirely new services for our low-income clients residing in northern, central and eastern Ontario.

In these regions, LAO started offering Gladue report services, which detail the unique life circumstances of First Nation, Métis and Inuit and offer recommendations for sentencing. Support included funding to Aboriginal Legal Services of Toronto and to Nishnawbe-Aski Legal Services Corporation to support Gladue report writing in the Ottawa, Oshawa, Peterborough, Lindsay, Barrie, and Orillia areas and Gladue report writers for members of Nishnawbe-Aski Nation in Thunder Bay, Timmins and Sioux Lookout.

LAO began offering more support to families as well. In Durham-Frontenac, Oshawa's new family law service centre began supporting low-income people who live in Durham Region or have a court case at the Oshawa court through access to a lawyer and legal aid worker. To address domestic violence issues, LAO invested in a partnership with Luke's Place, a centre devoted solely to improving the safety and experience of abused women and their children as they proceed through the family law process.

In Ottawa, the clinics Community Legal Services Ottawa Centre, South Ottawa Community Legal Services and West End Legal Services successfully worked towards increasing access to justice for low income people in Ottawa through creative programming and partnerships. In 2014, they conducted an in-depth review of their service delivery systems, their communities' needs, and best practices.

LAO expanded services at family law information centres to offer clients free advice from a family lawyer in Sioux Lookout, Fort Frances, Red Lake and Dryden courthouses.

Just before fiscal year end, LAO announced \$4.2 million in additional clinic funding as part of its program to increase financial eligibility throughout the province. As a result, Centre des services communautaires Vanier and the Queen's Prison Law Clinic received additional support. Other beneficiaries included South Ottawa Community Legal Services, West End Legal Services of Ottawa, Durham Community Legal Clinic, and the Community Legal Clinic – Simcoe, Haliburton, Kawartha Lakes.

LAO is looking forward to another year of even more supports and services for low-income clients and to better establishing equal access to justice.

LAO's Policy and Strategic Research department provides advice and recommendations on strategic issues and directions to LAO's executive management committee and board of directors.

The following province-wide strategies were in development or implemented over the course of 2014/15.

Financial eligibility expansion

LAO began a long-term financial eligibility expansion program, fueled by a commitment of \$95.7 million in increased provincial government funding to LAO over three years. On November 1, 2014, LAO took the initial step in this program, implementing the first of three six per cent financial eligibility increases for all legal aid services.

Consultations for service expansion

With the additional funding from the province, LAO also looked at expanding legal eligibility to help more low-income Ontarians. LAO began consulting with stakeholders on how to expand services.

All stakeholders with whom LAO has consulted with have provided positive feedback.

Legal expansion initiatives are set to be introduced in 2015/16.

Clinic law financial service expansion

On March 13, 2015, LAO announced the first phase of funding for expanded financial eligibility in clinic law services.

It announced that for 2014/15, LAO would provide \$4.2 million in additional annual funding as follows:

- › \$2.4 million to clinics with the fewest resources per low income person
- › \$1.2 million to specialty clinics to expand test case work, systemic advocacy, client representation and to offer new services
- › \$0.6 million to Francophone and ethno-linguistic clinics to improve client services and access to justice

LAO further announced that, over the next two years, LAO will allocate a total of \$9.8 million per year in additional funding for community legal clinics and student legal aid service societies, as follows:

- › \$3.9 million in additional annual funding to communities that have the fewest legal clinic resources per low-income population
- › \$2.4 million to support clinics working together to expand client services at the local, regional or provincial level
- › \$2.0 million in additional annual funding for specialty clinics to expand test case work, systemic advocacy and client representation, and to offer new services, potentially including employment law
- › \$1.0 million in additional annual funding for the province's Francophone and ethno-linguistic clinics to improve client services and access to justice
- › \$0.5 million in additional funding to increase services in the province's student legal aid service societies.

Aboriginal justice strategy

LAO's Aboriginal Justice Strategy continued to improve access to justice and enhance legal services that recognize the unique needs of First Nation, Métis and Inuit in the justice system.

In 2014/15, the Aboriginal Justice Strategy focused on expanding Gladue report writing services and implementing localized services in 12 First Nation communities and eight Aboriginal organizations in Ontario. LAO has also strengthened our internal awareness of the unique issues and legal needs of our First Nation, Métis and Inuit clients.

Partnering with Aboriginal Legal Services of Toronto (ALST) and Nishnawbe-Aski Legal Services Corporation (NALSC), LAO funded the hiring of 10 new Gladue report writers, extending services across the province:

- › LAO announced on June 30, 2014 it was providing ALST with funding to hire three new caseworkers and offer Gladue report writing services in Ottawa, Oshawa/Peterborough/Lindsay, St. Catharines/Niagara Falls, and Barrie/Orillia.
- › In November 2014, LAO funded NALSC's Gladue report program to hire three Gladue caseworkers based out of Thunder Bay, Timmins and Sioux Lookout.
- › LAO provided further funding to ALST in March 2015, for four additional Gladue report writers to work in southwestern and northern Ontario. This expansion allowed for Gladue report writing services to be available in Windsor, Sudbury, Sault Ste. Marie and North Bay.

LAO will continue to expand access to Gladue report writing services in the next fiscal year.

LAO continues to develop, fund and implement localized services with staff and private bar counsel to provide community based legal advice services located on First Nation reserves and at Aboriginal community organizations. This service is an effort to improve relationships and breakdown barriers to accessing justice for First Nation, Métis and Inuit.

Mental health strategy

In 2014/15, LAO continued development of the multi-faceted, multi-year Mental Health Strategy to help lawyers, frontline workers, and management more effectively serve clients with mental illness. The goals of the strategy are to improve access, increase service provider capacity and build on LAO's current client services.

Stakeholder consultation and collaboration has been key to the creation of several priority projects. These are foundational programs that will support the launch of the Mental Health Strategy in 2015/16, and sustain change in legal aid over the coming years. They include:

- › the Mental Health Training Program, in partnership with the Mental Health Commission of Canada and the Canadian Mental Health Association of Ontario
- › a standard set of intake questions to identify at-risk and high-needs clients to help counsel and frontline staff better communicate with clients with disabilities and identify their legal options
- › development of three community-based outreach programs, where counsel are available to serve clients directly in Toronto and Hamilton psychiatric facilities and community drop-in centres
- › a new program for civil and forensic mental health tribunal appeals, designed in consultation with the courts, Ministry of the Attorney General and the private bar and Mental Health Legal Committee
- › several new embedded community programs, developed in partnership with legal clinics and drop-in community centres and shelters around the province
- › a partnership between the Client and Lawyer Support Centre and ConnexOntario, to provide referrals to its live, 24/7 mental health resource
- › stakeholder consultations throughout February and March to identify priorities for financial and legal eligibility expansion.

Policy

Transparency

Several provincial “open government” initiatives, along with the encouragement of the Auditor General, led to improved transparency and accountability initiatives in the justice sector as a whole and at LAO.

LAO began to draft an open government transparency consultation paper to promote public interest and transparency at LAO, and for legal aid service providers across the justice system. Concepts to be introduced include the importance of transparency for:

- › value for money metrics, including monthly certificate statements and aggregated lawyer billing data
- › quality of service metrics, including client satisfaction and experience data and quarterly demographic snapshots
- › corporate accountability metrics, including a “financial health” report, quarterly clinic reports showing salaries over \$100K and staffing activities and vacancies
- › new quality service metrics and standards with more sophisticated analysis of client needs, client outcomes, and transparent panel practice standards
- › open data initiatives, including online access to the above information.

LAO will be looking to make more material available online in addition to material already available, including expenses, financial information, quarterly reports and responses to data requests.

Family law strategy

LAO’s family law strategy aims to reduce the number of unrepresented family litigants, provide an avenue for consensual dispute resolution, expand the early resolution service sector and provide holistic and integrated services.

Thanks to \$30 million over four years in additional provincial funding, LAO started to develop a number of programs. More details on these programs are in the Family law services section of this report.

Client services

Toll-free telephone services

A call to LAO's toll-free number helps clients access a wide-range of general information, summary legal advice and applications for legal aid in over 200 languages.

In 2014/15, LAO's toll-free number received 224,552 calls, compared to 251,190 calls in 2013/14.

Calls are streamed into two tiers

Tier 1: clients are matched to the appropriate service and referred to other programs.

Tier 2: clients are assessed for financial eligibility, provided with legal information, or referred to staff lawyers for legal advice in family law, criminal law or immigration law. Clients can also apply for a legal aid certificate.

The numbers for Level 2 calls answered and average wait times have been revised from those that were provided in the 2013/14 annual report. The numbers included in the 2013/14 annual report did not include level 2 calls from clients in correctional institutions and have been adjusted to reflect these additional clients.

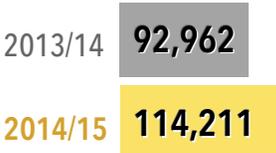
To improve the quality of service provided to clients, client and lawyer support centre agents have been directed to ensure they take the time necessary for consistently high-quality service. One effect of this direction has been the average call length. This increase in the time taken to serve each client has resulted in clients waiting longer to be served.

Calls answered

LEVEL 1

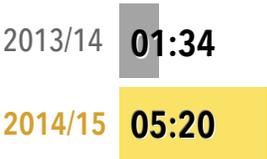


LEVEL 2

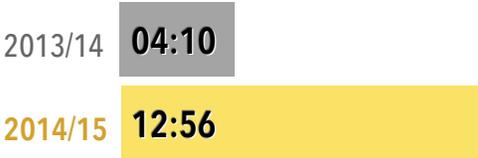


Average wait time

LEVEL 1



LEVEL 2



Client services

Summary legal advice

A client who is financially eligible who calls LAO's toll-free number can talk to a lawyer for up to 20 minutes, and receive advice on criminal, family or immigration issues as well as support to prepare for an in-person duty counsel visit.

Number of summary legal advice assists

FAMILY



CRIMINAL



IMMIGRATION



TOTAL



Toll-free hotlines for the newly incarcerated

LAO funds telephone services for people who have been arrested or detained.

The Brydges Duty Counsel Service is available 24/7. Through this service, any adult aged 18 or over (or for young people aged 17 or younger accused of a violent crime) who has been detained or arrested can get legal advice—whether or not they qualify for legal aid. More than 45,000 people use the Brydges service in Ontario annually.

LAO also supports a toll-free diversion program hotline for young people aged 17 or younger accused of a non-violent crime. This service is available to inform young people, and their parents, about what to expect in the criminal justice system, including their chances of avoiding jail through alternative programs.

Duty counsel services

Duty counsel are LAO staff and per diem lawyers in courtrooms. They can give immediate legal assistance to low-income people who would otherwise be unrepresented and unassisted.

LAO provides duty counsel services in most Ontario courthouses, including in more than 30 remote and fly-in locations.

Duty counsel total persons assisted by area of law 2014/15

CRIMINAL

Per diem	155,554
Staff	282,789
Telephone	10,010
LAO court workers	87,371

FAMILY

Per diem	99,558
Staff	61,432
Telephone	28,940
LAO court workers	29,955

TOTAL

Per diem	255,112
Staff	344,221
Telephone	38,950
LAO court workers	117,326

The year saw a 4.5 per cent decrease in duty counsel assists —827,619 assists in 2014/15, down from 866,851 assists in 2013/14.

This decrease is due to a number of factors. There are fewer charges received in criminal courthouses across

the province. The Justice on Target initiative, which was designed to further reduce the number of adjournments required, is working. Additionally, LAO's legal aid workers at the courthouse have begun doing some of this work under appropriate supervision, to help LAO make the most effective use of its per diem and staff lawyers, so that they can dedicate additional time to more complex matters, thereby providing enhanced services to clients.

Duty counsel program cost comparisons by area of law for 2013/14 and 2014/15

CRIMINAL

2013/14 Actual	\$29,119,185
2014/15 Actual	\$31,192,313
2014/15 Budget	\$31,527,359

FAMILY

2013/14 Actual	\$16,490,950
2014/15 Actual	\$18,786,042
2014/15 Budget	\$19,401,709

TOTAL

2013/14 Actual	\$45,610,135
2014/15 Actual	\$49,978,355
2014/15 Budget	\$50,929,067

Client services

Dispositive assists

Dispositive assists are assists in court that help a case move towards resolution.

During 2014/15, civil duty counsel provided over 29,000 dispositive assists. Such assists may include:

- › arguing motions, applications and adjournments
- › obtaining consent orders
- › supporting enforcement proceedings
- › supporting inter-jurisdictional hearings
- › conducting Child and Family Services Act temporary care and custody, status reviews

During 2014/15, criminal duty counsel provided over 82,000 dispositive assists. Such assists may include:

- › trials
- › withdrawal of all charges
- › guilty pleas/speaking to sentence
- › judicial interim release proceedings including bail de novo
- › diversion/extra-judicial sanctions
- › peace bond/recognizance
- › sentence reviews

Certificates: representation by a private practice lawyer

Legal aid applicants who are financially eligible and who are facing a serious legal matter covered by LAO may be issued a legal aid certificate to cover the cost of a private bar lawyer.

A certificate is a voucher that a low-income person can take to one of more than 3,600 private practice lawyers across the province who are on an LAO panel. A certificate guarantees the lawyer payment for a certain number of hours if they accept the case. It is issued only for the most serious cases, such as for criminal charges where a jail sentence is likely or for child protection matters.

The introduction of new types of certificates

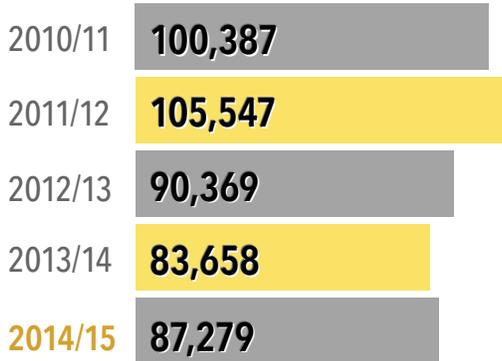
In July 2014, LAO introduced non-litigation certificates to help family law clients resolve their issues and avoid the family court process. These include an independent legal advice certificate for advice on mediated agreements and a separation agreement certificate. During the fiscal year, 2,446 non-litigation certificates were issued.

LAO offers clients such certificates if they have expressed an interest in resolving their legal matter outside of court either through mediation or a negotiated settlement. Both certificates apply the duty counsel financial eligibility criteria.

If a client commences a matter with a non-litigation certificate and then must litigate, the client must re-apply for legal aid to determine financial and legal eligibility for a litigation certificate.

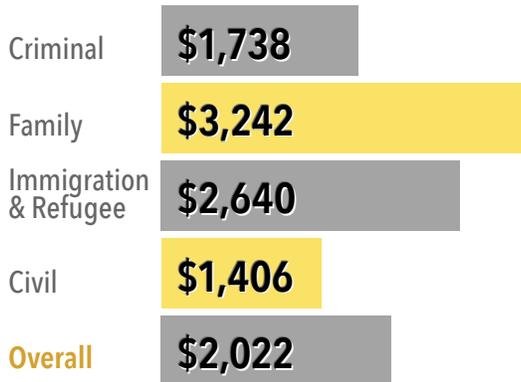
In November 2014, LAO increased certificate hours for parents facing child protection proceedings, to better reflect the time and steps required in Crown and society wardship matters.

Number of certificates issued



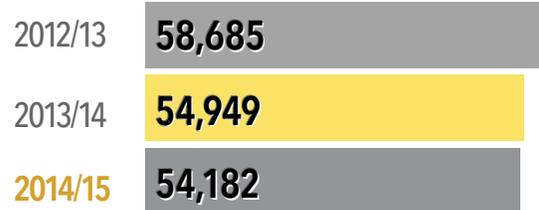
The number of certificates issued by LAO has increased from 83,658 in 2013/14 to 87,279 in 2014/15.

Average certificate cost by area of law



Certificates issued by area of law

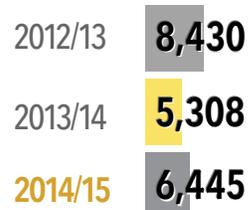
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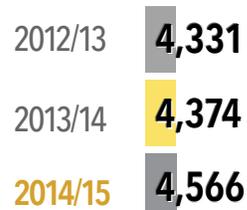
FAMILY



IMMIGRATION AND REFUGEE



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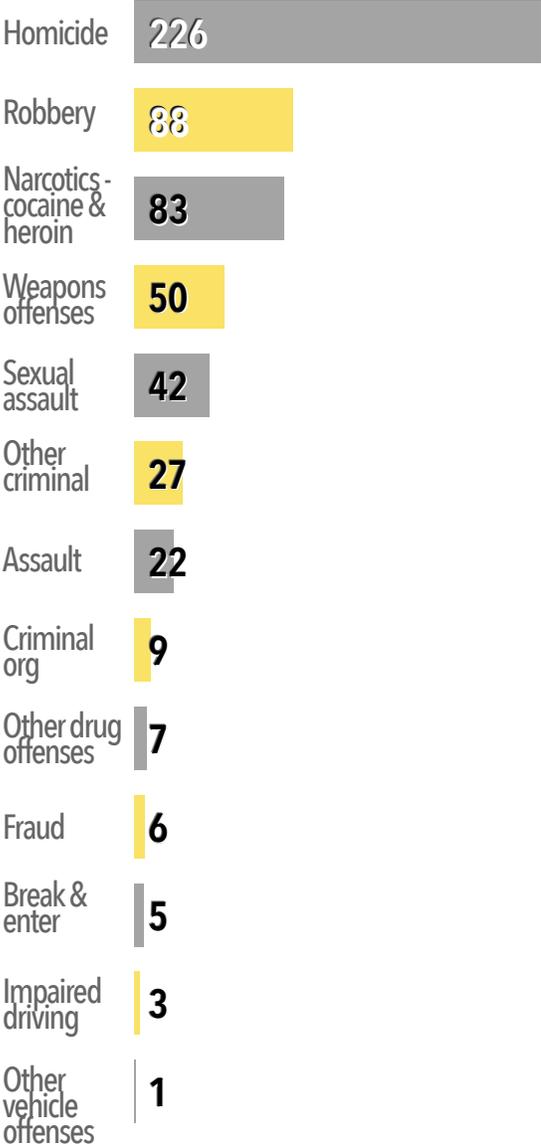


Client services

Big case management

The Big Case Management program governs the most costly and complex criminal trial defences funded by LAO.

Under the program, LAO sets budget limits for criminal cases expected to cost more than \$20,000. In these cases, LAO establishes individual budgets rather than using its tariff system to determine the maximum hours available to counsel.



The decline in criminal charges

The number of criminal cases received in Ontario's courts have decreased by 15 per cent over the past three years, and the number of criminal certificates issued by LAO have decreased by 17 per cent.

Changes to refugee legislation

The federal refugee legislation introduced on December 15, 2012 led to a 50 to 60 per cent drop in certificate applications.

LAO has ensured a stable certificate approval rate for this vulnerable group: it has issued a certificate for approximately 94 per cent of refugee applications taken since the new legislation came into effect.

Increase in LAO services

The total number of LAO services has increased, through the introduction of:

- › the toll-free telephone line
- › summary legal advice over the telephone
- › family law service centres
- › online legal information.

Family law services

Domestic violence services

LAO offers special services to help people experiencing domestic violence, regardless of their immigration status.

Those in need of immediate legal help can receive two free hours with a private lawyer through the Family Violence Authorization Program. This program is offered at some shelters and community legal clinics, and also includes advice on immigration and refugee matters. In 2014/15, over 2,400 clients used the Family Violence Authorization Program.

For those who are financially eligible, LAO also offers family law coverage for all contested issues and changes to existing family court orders. During the fiscal year, LAO issued over 9,000 certificates to applicants reporting domestic violence.

LAO also started a partnership with Luke's Place, a centre devoted solely to improving the safety and experience of abused women and their children as they proceed through the family law process. In October 2014, LAO invested \$600,000 over three years with Luke's Place, with the goal of helping the organization work with LAO's new family law services centre in Oshawa to provide a safe, supportive site for low-income abused women.

Family law service centres

During fiscal year 2014/15 family law service centres in Brampton, Chatham, Newmarket, North York, Oshawa, Sarnia, Toronto, Welland and Windsor began to offer eligible clients with a wide range of help that includes:

- › assistance with documents and certificate applications for serious domestic violence, child protection or complex family law cases
- › referrals to advice lawyers and to other social service agencies and to a non-litigation services such as mediation
- › if eligible, referral to a private lawyer who does legal aid work.

Mediation and other services outside the courtroom

In July 2014, LAO began offering lawyer services to families outside of the court system in a number of different ways.

The organization expanded a pilot province-wide that provides the help of family lawyers to separating couples who choose mediation, to advise them about the process before, during and after mediation. Such support can help disputing parents develop workable solutions that focus on the best interests of their children. It can also minimize the conflict, delay and costs of formal courtroom processes.

LAO's mediators help clients with:

- › custody
- › access
- › parenting arrangements
- › travel/vacation plans
- › parenting communication
- › child support.

In addition, LAO started offering eligible mediation clients up to six hours of independent legal advice from a family lawyer before, during or after entering into any legal agreement based on mediation.

This independent legal advice can include services such as:

- › help in better understanding of the mediation process and options
- › preparing for mediation
- › getting a court order or binding agreement to enforce the terms of the mediation agreement
- › help in custody, access, child or spousal support matters
- › customary care agreements
- › voluntary care agreements
- › parenting or separation agreements
- › changing existing agreements or orders.

LAO also began covering the cost of a lawyer to negotiate and draw up a legally binding separation agreement to settle custody, access, support and property issues.

Family law information centres

Family law information centres (FLICs) are located in most family courts across the province. They offer free assistance and information for clients who are new to the court system or who don't have a lawyer.

LAO's advice lawyers, based at some FLICs, answer questions, provide summary legal advice and review legal documents.

In June 2014, LAO drew from \$30 million in provincial funding to support a second advice lawyer, in addition to a full-time lawyer, to be available on certain hours each day at London's FLIC. This second lawyer provides advice about the role of counsel, how to choose a lawyer, what help a lawyer can provide, how the court process works, and where else they can get help.

In July 2014, LAO also began providing advice lawyers at FLICs located in northwest Ontario courthouses in Sioux Lookout, Fort Frances, Red Lake and Dryden.

Province-wide, during 2014/15, FLIC advice lawyers provided over 75,000 assists.

Other support for families

In September 2014, LAO started providing more time for lawyers to help clients who are involved in a court proceeding with a child protection agency.

In October 2014, LAO also started offering family law and immigration services under a partnership with the Community Legal Clinic of York Region.

In March 2015, residents in the Tilbury area who need information about family law matters started to receive help from an LAO lawyer at a monthly legal advice clinic operating out of a space provided by the United Way of Chatham-Kent at the Tilbury Information & H.E.L.P. Centre. Clients in Scarborough were also able to access family law services through a collaboration with the Scarborough-area community legal clinics and the East Scarborough Storefront.

Community & specialty clinics

LAO is a primary funder of 76 community legal clinics across Ontario.

Seventeen of these are specialty clinics, which focus on a specific demographic or issue. The rest provide services to low-income clients who may experience legal problems such as:

- › eviction
- › housing disrepair
- › violation of tenant rights
- › issues with entitlement to income supports
- › human rights violations
- › criminal injuries compensation
- › consumer protection issues
- › issues in the workplace as a result of precarious employment, breaches of employment standards legislation, employment insurance, workplace safety and wrongful terminations.

Once this strategy is fully implemented, LAO will have injected approximately \$10 million into community legal clinics and Student Legal Aid Services Societies (SLASS).

In March 2015, LAO invested:

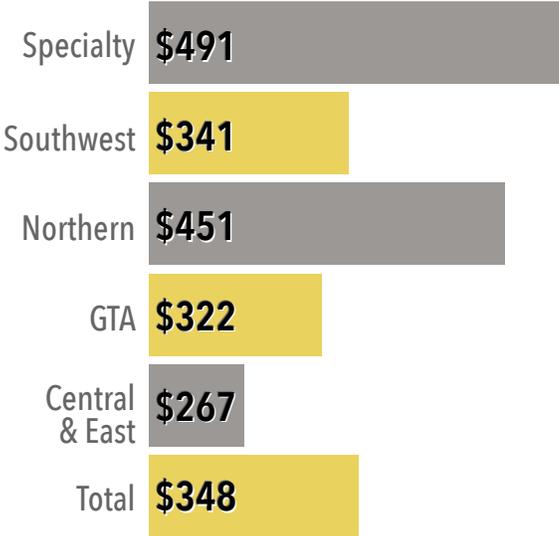
- › **\$2.4 million** in additional annual funding to some communities that have fewer legal clinic resources to meet the needs of their low income people
- › **\$1.2 million** in additional annual funding for specialty clinics to expand test case work, systemic advocacy and client representation, and to offer new services, potentially including employment law
- › **\$0.6 million** in additional annual funding for the province’s Francophone and ethno-linguistic clinics to improve client services and access to justice.

In July 2014, LAO committed \$9 million over the next three years to help community and legal clinics improve access to justice and outcomes for low-income Ontarians.

LAO funded 15 clinic projects in the first funding instalment.

In February 2015, LAO announced that, as a result of the provincial government’s commitment to raise the income eligibility threshold to qualify for legal aid, it had developed a clinic law services expansion strategy.

Clinic cost/active file



Clinic transformation

Clinic transformation has maintained positive momentum. While a few clinics have opted out of transformation projects, the majority remain involved. More than 60 clinics are actively engaged in merger and amalgamation discussions, with the goal of creating efficient and enhanced clinic law service delivery models that are innovative, client-centred, community responsive and sustainable.

At least one merger was implemented — between Rural Legal Services in Sharbot Lake and Leeds and Grenville in Perth. Three Ottawa clinics are in the planning phase for a merger. Various other transformation projects have explored how to share administrative resources and expertise, and how to collaborate with community partners to enhance services. Among these, some have moved into pilot stage or are looking at implementation planning.

The GTA Vision Report has triggered a significant shift in the conversation among GTA clinics. While a five-clinic model did not materialize, clusters of clinics began to explore potential mergers and amalgamations on a smaller scale, and other clinics began to talk about how to better work together and share resources.

A core group of seven specialty clinics, administered by a newly incorporated not-for-profit cooperative, has continued with a co-location initiative and is looking for appropriate leasehold real estate. By the end of the fiscal year, this group was very close to finalizing negotiations on a location. Once they have their space, they can start planning the next phases of the project, which include an IT plan that will support collaboration and seamless administrative functions.

LAO IT and clinic leads are working collaboratively to ensure seamless rollout and user experience for the increasingly sophisticated technology landscape. Given that the Clinic Information Management System (CIMS) is also rolling out, LAO hired a consultant to review and assess the other projects underway, identify synergies and opportunities for collaboration and

integration, and provide a road map that will minimize risk and optimize clinic user experience.

A new partnership between the Rural and Remote Boldness Project and Ryerson University Legal Innovation Zone will be working on how to ensure access to clinic law services in rural and remote areas. A very successful March 2015 event brought together cross-sector innovators, academics, students, the private sector and government.

Still other partnerships are exploring shared expertise models and how to build a culture of collaboration.

Clinic in dispute resolution

African-Canadian Legal Clinic

The African-Canadian Legal Clinic (ACLC) was engaged in Level 3 of LAO's dispute resolution process as a result of concerns regarding the clinic's financial management and board governance.

On September 5, 2014, the Clinic Committee of LAO's Board of Directors set a series of conditions on the clinic pursuant to Level 3 of the dispute resolution process.

As of March 31, 2015, the ACLC remained at Level 3 of LAO's dispute resolution process.

Student legal aid services societies (SLASS)

LAO funds student legal aid services societies (SLASS) in Ontario's law schools to provide public legal education, legal advice and representation to low-income Ontarians who cannot afford a lawyer.

A team of volunteer law students, in-term students and staff lawyers, supervised by counsel, offer these services.

Ontario's SLASS are based out of:

- › Queen's University – Queen's Legal Aid
- › University of Ottawa – Community Legal Clinic
- › University of Toronto – Downtown Legal Services
- › Osgoode Hall Law School, York University – Community Legal Aid Services Program
- › Western University – Community Legal Services
- › University of Windsor – Community Legal Aid.

In September 2014, LAO provided Ontario's SLASS with more than \$2 million over three years to provide family law services for low-income Ontarians.

Refugee law services

LAO spent approximately \$19 million in 2014/15 to provide refugee and immigration services from both private practitioners and LAO staff.

In 2014, LAO introduced staff merit assessments for any refugee unable to secure private bar services in Toronto, Hamilton or Ottawa. Based on feedback from practitioners on the effectiveness of these measures, LAO is exploring additional opportunities for judicial review and Refugee Appeal Division merit assessment services connected to the implementation of the new refugee and immigration standards.

LAO also added 11 hours to personal information form certificates for “legacy claims” prior to hearings scheduled by the Immigration and Refugee Board (IRB). This measure makes it easier for counsel to continue representing financially eligible refugee clients while awaiting a hearing date from the IRB.

LAO now covers:

- › time required to make post-hearing submissions to the Federal Court on “certified questions”
- › concurrent refugee/immigration matters.

Now that the Ministry of the Attorney General has increased funding to improve financial eligibility for clients, LAO is examining ways to improve coverage issues for deferrals and stays.

Refugee legal aid applicants for a Refugee Protection Division (RPD), Refugee Appeal Division (RAD) or federal court proceeding who do not have counsel will be offered all options for their service provider. They can choose to go to an LAO employee or a clinic or hire a private bar lawyer.

During 2014/15, the Refugee Law Office-Toronto worked closely with LAO’s Group Applications and Test Case Committee (GATCC) to create LAO’s Refugee Law Test Case strategy. This strategy focuses on:

- › equal access to, and effective protection of, Charter rights
- › protection of mentally ill non-citizens
- › protection and promotion of the rights of the child
- › domestic application/implementation/enforcement of International Human Rights Law
- › protection of citizenship for naturalized Canadians.

LAO staff engaged in a number of test case initiatives including:

- › appearing before the Supreme Court of Canada in three cases that raised important issues of domestic and international refugee and immigration law
- › partnering with the Income Security Advocacy Centre to advocate for equal access to social benefits for indigent non-citizens
- › partnering with Aboriginal Legal Services of Toronto in a ground-breaking case concerning the intersection of Aboriginal rights, the rights of the child, and immigration law
- › arguing the unconstitutionality of the one-year ban on access to a risk review in several test cases before the Federal Court
- › bringing three cases to UN bodies monitoring Canada’s compliance with its international treaty obligations.

LAO's in-house services

Provincial case management office

The Provincial Case Management Office (PCMO) manages high cost and/or high risk criminal cases and serves as an area for innovation for criminal law client service.

The division is responsible for three main business functions: Litigation Services, Business Development Services and Case Management Services.

Case Management Operations

The number of cases under management has increased by 24 per cent over the past five years. Despite this increase in clients, PCMO has been able to operate within its approved budget each year, while permanently contributing \$3.5 million to cost reductions within LAO.

In addition, PCMO client service metrics have improved. During fiscal year 2014/15, the length of time to set a case budget decreased by 54 per cent—from 24 business days to 11 business days.

PCMO also decreased the length of time to pay lawyer invoices. Payment processing times decreased 50 per cent—from 12 business days to an average of six business days.

Enterprise Projects

In addition to program management, PCMO administered a number of programs during fiscal year 2014/15, as follows.

Senior Litigator Program

The Senior Litigator Program hired 12 experienced trial counsel, built program guidelines for trial counsel, developed a community of practice and grew the case load for litigators. At the end of the year, senior counsel was on the record in 300 client matters, with an average continuing case load of 25 clients per litigator.

Mental Health Appeals

The PCMO partnered with the Policy department's Mental Health Strategy to develop a Mental Health Appeals Program, based on input from the mental health appeals bar and key community stakeholders. PCMO helped develop a proposal to extend more fulsome appeal opportunities to clients with matters proceeding from the Ontario Review Board (ORB) and the Consent and Capacity Board (CCB). Once fully implemented, a total of 3,000 clients could have streamlined access to judicial review of CCB and ORB decisions under the program.

Alternate Fee Arrangements (AFAs)

AFAs are customized agreements with lawyers and firms that provide them with a steady monthly income along with autonomy of practice. These agreements shift the focus from managing each certificate in a highly transactional way, to managing the relationship with the lawyer and how they deliver multiple services to clients. Participants are carefully screened on a number of factors, including their ability to provide high-quality client service.

In February 2014, LAO introduced an AFA pilot. It originally focused on criminal certificate services. It then grew to encompass family and child protection services, refugee law matters and duty counsel services, as well as an assessment of how it can better use technology to support new models and improve efficiencies.

In its first year, the program grew to include 129 lawyers, including those at five criminal law firms, one family firm, one refugee firm as well as 68 sole practitioners.

By the end of the fiscal year, AFAs cover 3,712 criminal matters, 1,107 family matters and 381 refugee matters.

Panel management

PCMO's objective is to ensure high quality legal services to LAO clients, delivered in a cost effective and efficient manner.

This includes compliance with existing panel standards and LAO's general terms and conditions. Panel management also protects the interests of clients and taxpayers more generally by identifying issues affecting the quality of the service provided to clients and/or the cost effectiveness and efficiency of delivery.

In 2014/15, the focus was on active panel management and panel removal. Lawyers may be removed from the LAO panel due to failure to meet panel standards. As well, they may be removed due to reasonable cause (including violating the general terms and conditions), or if they have been found guilty of professional misconduct, conduct unbecoming a lawyer, or a criminal offence.

Regular forums were held with all districts to support them in identifying and resolving panel management issues. Forum participants included LAO General Counsel, representatives from Lawyer Services and Payments and Strategic Planning and Compliance (including Audit and Compliance, and Investigations). Through this process, the organization collectively reviewed over 200 lawyers.

The issues that arose ranged from financial and administrative concerns, such as billing issues and client service concerns, and inappropriately pleading out clients. LAO's responses ranged from documenting the issue, communicating with and/or educating the lawyer, placing conditions on the lawyer (for example, mentoring) and, when the issue was significantly severe, panel removal.

Through active panel management, as well as through information provided by the Law Society of Upper Canada, approximately 50 lawyers were identified for removal, with 19 removed from at least one area of law to date.

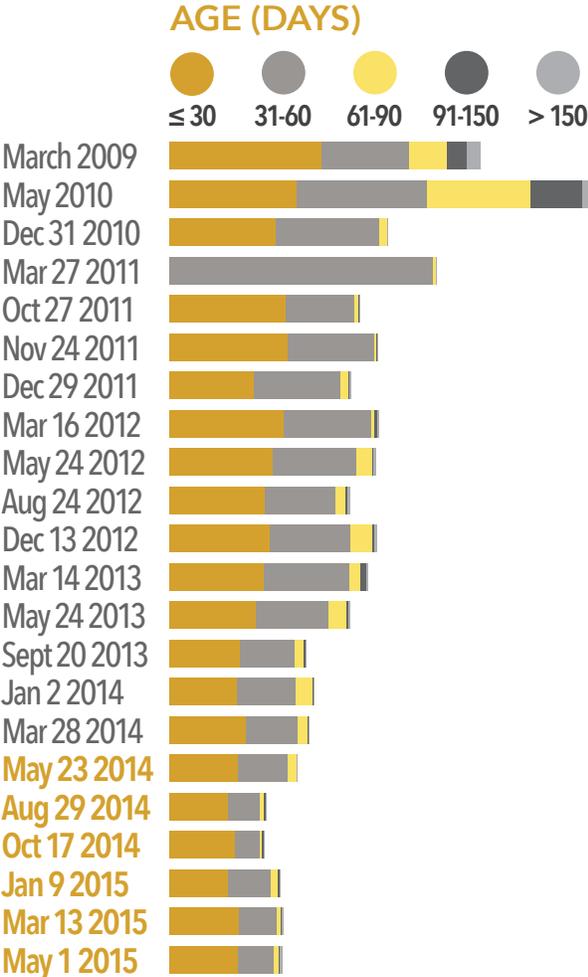
In-house services

Lawyer services and payments

Lawyer Services and Payments (LSP) is responsible for the processing of accounts. It is also responsible for *Legal Aid Online*, the online billing system that supports the automated payment of accounts.

LSP continues to maintain LAO’s account inventory (comprised of standard certificates, Big Case Management and Protocol Case Unit accounts) at reasonable levels.

Aging of lawyer accounts



Legal Aid Online Upgrade

In 2014/15, Legal Aid Ontario upgraded its financial system, including *Legal Aid Online*. The upgrade impacted almost all LAO staff, as well as private lawyers who provide legal aid services. The upgrade was completed on time and under budget and provides a stable platform to redesign *Legal Aid Online* in April 2015. Immediately following the upgrade, all services through *Legal Aid Online* were operational: lawyers were able to submit certificate and duty counsel accounts, as well as to acknowledge certificates. \$4 million in accounts were paid in the first week.

Over the last two years, LSP has introduced several systems and account processing changes in response to feedback from lawyers serving legal aid clients. The focus of these changes was to simplify processes and provide speedier payment of accounts. To this end, systems changes resulted in more accounts being matched for payment in less than 30 days (over 90 per cent).

LSP also:

- › facilitated several billing seminars with criminal and family practitioners to support accurate billings
- › modified existing disbursements and introduced new disbursements, including new policies for Gladue reports
- › increased communication on various billing issues, including a “who to contact” section on the website
- › supported introduction of a new Child and Family Services Act (CFSA) tariff in November 2014.

Client and lawyer support centre

LAO's contact centre serves both clients and private bar lawyers.

The department requires LAO's telephone summary legal advice (SLA) lawyers to spend time working in court, and duty counsel to spend time on the phone providing SLA. These dual responsibilities inform SLA staff who provide advice over the phone with recent experience in court, and increase coordination within LAO.

To enhance how clients calling the toll-free line are screened and triaged to appropriate services on the basis of their legal and non-legal needs, the department standardized referrals to non-legal service providers. For instance, clients who indicate they want help for their domestic violence or mental health issues are now referred to the Assaulted Women's Help Line or to ConnexOntario.

To improve the quality of service provided to clients, client and lawyer support centre agents have been directed to ensure they take the time necessary for consistently high-quality service. One effect of this direction has been that the average call length at Level 1 increased to 5 minutes and 5 seconds in 2014/15 compared to 3 minutes and 26 seconds in 2013/14.

This increase in the time taken to serve each client has resulted in clients waiting longer to be served. The average time that clients waited for Level 1 service in 2014/15 increased to 5 minutes and 20 seconds from 1 minute 34 seconds in the prior year.

CLSC management is pursuing opportunities to reduce call length without compromising quality, such as process refinements in the flow of the client interaction and use of technology to free up resources.

The number of calls answered at Level 2 increased by 23 per cent in 2014/15, due partially to the implementation of new services like independent legal advice for clients interested in mediation of family law disputes and certificates for separation agreements. This increased call volume caused the average wait time to increase to 12 minutes and 56 seconds in 2014/15 from 4 minutes and 10 seconds in 2013/14.

The new provincial investment in family law provided funds to hire five additional family lawyers, three of whom are bilingual, to provide summary legal advice to clients who call LAO's toll-free line. These bilingual lawyers can provide direct service to Francophone clients, rather than through an interpreter.

As of May 2014, Level 2 Client Service Specialists were providing more information to clients regarding family court processes and forms completion.

In 2014, the Brydges program began to use a language interpretation agency to provide translation services for clients. As a result, callers who have been arrested can request service in a wide range of languages, and receive advice with minimal delay.

Service provider support

Second chair program

In May 2014, LAO introduced a three-year, \$1.8 million second chair program to give inexperienced lawyers hands-on training from more senior members of the bar. This program provides lawyers with an opportunity to improve and develop their skills and better serve low-income clients.

LAO is exploring ways to expand the program to provide the most qualified and skilled members of the private bar with more autonomy to select the kinds of legal aid cases in which they would provide training to other private bar lawyers.

LAO LAW

LAO LAW provides high-quality legal research to lawyers representing legal aid clients.

Its activities include posting and sharing legal memoranda and information on its website, including, during the past fiscal year:

- › 1,611 general and specific issue memoranda
- › 491 precedent facta in criminal, family, and immigration and refugee law
- › practice manuals such as the Bail Book, the Humanitarian and Compassionate Application Manual and How to bring Charter Challenges in immigration matters
- › other research supports such as flowcharts outlining the consequences of criminal convictions on immigration, sentencing quantum charts, links to research sources and other helpful legal materials
- › the Forensic Science Database, which links to resources on forensic topics.

LAO LAW tweets about legal and research matters, in English and French, from its own account. In addition, staff lawyers at LAO LAW write the *Bottom Line* weekly e-newsletter to inform subscribers about significant cases in criminal, family, and immigration and refugee law.

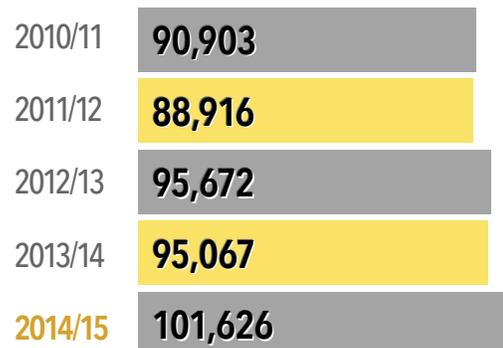
During this fiscal year, LAO LAW staff lawyers provided research services to many internal LAO departments, and mentored articling students and new lawyers in legal research and writing. LAO LAW lawyers also participated in training sessions for duty counsel, articling students and staff lawyers within LAO.

Website statistics

The chart below shows that during this fiscal year:

- › lawyers accessed 101,626 documents on the LAO LAW website
- › there were 56,345 logins, representing a five per cent increase from the previous year
- › 3,097 lawyers accessed the LAO LAW website
- › there was a nine per cent increase in content on the LAO LAW website, with a total of 1,611 memoranda
- › LAO LAW staff lawyers completed 882 specialized files, with an average turnaround time of 11 days
- › there was a 12 per cent increase in general and specific issue memos created and updated.

LAO LAW documents accessed by fiscal year



Clinic Resource Office

The Clinic Resource Office (CRO) helps Ontario's 76 LAO-funded community legal clinics and six student legal aid services societies increase the efficiency and effectiveness of their legal actions on behalf of their clients.

Its staff lawyers are experts in the complex, constantly changing areas of clinic law, including social assistance, housing, pensions (Canada Pension Plan and Old Age Security), employment insurance, criminal injuries compensation and human rights. They provide advice, research and litigation support, all tailored to the needs of clinic clients.

The office is a central repository of clinic law resources and a specialized legal publishing house that produces its own general reference materials, decision digests and a range of practice tools unavailable elsewhere. By the end of 2014/15, the CRO had added more than 2,600 documents to its database, bringing the total to more than 80,000 documents.

The CRO has a court litigation support service (CLSS). The goal of this service is to increase the clinic system's capacity to undertake appellate and systemic litigation, and to meet this goal it supports individual appeals to court, mostly for social assistance and housing matters. This fiscal year, it helped many junior lawyers familiarize themselves with the appellate process, develop new skills and prepare for their first appeals. It also continued to provide unique training for clinics, such as partnering with clinic colleagues to provide new sessions. One of these new sessions was on advanced advocacy at the Social Security Tribunal and another was on developing clinic capacity to undertake test case litigation.

In addition, the CLSS continued to play a leadership role in Special Diet Allowance human rights litigation that has been ongoing at the Human Rights Tribunal of Ontario for the last few years. During this fiscal year, a CLSS lawyer successfully argued a judicial review application at Divisonal Court for part of the Tribunal's decision.

Highlights of 2014/15

- › Development of new quantitative and qualitative measures, including the creation of an electronic survey for feedback on individual file assistance; implementation of a user visit log table to collect a wide range of website statistics; collection of videos made by clinic users describing impact of CRO services and resources on their work and on clinic clients
- › 35 per cent increase in case-specific research memoranda made available to clinic and SLASS caseworkers
- › Significant expansion of a unique database of federal Social Security Tribunal decisions
- › Increase in number of CRO publications and resources made available in French to clinics
- › Almost doubled CRO's Twitter followers to more than 400 by the end of the fiscal year through the maintenance of an active presence on Twitter in English and French
- › CRO legal and administrative staff continued to develop unique and effective resources to paralegal students, and to clinic and SLASS caseworkers, including training sessions and materials, webcasts, in-depth legal analysis, and model submissions
- › Significant upgrade of CRO website server and components, including implementation of regular security upgrades which increased security and stability of the CRO website.

Service provider support

French Language Services (FLS)

LAO operates under the principles of the French Language Services Act. This means LAO proactively works to make sure all of its services are readily available in French, through technology and in writing, in designated areas across the province. This includes over the counter, on the telephone, in person at courthouse and staff offices.

These are its major accomplishments for the fiscal year:

FLS awareness and information

- › Significant improvements to online materials about French language rights and information components: a FLS-specific page launched on LAO's website addresses FLS issues such as FLS rights and access to justice in French
- › Continuation of support and funding to help community legal clinics enhance the FLS component of their websites and improve and develop public legal education materials in French, including
 - helping the Justice for Children and Youth clinic launch a fully bilingual website
 - helping Community Legal Education Ontario (CLEO) launch a new website on youth criminal law and Espace francophone, a new French section of the Your Legal Rights website for francophone users; helping CLEO develop the webinar Les droits des francophones en Ontario.

FLS capacity and services

- › Addition of three new family law staff lawyer positions, and creation of a dedicated French-language telephone line in Client and Lawyer Support Centre
- › Agreement among legal clinics in Windsor, Hamilton, Niagara and London to coordinate their resources to enhance FLS to underserved areas in southwest Ontario.

Organizational supports

General Counsel Office

This office provides proactive and reactive legal advice to LAO on new initiatives, projects, issues that arise during the course of the year and in response to specific questions from the LAO Board or management.

Its lawyers represent LAO in court proceedings, draft and advise on contracts, leases and procurement documentation, and liaise with outside counsel in major civil litigation matters and significant employment-related cases.

In 2014/15, the General Counsel Office

- › provided advice on Alternate Fee Arrangements (AFAs), drafted AFA contracts and assisted in LAO's discussions with the Law Society of Upper Canada
- › in response to a high volume of Freedom of Information requests, advised the CEO on LAO's legal obligations under the Freedom of Information and Protection of Privacy Act and the Legal Aid Services Act
- › advised regional Vice Presidents on LAO's responsibilities when dealing with clinics involved in the dispute resolution process
- › advised the corporation on a range of employment-related issues, including breaches of privacy, terminations and union negotiations
- › rendered final decisions in 1,080 appeals of certificate refusals
- › advised on issues related to clinic modernization, including leasing matters, procurement and LAO's contractual relationship with clinics
- › as part of the panel management working group, advised on issues relating to panel standards, LAO's management of panel members, and panel removal applications and processes

- › advised the Investigations Department on investigations relating to panel lawyers
- › acts as Secretary to the LAO Board of Directors, and provides support to the Board Chair and the Board through that role.

Service integration project

This project will help LAO's many different service providers share information seamlessly about clients.

An electronic worksheet and bring-forward system now under development will allow staff to enter basic information on clients' matters from previous court appearances into the system once, for easy access by LAO's court-based workers. Court-based workers will be able to track this information on mobile computing devices, to provide seamless service outside the confines of the duty counsel/Justice On Target office.

As a result:

- › each court-based worker will be aware of the purpose of each court appearance in advance, resulting in more meaningful court appearances, higher quality service and less unnecessary adjournments
- › the risk of miscommunication and administrative time required for client interactions will be reduced
- › particularly vulnerable clients, who may find it difficult to share sensitive and painful information once, will no longer be required to repeat it to each LAO service provider separately
- › outcomes and service data will be tracked, allowing for better client understanding and the development of improved service delivery methods.

Six sites are currently piloting the tool, in readiness for a province-wide rollout within the next 12 to 18 months.

Organizational supports

Business continuity and emergency management

LAO is currently developing and implementing a program to support the continuity of critical services delivery to clients in the event of a disruption, and to protect the health and safety of clients, employees and contractors in the event of hazards.

In 2014, LAO completed a business impact analysis on this program for Provincial Office functions, and focused considerable effort on client-facing services continuity planning.

LAO is currently establishing provincial and local emergency management teams, and is working in collaboration with the Ministry of the Attorney General to ensure integration and collaboration between the two organizations where appropriate.

2015 will see substantial plan completion and coordination of provincial and local plans throughout LAO.

Enterprise risk management

LAO has Enterprise Risk Management (ERM) processes in place to identify, manage and mitigate risks — events that may inhibit the achievement of corporate goals. It reports on these processes through a semi-annual Bottom-Up Risk Report as well as a quarterly Risk Report to the Ministry of the Attorney General (MAG).

For the bottom-up risk report, management from each business unit identifies risks to their business goals, mitigation strategies, likelihood, and impact. The respective vice presidents review and assess these risks against the division's goals. This process ensures that detailed and specific information/issues flow up to senior management and instills a solid risk-culture across LAO.

To facilitate decision-making, each unit develops a risk reporting package comprised of enterprise-level risks, mitigation strategies and potential outcomes for key corporate health measures such as client services, staff

health, financial measures, lawyer and client satisfaction and the external environment.

This package is presented to Executive Management, Compliance, and Audit and Finance committees, and ultimately to LAO's board. The business units incorporate feedback from the board and executive management to integrate mitigation strategies into their business plans.

Strategic planning and compliance

This division, comprised of Compliance Services, Business Intelligence and Statistics, and Strategic Planning Office, is responsible for clinic transformation, panel management and enterprise risk management.

Audit and compliance services

This unit provides a full continuum of audit, compliance and enterprise risk management services, including billing reviews and compliance management. In addition, this department provides support on key corporate initiatives and strategic advice to LAO's senior management regarding controls and risk management.

Audit and compliance unit (ACU)

The ACU identifies lawyers' billing errors and acts to recover the funds if LAO overpays a lawyer through the certificate program. During this past year, the unit:

- › standardized its letters to ensure that communications with lawyers were concise, professional in tone, and provided information that allows the lawyers to correct any errors identified during an audit
- › developed protocols to evaluate billing breaches and tell external stakeholders about them; this will clarify the process for lawyers and allow greater efficiencies in conducting audits
- › supported corporate initiatives, such as Alternate Fee Arrangements and panel management.

Internal audit unit

This unit supports LAO’s management team and board through assurance and consulting services such as value-for-money reviews, compliance audits, and risk and business consulting services, including training and education on risks and controls. During the past year, the unit:

- › completed or substantially completed 13 planned projects and seven in-year management requests, including consultation and advice on emerging requests from business units seeking input on new initiatives, existing projects, or any challenges faced
- › provided risk advice and recommended best practices for LAO’s Alternate Fee Arrangement program
- › supported the enhancement of LAO’s enterprise risk management framework
- › developed the 2015/16 risk-based audit plan.

Investigations department

This department helps protect LAO from the misappropriation of assets and resources, and provides strategies to reduce financial and reputational risk to the organization. During the past year, the department:

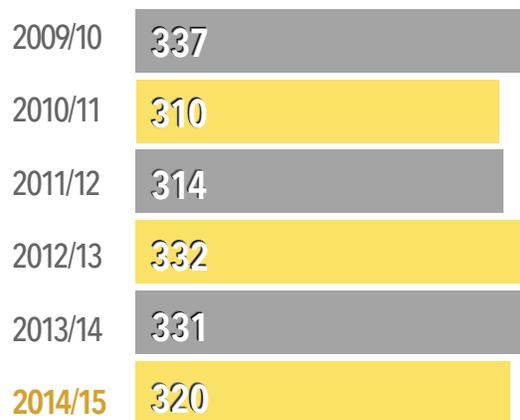
- › developed a lawyer employment screening process for panel members and private lawyers who are under consideration for LAO staff employment
- › issued recommendations to remediate panel management issues throughout the year
- › in partnership with Lawyer Services and Payments (LSP), developed a “deceased vendor” policy to help LAO handle the accounts of deceased lawyers
- › provided support for the Alternate Fee Arrangement program.

Complaints

The Complaints Department helps make staff and service providers aware of any concerns expressed, and may implement changes to policy or procedure that address concerns, in appropriate cases.

Stage 1 Complaints

Number of stage 1 complaints



Complaints at Stage 1 are resolved at the local level. During 2014/15, 320 formal complaints were recorded at the Stage I level. Of that number:

- › 11.3 per cent were determined to be substantiated
- › 78 per cent had been initiated by LAO clients
- › 48.6 per cent were complaints about lawyers
- › 62 per cent were resolved within 30 days.

Organizational supports

Receipt and resolution of third party concerns regarding client eligibility

The number of substantiated concerns on client eligibility accounts for less than one per cent of issued certificates, indicating that LAO makes appropriate decisions regarding client eligibility within LAO’s eligibility levels. In addition:

- › The percentage of certificates cancelled decreased with the introduction of the Simplified Financial Eligibility Test
- › 22 per cent of concerns determined that the subject did not possess an active certificate.

Administration of the ethics hotline

Ethics Hotline referrals are one of many intake methods for complaints. With the exception of the numbers below, statistics in this report do not distinguish between those originating from the hotline and those from other areas of the organization.

Since the introduction of the Ethics Hotline in December 2011, LAO has received almost 1,000 reports, 72.5 per cent of which were anonymous, and avoided \$140,689.47 in costs. More than three-quarters (77 per cent) of hotline complaints received related to client eligibility.

Achievement of performance measures

The Complaints department met its performance measures targets for 2014/15.

MEASURE	GOAL	2014/15 RESULTS
Stage I complaint resolution		
Percentage of stage I complaints resolved within 30 days.	50 per cent resolution within 30 days of receipt.	62 per cent resolved within 30 days
Stage I escalation		
Stage I complaints satisfactorily resolved at Stage I and not escalated to Stage II.	90 per cent of Stage I complaints satisfactorily resolved and not escalated to Stage II.	97.3 per cent not escalated to Stage II
Ombudsman inquiry escalation		
Ombudsman inquiries resolved and not escalated to an Ombudsman investigation.	2 per cent or fewer of inquiries result in Ombudsman investigations	70 inquiries, zero escalations to Ombudsman

Strategic planning office (SPO)

This office continued to develop and implement results-based planning and reporting practices at LAO. These support the achievement of LAO's strategies and influence planning and reporting at all levels of the organization.

The SPO developed tools and processes, including templates, workshops, online resources, communities of practice and a business planning dashboard that will standardize planning and reporting in the following areas:

- › business planning
- › change management
- › program management
- › project management
- › performance measurement
- › risk management

The SPO also provided direct support and leadership to the PeopleSoft financial upgrade and business continuity project.

Communications and Stakeholder Relations Department

Writing

LAO's writing team works closely with LAO's senior management, staff, and the Ministry of the Attorney General (MAG) to communicate LAO's initiatives to the public and share timely information with lawyers.

In 2014/15, for instance, the team collaborated closely with MAG to widely disseminate information on the first (of several projected) increased financial eligibility announcements.

Over the course of the year, the team also supported the rest of the organization in developing a wide range of communications, and, where relevant, consultations about initiatives that will provide enhanced services to clients and clarity to the bar. These included communications related to strengthened panel standards for refugee lawyers, expansion of the Alternate Fee Arrangement pilot, LAO's Aboriginal Justice Strategy, Mental Health Strategy, domestic violence initiatives, and much more.

Digital team

LAO's digital team develops and maintains LAO's web properties (such as its external website and intranet), provides digital support to internal clients, and manages LAO's internal and external client service applications, email communications, the LAO blog and LAO's social media accounts. Among its 2014/15 accomplishments:

- › **A lawyer referral tool** on our website that receives over 30,000 hits per year, making it one of our most-used web apps.
- › **PATHS** is a comprehensive online database of LAO services and offices searchable by keyword, by service or by map. This web app has helped with over 50,000 Client and Lawyer Support Centre referrals and has directed over 500,000 potential clients to the appropriate legal aid clinic or office. In 2014/15, the database expanded to include type and degree of clinic service by location. The team also developed a new interface, making it easier for clinics to enter consistent, accurate data.
- › **Efficient email communications.** A new mobile-responsive, accessible mailing list and subscription system optimizes email communications with lawyers, the public, and stakeholders.
- › **Blog and social media.** Thanks to a robust editorial calendar, a strong social media presence, and many guest authors, LAO's blog traffic more than doubled: blog posts were accessed over 55,000 times by over 12,500 different users.
- › **Social media.** LAO's Twitter presence grew in followers and engagement by over 335%; LinkedIn by 145%.

Organizational supports

› **Web development.** LAO's external website received over 1.1 million visits and over 3.3 million page views in 2014/15. The site's next version will be mobile-responsive and accessible.

Media

Media coverage is a powerful tool to inform the public about new legal aid services and increase awareness about access-to-justice issues. During the 2014/15 fiscal year, Communications contacted 180 members of the media individually, resulting in 205 stories relating to LAO in print, online, radio or television media.

Stakeholder engagement

In 2014/15, LAO created a stakeholder management working group to provide corporate reporting and take action on reaching out to LAO's stakeholders. Activities included:

- › meeting with stakeholders regularly to discuss matters of mutual interest
- › developing relationships with individuals and groups that have not traditionally had a relationship with LAO
- › hosting delegations representing legal aid (from Zambia, China, Japan, and Ukraine)

Human resources

Human resources' (HR) mandate is to fulfil LAO's capacity, capability and cultural requirements. To this end, HR is integral to key corporate initiatives such as the Lawyer Workforce Strategy (through recruitment, the articling program, career development and workforce planning, and training and development); inclusion and diversity; and business continuity.

Human resources management

LAO and Ontario Public Service Employees Union Local 525 negotiations concluded positively. For the first time ever, LAO was able to negotiate a collective agreement with a four-year term.

In 2014, LAO implemented a new compensation framework for managers, lawyers and senior professional staff.

On January 1, 2015, LAO implemented the second phase of pension enhancements and increased its contribution level to eight per cent. Employees were also given the option to increase their contribution levels. Two thirds are contributing more than the mandatory five per cent minimum.

HR continues to review these structures to align with LAO's goals.

In the year to come, HR plans to review workplace discrimination, harassment and violence policy and processes.

Recruitment

LAO's annual volume recruiting – one of HR's more rigorous programs – included:

- › streamlining articling student hire-back placement, to ensure that the process was fair and transparent for all.
- › paralegal student recruitment and placement for the pilot program.

During 2014/15, LAO supported two new programs – the law practice program (a four-month training course with a four-month work placement) and a paralegal summer placement program.

Other initiatives included:

- › implementation of new lawyer vacation coverage process in support of the LWS program
- › implementation of a new experiential development program

Learning and development

HR works with other departments responsible for training to establish and deploy a set of leading practices for training. Employee training and continuous learning supports throughout 2014/15 included:

- › manager feedback and coaching
- › foundations of strategic leadership
- › foundations of management excellence
- › e-Learning@LAO
- › new employee orientation
- › criminal and family law training
- › continuum of service training

Employees have been receptive to current training programs, speaking to their inherent quality.

Workforce planning

Workforce planning is a continual process that aligns the needs and priorities of LAO with those of the workforce. Its goal is to make sure LAO meets legislative, regulatory and service requirements as well as organizational objectives.

Diversity and inclusion initiatives

LAO recognizes that an inclusive workplace is one that encourages employees to bring their best selves to work, and make LAO a stronger, high performing workplace.

During the 2014/15 fiscal year, the inclusion and diversity committee:

- › encouraged the creation of affinity groups to promote and support the understanding of an aspect of diversity within LAO; LAO's two affinity groups to date are an Lesbian, Gay, Bisexual and Transgender group and an Aboriginal group
- › reviewed all policies at LAO to see if they exclude anyone, or present an unintentional barrier to inclusion, and made recommendations which will be refined and taken to senior management
- › reviewed several new policies for possible barriers to inclusion and made suggestions for more inclusive language
- › completed mandatory accessibility training throughout LAO
- › started putting days of significance on LAO's intranet
- › created a web page on LAO's intranet that promotes inclusion and diversity initiatives.

Accessibility plan

Pursuant to LAO's obligations under the Accessibility for Ontarians with Disabilities Act (AODA), LAO is committed to providing service to people with disabilities in a way that respects their dignity and independence, and is on par with the quality and efficiency with which the organization provides all of its services.

LAO worked on the following key initiatives during the 2014/15 fiscal year:

- › Rolled out mandatory customer service training across LAO in the first quarter; refreshers and training for new-hires is ongoing
- › Built accessibility-related considerations into recruitment processes and job postings
- › Ensured that procurement and systems development processes have accessibility considerations built in
- › Ensured that any new or significantly renovated facilities follow current building code and accessibility standards
- › Key LAO staff who send documents to external stakeholders participated in training on how to ensure that documents are accessible; LAO plans to continue this training to all staff who create documents that are used widely within LAO
- › As part of the upgrade on *Legal Aid Online*, an accessibility audit was completed and the findings are being used to develop a strategy to move towards accessibility compliance
- › LAO's public websites meet or exceed Web Content Accessibility Guidelines 2.0 wherever required by the AODA, and efforts to update out-of-scope content is ongoing and at approximately 80 per cent completion.

Key Performance Indicators

LAO has developed a series of key performance indicators (KPIs) as part of the business planning process. LAO reports to its Board and the Ministry of the Attorney General on a number of measures including: financial health, employee health and client health.

Overall corporate health measures: financial

TYPE OF INDICATOR	MEASURE	TARGET/ GOAL	WHY MEASURE	CURRENT LEVELS	ASSESSMENT
Financial	Balanced budget.	No deficit.	Enable LAO to address any financial pressure.	\$3.9 million surplus for 2014/15 and balanced budget for 2015/16.	LAO's funding for financial eligibility remains tied to expenditures.
	Debt position.	Eliminate accumulated deficit.	Longer term measures of financial health.	Accumulated deficit eliminated in 2013/14 and small surplus of \$3.9 million for 2014/15.	LAO has addressed long-term financial pressures.
	Cash flow.	\$15 million cash balance.	Ensure LAO has ability to pay short-term liabilities.	Cash balance \$54.5 million at March 31, 2015.	LAO has restored financial health as reflected in this measure.
Productivity	Cost per assist.	Maintain current levels of \$242/assist.	Measures efficiency of services.	\$272 for 2014/15.	Cost per assist has risen slightly as a result of increasing tariff rates and adjustment in salary levels.
Administrative Efficiency	Admin costs as a % of total.	11% of total expenditures.	Keep admin costs low and direct resources to client services.	Admin at 10.35% of expenditures in 2014/15.	Within target.

Overall corporate health measures: staff health

TYPE OF INDICATOR	MEASURE	TARGET/ GOAL	WHY MEASURE	CURRENT LEVELS	ASSESSMENT
Organizational Health	Turnover.	Maintain average below Ontario Public Service (OPS).*	While some turnover is good for organizational renewal, too much could indicate organizational issues.	Measure has been trending higher (4.91% in 2012/13 and 5.66% 2013/14. 2014/15 7.1%).	Conference Board of Canada identified government turnover rate as 7.3%.*
	Staff to Management Ratio.	10 to 1.	Organizations need to maintain appropriate delegation levels to ensure employee engagement.	Current ratio 9.25 to 1.	LAO is making good progress on achieving appropriate staff/ management ratios.
	Sick Days.	Maintain average below OPS.	Barometer of staff wellness.	Average sick days/ employee was 8.5 days in 2013 and 6.9 for 2014.	Recent new hires have contributed to the reduction.

* OPS data not available. Conference Board data used as an appropriate proxy.

KPIs

Overall corporate health measures: client services

TYPE OF INDICATOR	MEASURE	TARGET/ GOAL	WHY MEASURE	CURRENT LEVELS	ASSESSMENT
Timeliness of Service	Call wait times.	Tier 1: 1:30 minutes	Key delivery avenue for LAO.	Tier 1: 5:20 minutes	Focus has shifted to spend more time with clients.
		Tier 2: 6:30 minutes		Tier 2: 12:56 minutes	
		Summary legal advice – family: 6:30 minutes		Summary legal advice – family: 11:11 minutes	
		Summary legal advice – criminal: 6:30 minutes		Summary legal advice – criminal: 11:12 minutes	
		Lawyer service centre: 1:30 minutes		Lawyer service centre: 1:29 minutes	
	Same-day decisions.	Eligibility decision made same day 80% of the time.	Supports Justice On Target (JOT), provides good client service.	77%	Down from 79% last year due to new financial eligibility guidelines.

Overall corporate health measures: client satisfaction

TYPE OF INDICATOR	MEASURE	TARGET/ GOAL	WHY MEASURE	CURRENT LEVELS	ASSESSMENT
Access to Justice	Percentage of clients who would self-represent if not for LAO.	N/A	Assesses the impact of LAO on the justice system.	For 2014/15 survey, clients indicated: <ul style="list-style-type: none"> •Duty counsel 52% •Family law service centres 33% •in custody 45% •District and court new clients 25% •Repeat clients 45% 	LAO's services have a significant impact on the self-representation issue and enhancing access to justice.
	Percentage of Ontario population that is financially eligible.	Number of low income Ontarians that are financially eligible for LAO's services will increase from 1.0 million currently to 1.4 million by the end of 2015/16.	Measure of access to justice.	Current levels adjusted April 1, 2015 to be more inclusive.	LAO's services have a significant impact on the self-representation issue and enhancing access to justice.

KPIs

Overall corporate health measures: client and lawyer satisfaction

TYPE OF INDICATOR	MEASURE	TARGET/ GOAL	WHY MEASURE	CURRENT LEVELS	ASSESSMENT
Client Satisfaction	Overall client satisfaction.	Maintain current satisfaction levels.	Satisfaction provides direct feedback from clients regarding our services.	Data currently being analyzed for inclusion in 2015/16 plan. Current level is 83%.	LAO 83%, Broader Public Service 82%.
	Overall lawyer satisfaction.	Maintain current satisfaction levels.	Satisfaction provides direct feedback from lawyers regarding our services.	71% of lawyers rated LAO as positive (46%) or neutral (25%). This is comparable to the 87% that rated LAO positive or neutral in the 2013/14 survey.	Comparison to previous survey data is difficult as the survey methodology was revised to an industry standard five point scale.

Financial Statements

Legal Aid Ontario
Financial statements
for the year ended March 31, 2015



Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To Legal Aid Ontario
and to the Attorney General of Ontario

I have audited the accompanying financial statements of Legal Aid Ontario, which comprise the balance sheet as at March 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Toronto, Ontario
May 27, 2015


Bonnie Lysyk, MBA, CPA, CA, LPA
Auditor General

**Legal Aid Ontario
Financial Statements
For the year ended March 31, 2015**

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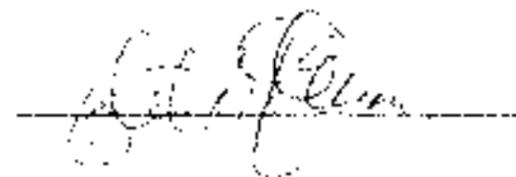
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Legal Aid Ontario

Balance Sheet

	March 31, 2015 (\$000's)	March 31, 2014 (\$000's)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 15,827	\$ 24,648
Investments, short-term (Note 4)	38,829	24,758
Prepaid expenses and other assets	1,981	1,714
Client accounts receivable (Note 3(a))	15,598	16,762
Other receivables (Note 3(b))	14,484	18,105
	<u>\$ 86,619</u>	<u>\$ 86,677</u>
Investments, long-term (Note 4)	-	3,900
Long-term client accounts receivable (Note 3(a))	22,852	21,886
Capital assets (Note 5)	7,572	5,190
TOTAL ASSETS	<u>\$ 116,953</u>	<u>\$ 117,653</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 88,292	\$ 92,726
Deferred contributions (Note 7)	6,600	5,600
Deferred grants (Note 8)	934	2,388
Accrued pension liability (Note 12)	1,237	918
	<u>\$ 97,063</u>	<u>\$ 101,632</u>
Contingency reserve (Note 13)	6,400	6,400
Net Assets		
Net accumulated surpluses	\$ -	\$ 4,451
Minority interest in net assets (Note 9)	13,490	5,190
	<u>13,490</u>	<u>9,641</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 116,953</u>	<u>\$ 117,653</u>

On behalf of the Board



Chair

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Legal Aid Ontario
Statement of Operations

For the year ended March 31

	2015 (\$000's)	2014 (\$000's)
REVENUE		
Total government funding (Note 1(a))	\$ 363,111	\$ 350,235
The Law Foundation of Ontario (Note 8)	29,179	25,618
Client contributions	9,883	10,002
Client and other recoveries	763	1,123
Investment income (Note 4)	599	409
Miscellaneous income	632	660
	<u>\$ 404,167</u>	<u>\$ 388,047</u>
EXPENSES		
Client Programs		
Certificate Program		
Criminal - Big cases	\$ 25,560	\$ 25,560
Criminal - others	76,324	78,764
	<u>101,884</u>	<u>104,324</u>
Sub-total	101,884	104,324
Family	49,837	45,245
Immigration and refugee	16,039	15,167
Other civil	5,781	5,422
	<u>173,541</u>	<u>170,158</u>
Sub-total	173,541	170,158
Settlement conferences	137	85
Family law offices	7,928	6,444
Criminal law offices	1,331	755
Refugee law office	3,064	2,431
Articling students	2,466	2,190
Nishnawbe-Aski Legal Services Corporation	1,842	1,791
	<u>190,309</u>	<u>183,854</u>
Certificates	190,309	183,854
Duty Counsel Program		
Duty counsel fees and disbursements	49,443	45,173
Expanded duty counsel	1,766	1,511
	<u>51,209</u>	<u>46,684</u>
Sub-total	51,209	46,684
Clinic Program and Special Services		
Clinic law services (Note 10)	77,971	72,093
Student legal aid services societies	4,399	3,390
Clinic information management project	1,516	34
	<u>83,886</u>	<u>75,517</u>
Sub-total	83,886	75,517
Service Innovation Projects		
Other	1,808	745
	<u>1,808</u>	<u>745</u>
Sub-total	1,808	745

Legal Aid Ontario

**Statement of Operations
(Continued)**

For the year ended March 31	2015 (\$000's)	2014 (\$000's)
EXPENSES (continued)		
Program Support		
Regional operations	2,311	1,887
District/Area office services	15,282	13,766
Client service centre	<u>8,283</u>	<u>5,607</u>
Sub-total	<u>25,876</u>	<u>21,260</u>
TOTAL CLIENT PROGRAMS	<u>353,088</u>	<u>328,060</u>
Service Provider Support		
Research facilities	3,599	3,365
Lawyers' services and payments	<u>2,179</u>	<u>1,948</u>
Sub-total	<u>5,778</u>	<u>5,313</u>
Administrative and Other Costs		
Provincial office	35,070	32,301
Amortization	2,413	1,915
Bad debts	<u>3,949</u>	<u>6,306</u>
Sub-total	<u>41,432</u>	<u>40,522</u>
TOTAL EXPENSES	<u>\$ 400,298</u>	<u>\$ 373,895</u>
Surplus of revenue over expenses for the year	<u>\$ 3,869</u>	<u>\$ 14,152</u>

**Legal Aid Ontario
Statement of Changes in Net Assets**

For the year ended March 31

(\$000's)	Internally restricted (Note 9(b))	Accumulated surplus (Note 1(c))	2015 Total	2014 Total
Net assets, beginning of year	\$ 5,190	\$ 4,431	\$ 9,621	\$ (4,531)
Surplus of revenue over expenses for the year	-	3,869	3,869	14,152
Transfer to internally restricted	8,300	(8,300)	-	-
Net assets, end of year	\$ 13,490	\$ -	\$ 13,490	\$ 9,621

Legal Aid Ontario
Statement of Cash Flows

For the year ended March 31	2015 (\$000's)	2014 (\$000's)
Cash provided by (used in)		
OPERATING ACTIVITIES		
Surplus of revenue over expenses for the year	\$ 3,869	\$ 14,152
Adjustments to reconcile surplus of revenue over expenses to net cash provided by operating activities:		
Amortization of capital assets	2,413	1,915
Employer pension contributions	(5,062)	(2,918)
Pension expense	5,381	3,170
Changes in non-cash balances:		
Client accounts receivable	1,164	1,330
Other receivables	4,311	711
Prepaid expenses and other assets	(267)	(367)
Accounts payable and accrued liabilities	(4,434)	1,322
Accrued interest on investments	(171)	(125)
Deferred contributions	1,000	3,850
Deferred grants	(1,454)	(30)
Long-term client accounts receivable	(976)	751
	\$ 5,774	\$ 23,761
INVESTING ACTIVITIES		
Purchase of investments	\$ (10,000)	\$ (16,400)
CAPITAL ACTIVITIES		
Purchase of capital assets	\$ (4,795)	\$ (2,222)
Net increase (decrease) in cash and cash equivalents during the year	(9,021)	5,139
Cash and cash equivalents, beginning of year	24,648	19,509
Cash and cash equivalents, end of year	\$ 15,627	\$ 24,648

Legal Aid Ontario

Summary of Significant Accounting Policies

March 31, 2015

NATURE OF OPERATIONS

On December 18, 1998, the Ontario Legislative Assembly enacted the *Legal Aid Services Act, 1998* whereby Legal Aid Ontario (the "Corporation") was incorporated without share capital under the laws of Ontario. The Corporation began operations on April 1, 1999 and is tax exempt under the *Income Tax Act* (Canada).

The *Legal Aid Services Act, 1998* establishes the following mandate for the Corporation:

- To promote access to justice throughout Ontario for low-income individuals by providing high quality legal aid services
- To encourage and facilitate flexibility and innovation in the provision of legal aid services
- To recognize the diverse legal needs of low-income individuals and disadvantaged communities
- To operate within a framework of accountability for the expenditure of public funds

The affairs of the Corporation are governed and managed by a Board of eleven Directors appointed by the Lieutenant Governor in Council. While the Corporation operates independently from the Province of Ontario and the Law Society of Upper Canada, it is accountable for the expenditure of public funds and for the provision of legal aid services in a manner that both meets the needs of low-income individuals and is cost-effective and efficient.

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Public Sector Handbook ["PS"] of the Chartered Professional Accountants of Canada Handbook supplemented by the standards for government not-for-profit organizations included in PS 4200 to PS 4270, which constitutes generally accepted accounting principles for government not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

**Summary of Significant Accounting Policies
(Continued)**

March 31, 2015

FINANCIAL INSTRUMENTS

Financial instruments are classified in one of the following categories (i) fair value or (ii) cost or amortized cost. The entity determines the classification of its financial instruments at initial recognition.

Investments reported at fair value consist of equity instruments that are quoted in an active market as well as investments in pooled funds and any investments in fixed income securities that the Corporation designates upon purchase to be measured at fair value. Transaction costs are recognized in the statement of operations in the period during which they are incurred. Investments at fair value are remeasured at their fair value at the end of each reporting period. Any revaluation gains and losses are recognized in the statement of remeasurement gains and losses and are cumulatively reclassified to the statement of operations upon disposal or settlement.

Investments in fixed income securities not designated to be measured at fair value are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost using the straight-line method, less any provision for impairment.

All investment transactions are recorded on a trade date basis.

Other financial instruments, including client accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

REVENUE RECOGNITION

The Corporation follows the deferral method of accounting for contributions.

Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Unrestricted contributions are recognized as revenue when initially recorded in the accounts if the amount to be received can be reasonably estimated and collection is reasonably assured. Due to uncertainty surrounding the amounts to be billed, client contributions are recognized as revenue when the Corporation accrues a lawyer's invoice on behalf of a client. Judgments, costs and settlements are recognized as revenue when awarded.

Investment income, which consists of interest, is recorded in the statement of operations as earned.

EXPENSE RECOGNITION

Expenses are recognized on an accrual basis. Certificate program costs include amounts billed to the Corporation by lawyers and an estimate of amounts for work performed by lawyers but not yet billed to the Corporation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks plus highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value with original maturities of typically one year or less.

**Summary of Significant Accounting Policies
(Continued)**

March 31, 2015

CAPITAL ASSETS

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows:

Furniture and office equipment	- 5 years
Computer hardware	- 3 years
Enterprise-wide software	- 3-7 years
Leasehold improvements	- over the term of lease

EMPLOYEE BENEFIT PLANS

The Corporation accrues its obligations under a defined benefit employee plan and the related costs. The cost of post-employment benefits earned by employees is actuarially determined using the projected unit credit actuarial cost method prorated on service and management's best estimate assumptions. The cost of non-vesting sick leave benefits are also actuarially determined using management's best estimate assumptions. Actuarial gains (losses) are amortized on a straight-line basis over the estimated average remaining service period of the active employees. Past service costs are expensed when incurred. Liabilities are measured using a discount rate determined by reference to the Corporation's cost of borrowing.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates in the financial statements include the allowance for client accounts receivable, accruals related to legal work performed but not yet billed and accrued pension benefits.

Legal Aid Ontario

Notes to Financial Statements

March 31, 2015

1. Government Funding

Section 71 of the *Legal Aid Services Act, 1998* requires the Corporation and the Attorney General of Ontario to enter into a Memorandum of Understanding ("MOU") every five years. The purpose of the MOU is to clarify the operational, administrative, financial, and other relationships between The Ministry of the Attorney General ("MAG") and the Corporation.

The most recent MOU, was signed on November 12, 2014.

- (a) The Corporation is economically dependent on the Province of Ontario, and contributions recognized from the Province were as follows:

	2015 (\$000's)	2014 (\$000's)
Contributions	\$ 363,111	\$ 350,235

As part of the 2013 budget announcement in August 2013, the Province of Ontario provided the Corporation with funding of \$30 million over a three-year period starting in 2013/14. This amount is to be used to enhance family law services and capacity in more communities and legal clinics. The 2014/15 portion of the \$30 million was \$10 million, of which \$9 million was expended with a corresponding amount recognized in government funding revenue. Legal Aid Ontario (LAO) sought and was given approval by MAG to defer \$1 million to 2014/15.

In the 2014 and 2015 provincial budgets, the Government of Ontario committed to provide more Ontarians with greater access to justice by increasing the Financial Eligibility threshold by 6% over four years. The first increase took place on November 1, 2014 with the next three increases effective April 1, 2015, 2016 and 2017. As a result, LAO received \$6.4 million from the Province of Ontario in 2014/15 and the province has committed to increase funding by \$31.5 million in 2015/16 and \$48.8 million in 2016/17 and \$67.0 million in 2017/18. LAO expensed \$6.4 million and recognized a corresponding amount in government funding revenue.

- (b) Included in contributions from the Province of Ontario for the year ended March 31, 2015 is an amount of \$50.7 million (2014 - \$51.1 million) representing an allocation of funds from a lump sum transfer by the Federal Government to the Province in connection with criminal law, the Youth Criminal Justice Act, Immigration and Refugee expenditures for unique pressures through a cost-sharing arrangement.
- (c) Subsection 66(3) of the *Legal Aid Services Act, 1998* allows the Corporation to allocate any surplus or deficit in a fiscal year to either or both of the two subsequent fiscal years with the approval of the Attorney General, unless under Subsection 69(2) it is ordered by the Minister of Finance to pay its surplus into the Consolidated Revenue Fund.

2. Line of Credit

The line of credit of \$5.0 million existing in 2014 has been cancelled at the beginning of fiscal year 2014-15 and no longer exists.

Legal Aid Ontario

Notes to Financial Statements (Continued)

March 31 2015

3. Accounts Receivable

- (a) Client accounts receivable

The Corporation has a client contribution program for legal aid applicants who do not meet the Corporation's financial eligibility requirements for a non-contributory certificate. These applicants receive the assistance they need by entering into a contribution agreement, which they undertake to repay the Corporation over time for the services provided to them. Contribution agreements may include monthly payments and/or liens on property.

March 31 2015 (\$000's)	Total \$	1-30 Days	31-60 Days	61-90 Days	Over 90 Days
Client accounts receivable	\$ 70,868	\$ 184	\$ 800	\$ 249	\$ 69,635
Less: impairment allowance	(32,408)	(64)	(448)	(134)	(31,762)
Net receivables	\$ 38,460	\$ 120	\$ 352	\$ 115	\$ 37,873

March 31, 2014 (\$000's)	Total \$	1-30 Days	31-60 Days	61-90 Days	Over 90 Days
Client accounts receivable	\$ 70,761	\$ 131	\$ 308	\$ 406	\$ 69,916
Less: impairment allowance	(32,113)	(54)	(130)	(181)	(31,748)
Net receivables	\$ 38,648	\$ 77	\$ 178	\$ 225	\$ 38,168

	2015 (\$000's)	2014 (\$000's)
Represented by		
Current (non-lien) client accounts receivable	15,598	16,762
Long-term (lien) client accounts receivable	22,862	21,886
	\$ 38,460	\$ 38,648

Legal Aid Ontario

Notes to Financial Statements
(Continued)

March 31 2015

(b) Other receivables

Other receivables are mainly composed of amounts due from the Law Foundation of Ontario, Canada Revenue Agency and both the Federal Department of Justice ("DOJ") and MAG for protocol cases.

March 31 2015 (\$000's)	Total \$	1-30 Days	31-60 Days	61-90 Days	Over 90 Days
MAG protocol cases	\$ 3,908	\$ 1,329	\$ -	\$ -	\$ 2,579
DOJ protocol cases	524	454	56	14	-
HST receivable	7,519	3,100	2,032	-	2,387
The Law Foundation of Ontario	2,061	2,061	-	-	-
Other receivables	472	472	-	-	-
Total other receivables	\$ 14,484	\$ 7,416	\$ 2,088	\$ 14	\$ 4,966

March 31, 2014 (\$000's)	Total \$	1-30 Days	31-60 Days	61-90 Days	Over 90 Days
MAG protocol cases	\$ 4,752	\$ 1,798	\$ -	\$ -	\$ 2,954
DOJ protocol cases	479	276	-	203	-
HST receivable	9,991	4,840	2,507	101	2,543
The Law Foundation of Ontario	3,240	3,240	-	-	-
Other receivables	333	259	-	-	74
Total other receivables	\$ 18,795	\$ 10,413	\$ 2,507	\$ 304	\$ 5,571

Legal Aid Ontario

Notes to Financial Statements
(Continued)

March 31 2015

4. Investments

	2015 (\$000's)	2014 (\$000's)
Guaranteed investment certificates	\$ 38,400	\$ 28,400
Accrued interest	429	258
	38,829	28,658
Investments, short-term	38,829	24,758
Investments, long-term	-	\$ 3,900

The Corporation has developed an investment policy in accordance with the statutory requirements outlined in Sections 7(1), 7(2), 7(3) and 7(4) of Ontario Regulation 107/99 made under the *Legal Aid Services Act, 1998*. The Corporation's short-term and long-term investment policy is to invest in highly liquid investments in Canadian federal government securities, Canadian provincial government securities or other guaranteed investment certificates issued or guaranteed by Canadian financial institutions with a rating of A or above. The investments held by the Corporation as at March 31, 2015 are in compliance with the statutory requirements. There were no long-term investments held as at March 31, 2015 (2014 - \$3.9 million). Of the total short-term investments of \$38.4 million (2014 - \$24.5 million), \$3.9 million (2014 - \$2.5 million) are at fixed interest rates and \$34.5 million, (2014 - \$22 million) are invested at variable interest rates.

The Corporation earned investment income of \$0.599 million in 2015 (2014 - \$0.409 million).

Legal Aid Ontario

Notes to Financial Statements
(Continued)

March 31 2015

5. Capital Assets

	2015 (\$000's)		2014 (\$000's)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and office equipment	\$ 271	\$ 154	\$ 908	\$ 808
Computer hardware	5,019	2,360	5,197	2,775
Leasehold improvements	6,003	2,997	5,086	2,418
Enterprise-wide software	17,753	15,963	15,628	15,628
	<u>\$ 29,046</u>	<u>\$ 21,474</u>	<u>\$ 26,819</u>	<u>\$ 21,629</u>
Net book value		<u>\$ 7,572</u>		<u>\$ 5,190</u>

6. Accounts Payable and Accrued Liabilities

	2015 (\$000's)	2014 (\$000's)
Legal accounts		
- accruals for billings received but not paid	\$ 20,185	\$ 17,997
- estimate of work performed but not yet billed	57,054	61,376
Rent inducements	780	1,002
Trade and other payables	8,813	11,357
Vacation pay	1,460	994
	<u>\$ 88,292</u>	<u>\$ 92,726</u>

Legal Aid Ontario

Notes to Financial Statements
(Continued)

March 31 2015

7. Deferred Contributions

The Corporation has received the following funds which have been deferred to future periods:

	2015 (\$000's)	2014 (\$000's)
Balance, beginning of year	\$ 5,600	\$ 1,750
Provincial funding received (Note 1(a))	10,000	10,000
Amounts recognized as revenue	(9,000)	(6,150)
Balance, end of year	<u>\$ 6,600</u>	<u>\$ 5,600</u>

8. Deferred Grants

The Corporation has received the following funds from the Law Foundation of Ontario for future projects:

	2015 (\$000's)	2014 (\$000's)
Balance, beginning of year	\$ 2,388	\$ 2,418
Amounts recognized as revenue	(1,454)	(30)
Balance, end of year	<u>\$ 934</u>	<u>\$ 2,388</u>

9. Internally Restricted Net Assets

(a) Annually, the Board of Directors determines the amount, if any, to be transferred between accumulated surplus (deficit) and internally restricted net assets. These internally restricted amounts are not available for other purposes without approval of the Board of Directors. Internally restricted net assets consist of the following:

	2015 (\$000's)	2014 (\$000's)
Invested in capital assets (Note 9(b))	\$ 7,572	\$ 5,190
Internally restricted for the specialty clinic co-location project (Note 9(c) i)	3,000	-
Internally restricted for the unfunded component of the cost of the tariff increases (Note 9(c)ii)	2,918	-
	<u>\$ 13,490</u>	<u>\$ 5,190</u>

(b) Investment in capital assets represents the amount of net assets that are not available for other purposes because they have been used to fund the purchase of capital assets. Changes in net assets invested in capital assets during the year consist of the following:

Notes to Financial Statements
(Continued)

March 31 2015

10. Clinic Law Services

The Corporation provides funding to community clinics, enabling them to provide poverty law services to the community they serve on a basis other than fee for service. The community clinics are organizations structured as corporations without share capital and are governed and managed by a board of directors. Community clinics are independent from, but accountable to, the Corporation under Sections 33 to 39 of the *Legal Aid Services Act, 1998*. Each community clinic is independently audited and is required to provide audited financial statements to the Corporation for the funding period.

The total funding to community clinics consists of direct funding transfers and the cost of centrally provided support services.

	2015 (\$000's)	2014 (\$000's)
Payments to and on behalf of clinics	\$ 77,971	\$ 72,093

11. Commitments and Contingencies

- (a) The Corporation issues certificates to individuals seeking legal aid assistance. Each certificate issued authorizes legal services to be performed within the tariff guidelines. As at March 31, 2015, management estimates that a potential \$55.6 million (2014 - \$59.4 million) of authorized legal services could still be incurred on certificates issued on or before March 31, 2015 over and above the billings received to date and management's estimate of work performed but not yet billed.
- (b) The Corporation leases various office premises and equipment throughout the Province. The rent and estimated operating costs are based on lease agreements and prior period information on operating costs for leases held over the next five years and thereafter as follows:

	Base Rent (\$000's)	Operating Cost (\$000's)	Total (\$000's)
2016	\$ 1,965	\$ 2,449	\$ 4,414
2017	1,729	2,252	3,981
2018	1,578	2,150	3,728
2019	810	1,117	1,927
2020	141	151	292
Thereafter	142	125	267
	\$ 6,365	\$ 8,244	\$ 14,609

	2014 (\$000's)	2014 (\$000's)
Balance, beginning of year	\$ 5,190	\$ 4,883
Purchase of capital assets	4,795	2,222
Amortization	(2,413)	(1,915)
Balance, end of year	\$ 7,572	\$ 5,190
Represented by		
Capital assets (Note 5)	\$ 7,572	\$ 5,190

(c) (i) Amounts set aside by the Board of Directors in the amount of \$3 million, which represent the restricted reserves to be used to pay for leasehold improvements related to the co-location of specialty clinics.

(ii) In 2010, MAG, LAO and Criminal Law Association entered into a MOU which included seven tariff increases of 5% over six years. MAG committed to fund the cost of these tariff increases up to \$35.0 million, the amount is included in the original \$60.0 million of new investment base funding provided to LAO. MAG and LAO committed to make best efforts to fund any costs in excess of this amount. LAO has already made best efforts. The total cost of these tariff increases which will be fully realized by LAO 2017/18 are estimated to be \$49.0 million. MAG has notified LAO that as a result of the government's restraint, LAO needs to find the difference, approximately \$14 million, within its existing allocation. As a result, the Board of Directors is setting aside \$2.918 million as a restricted reserve to offset the future liability of this unfunded component of the cost of the tariff increases.

Legal Aid Ontario

Notes to Financial Statements
(Continued)

March 31 2015

11. Commitments and Contingencies (continued)

(c) The Corporation is the defendant in a number of lawsuits arising in the ordinary course and conduct of business. The outcome and ultimate disposition of these actions are not known; however, based on the claims made, we have estimated an amount of \$0.429 million and have made the necessary provision. Some of the above lawsuits are covered by insurance after the application of a deductible of up to \$50 thousand, depending on when the event of the claim occurred and the nature of the claim.

12. Pensions

The Corporation has two pension plans providing retirement benefits for its employees. There are two components to the regular plan: a defined contribution and a defined benefit component. In addition, there is also a non-registered supplementary (executive) plan.

Defined Contribution Component

The defined contribution component of the plan covers 914 (2014 - 822) employees. The Corporation has a transition plan to get all employees' contributions to 9% of the employees' pensionable earnings; however, the existing rate varies between five and eight percent, depending on the contribution of the employees to the component of the plan. The Corporation's pension expense for the year relating to this component of the plan was \$4.998 million (2014 - \$2.821 million).

Defined Benefit Component

The defined benefit component of the plan covers a total of 17 employees; there are three active (2014 - four) participants and 14 retirees (2014 - 13). Actuarial gains (losses) are amortized on a straight-line basis over the estimated average remaining service period of the active employees, which is four years as at March 31, 2015 (2014 - five). Under this benefit plan, benefits at retirement are related to years of service and remuneration during the years of employment. The plan is subject to actuarial valuations for funding purposes at intervals of not more than three years. The actuarial valuation for the new three-year period starting January 1, 2014 was completed. The next actuarial valuation of the Plan for funding purposes will be prepared as at January 1, 2017. The Corporation makes pension contributions to this component of the plan in amounts recommended by the actuary.

The Corporation measures its accrued benefit obligation for accounting purposes as at March 31 of each year.

	2015 (\$000's)	2014 (\$000's)
Accrued benefit obligation	\$ 3,620	\$ 3,597
Fund assets at market value	4,305	3,954
Funded status - plan surplus	685	357
Unamortized net actuarial loss	(80)	239
Accrued pension asset	\$ 605	\$ 596

Legal Aid Ontario

Notes to Financial Statements
(Continued)

March 31 2015

12. Pensions (continued)

The expense related to the Corporation's defined benefit component of the plan consists of the following:

	2015 (\$000's)	2014 (\$000's)
Current period benefit cost	\$ 25	\$ 26
Amortization of actuarial losses	48	67
Interest revenue	(19)	(10)
	\$ 54	\$ 83

The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligation and benefit expense are as follows:

	2015	2014
Accrued benefit obligation		
Discount rate	5.25%	5.25%
Rate of compensation increase	3.00%	3.00%

	2015	2014
Benefit expense		
Discount rate	5.25%	5.00%
Expected long-term rate of return on plan assets	5.25%	5.00%
Rate of compensation increase	3.00%	3.00%

Other information about the defined benefit plan is as follows:

	2015 (\$000's)	2014 (\$000's)
Employer contributions	\$ 63	\$ 96
Employee contributions	10	11
Benefits paid	197	186

**Legal Aid Ontario
Notes to Financial Statements
(Continued)**

March 31 2015

12. Pensions (continued)

Supplementary Executive Benefit Plan

The Board of the Corporation has also approved the establishment of a supplementary pension benefit plan for a designated executive member. Under the supplementary pension benefit plan, benefits at retirement are related to years of service and remuneration during the years of employment. The plan is unfunded and the benefits will be paid by the Corporation as they become due. The accounting valuation for the unfunded retirement plan has been performed as at March 31, 2015.

The significant actuarial assumptions adopted in measuring the accrued benefit obligation and expense for the period are as follows:

	2015	2014
Discount rate	4.00%	4.00%
Inflation	1.50%	1.50%

The Corporation's pension expense for the year was \$.328 million (2014 - \$.266 million). The accrued benefit obligation and the accrued benefit liability as at March 31, 2015 was \$1.842 million (2014 - \$1.514 million). During the year, the Corporation made no payments to the plan.

	2015 (\$000's)	2014 (\$000's)
Accrued Pension Asset (Liability)		
Defined Benefit Plan	\$ 605	\$ 596
Supplementary Executive Benefit Plan	(1,842)	(1,514)
	\$ (1,237)	\$ (918)

**Legal Aid Ontario
Notes to Financial Statements
(Continued)**

March 31 2015

13. Contingency Reserve

Section 66(4) of the *Legal Aid Services Act*, 1998, requires the Corporation to maintain a contingency reserve fund as prescribed by Section 6 of Ontario Regulation 107/99. This fund was established on April 1, 1999 with a balance of \$20 million, which was funded by the Corporation. The Regulation also requires the Corporation to obtain advance approval from the Attorney General for any withdrawal beyond \$5 million of this capital amount and for the Corporation to provide the reason why the withdrawal is needed, a schedule for repayment, and a statement of the Corporation's plans for preventing a similar need from arising in the future.

	2015 (\$000's)	2014 (\$000's)
Balance, beginning and end of year	\$ 6,400	\$ 6,400

14. Financial Instruments

The Corporation is exposed to various financial risks through transactions in financial instruments.

Credit risk

The Corporation is exposed to credit risk in connection with its accounts and other receivables and its fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

Liquidity risk

The Corporation is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. The Corporation derives a significant portion of its operating revenue from the Ontario government and other funders with no firm commitment of funding in future years. To manage liquidity risk, the Corporation keeps sufficient resources readily available to meet its obligations.

Accounts payable mature within 21 days on certificates. The maturities of other financial liabilities are provided in notes to the financial statements related to these liabilities.

Interest rate risk

The Corporation is exposed to interest rate risk with respect to its investments held at variable interest rates.

Investments of \$38.4 million (2014 - \$22 million) have interest rates ranging from 1.05% to 1.70% with multiple maturity dates between April 2, 2014 and Jan 21, 2016. These interest rates vary with the Canadian prime rate; however, the risk is low as the prime rate has been stable over the past few years.

**Legal Aid Ontario
Notes to Financial Statements
(Continued)**

March 31 2015

15. Comparative Figures

Certain comparative figures have been reclassified in order to conform with the current year's presentation.

Management discussion & analysis

The Management Discussion and Analysis is intended to assist readers in understanding the operating results and financial position of Legal Aid Ontario as well as its strategic direction regarding the provision of services in the future.

This report should be read in conjunction with LAO's audited financial statements for the year ended March 31, 2015, prepared in accordance with Canadian generally accepted accounting principles, and the accompanying notes, which form a part of those statements.

Executive summary

- The opening balance of the net assets was comprised of an accumulated surplus of \$4.4 million and \$5.2 million in invested capital assets (existing internally restricted fund).
- LAO's operating surplus for the period ending March 31, 2015 was \$3.9 million.
- From this balance of \$13.5 million, LAO's board approved:
 - \$3 million internally restricted reserve to fund the specialty clinic project
 - \$2.9 million as an additional internally restricted reserve from the balance of the remaining accumulated surplus to fund the estimated unfunded component of the tariff increases ranging from \$12 million to \$14 million in 2017/18
 - \$7.5 million for the Invested in Capital Assets (existing internally restricted reserve).
- LAO through recent discussions with MAG was informed that the \$14 million unfunded tariff pressure will have to be absorbed by LAO. In addition, MAG expressed concerns that LAO would have an accumulated surplus for the fiscal year ended March 31, 2015.
- LAO has a positive cash position of \$54.5 million (2014 - \$49 million) which is sufficient to meet minimum cash requirements.

Future financial challenges

LAO faces one significant long-term risk. This is the impending gap between the funding provided to LAO and the tariff increases that were agreed to by the province and the private bar. LAO has received funding to address the majority of the increase but there remains an unfunded gap that at maturity in 2017/18 will be approximately \$14 million annually.

New financial eligibility funding

In the 2014 and 2015 provincial budgets, the government of Ontario committed to provide more Ontarians with greater access to justice by increasing the financial eligibility threshold by 6 per cent over four years. The first increase took place on November 1, 2014 with the next three increases effective April 1, 2015, 2016 and 2017.

As a result, LAO received \$6.4 million from the province of Ontario in 2014/15 and the province has committed to increase funding by \$31.5 million in 2015/16 and \$48.8 million in 2016/17 and \$67.0 million in 2017/18.

Significant changes to the statement of operations 2015 and 2014 fiscal years

Revenue (Page 4 of the financial statements)

(\$000s)	2015	2014	Increase/ (Decrease)
Government of Ontario	\$ 363,111	\$ 350,235	\$ 12,876
Law Foundation	29,179	25,618	3,561
Client Contributions	9,883	10,002	(119)
Client & Other Recoveries	763	1,123	(360)
Investment Income	599	409	190
Miscellaneous	632	660	(28)
TOTAL REVENUES	\$ 404,167	\$ 388,047	\$ 16,120

Government funding (\$12.9 million increase)

- LAO base funding was restored for the year 2014/15.

(\$000s)	2015	2014	Increase/ (Decrease)
Government of Ontario	\$ 347,549	\$ 347,549	
Government of Ontario - Transfer reduction		(3,000)	3,000
Government of Ontario - Transfer restoration		1,000	(1,000)
Sub Total	347,549	345,549	2,000
Government of Ontario - New 2013 Family Funding	9,000	4,400	4,600
Government of Ontario - Financial Eligibility	6,420		6,420
Government of Ontario - Department of Justice	142	286	(144)
TOTAL MAG Contributions	\$ 363,111	\$ 350,235	\$ 12,876

- LAO received \$10 million this year for the family funding announced in 2013. LAO spent \$9 million in

2014/15 of which \$1 million was deferred, MAG agreed that LAO could use these funds in 2015/16.

- financial eligibility funding of \$6.4 million was received this year from MAG, \$4.2 million was funded to the clinics, \$1 million on new certificates, \$0.51 million on the Client and Lawyer Support Centre and the balance \$0.64 million was used for administrative purposes.
- LAO also received additional funding for cessations and vacation refugee cases in the amount of \$142,000 from the federal government, this funding is based on these types of cases received in the prior year and a reduction was responsible for the change.

Law Foundation of Ontario (\$3.6 million increase)

- Law Foundation of Ontario (LFO) revenues increased by \$3.6 million to \$28.6 million this year. This increase resulted from the ongoing strong real estate market. LFO trust balances have increased during the year on average by about 9.8 per cent over the year with little effect of the decrease in the Bank of Canada rate by 25 basis points, since this only took effect in January 2015. However, LAO anticipates LFO revenues in the \$22 million range for 2015/16.

Expenditures (Pages 4-5 of the financial statements)

(\$000s)	2015	2014	Increase/ (Decrease)
Certificate Program	\$ 190,309	\$ 183,854	\$ 6,455
Duty Counsel	51,209	46,684	4,525
Clinic Program	83,886	75,517	8,369
Service Innovation Projects	1,808	745	1,063
Program Support	25,876	21,260	4,616
Service Provider Support	5,778	5,313	465
Administrative and Other Costs	41,432	40,522	910
TOTAL EXPENDITURES	\$ 400,298	\$ 373,895	\$ 26,403

The major changes in expenditures between the fiscal years 2015 and 2014 are explained below:

Certificate program (\$6.5 million increase)

The increase in the certificate program is composed of two main changes:

- an increase in the cost of regular certificates of \$3.4 million
- an increase in other certificate program costs of \$3.1 million.

Each of these changes are explained below:

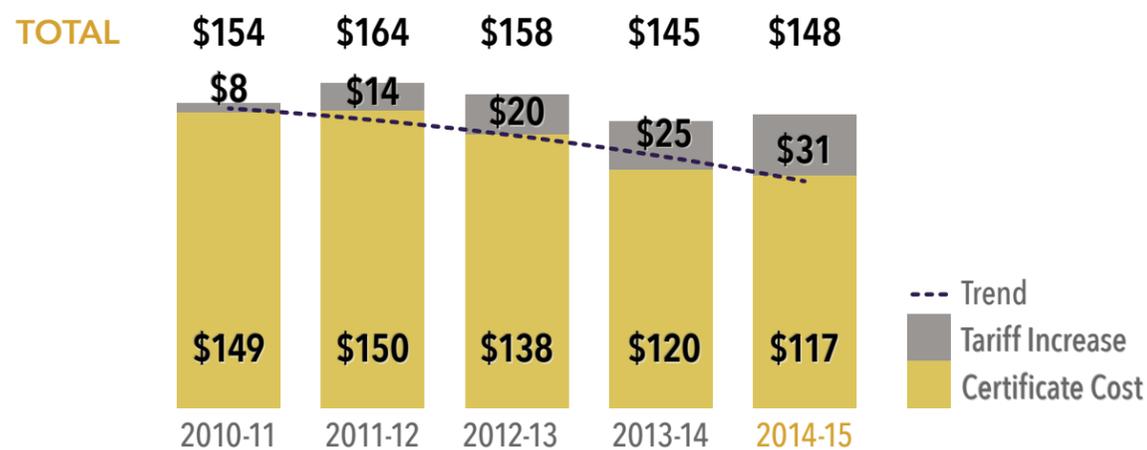
- the 2 per cent regular certificate increase is driven by a (\$5.6 million) decrease in certificate costs and a \$9 million increase in tariff costs
- the \$3.4 million increase breaks down by area of law as follows:

- non-Big Case Management (BCM) criminal cost – (3.1%) decrease. The reduction was a combination of \$5.1 million (6.5%) decrease in criminal cost and a \$2.7 million (3.4%) increase in tariff costs

(\$000s)	2015	2014	Increase/ (Decrease)	Increase/ (Decrease)
Criminal - BCM	\$ 25,560	\$ 25,560	-	0.0%
Criminal - Non-BCM	76,324	78,765	(2,441)	(3.1%)
Family	49,837	45,245	4,592	10.1%
Immigration/Refugee	16,039	15,167	872	5.7%
Civil	5,781	5,421	360	6.6%
TOTAL	\$ 173,541	\$ 170,158	\$ 3,383	2.0%

- family cost – 10.1% increase. The increase was a combination of \$2.4 million (5.3%) increase in family cost and a \$2.2 million (4.9%) increase in tariff costs. The increase in family cost included independent legal advice/separation agreement certificate costs as well as financial eligibility costs
- tariff increase
 - o when the cost of the tariff is excluded from the cost of the certificate program, the program cost decrease was from \$149 million in 2010/11 to \$117 million in 2014/15
 - o within the total cost of the certificate program of \$148 million in 2014/15, the cumulative cost of the tariff on non-BCM certificates was \$31 million versus the original estimate of \$57 million. The following chart shows the cumulative cost of the tariff increases within the certificate program since 2010/11:

Non BCM certificate program cost comparison (\$M)



- the total BCM expenditures did not change year over year but the midcase costs did increase (1st full year) and the test case program (GATCC) was new to the BCM program this year.

(\$000s)	2015	2014	Increase/ (Decrease)
BCM			
Certificate Costs - BCM	\$ 22,680	\$ 24,547	(1,867)
Certificate Costs - Midcase	1,370	399	971
Certificate Costs - GATCC	534	-	534
Certificate Costs - MCMO	976	614	362
Total	25,560	25,560	

The clinic program

The clinic program has increased from \$75.5 million to \$83.9 million as a result of:

- \$4.2 million in new financial eligibility funding to increase the financial eligibility threshold for legal aid services
- \$1.5 million in clinic information management system project
- \$1.0 million in Student Legal Aid Services Societies (SLASS), \$0.7 million of this increase resulted from family funding initiatives and \$0.3 million from a new SLASS
- \$1.7 million in clinic operating funding increase.

Program support (\$4.6 million increase)

Program support includes regional operations, district offices and the Client and Lawyer Support Centre (CLSC). The program has increased from \$21.3 million to \$25.9 million as a result of:

- \$1.9 million in increase salaries and benefits, primarily from the salary increases to lawyers and the enhanced pension plan contributions
- \$1.5 million from a shift in personnel from Central Programming & Innovation to CLSC as a result of a strategic review of the CLSC department
- \$0.7 million in family funding initiatives
- \$0.5 million in financial eligibility initiatives in the CLSC department.

Administration and other costs (\$0.9 million increase)

The increase in administration and other costs can be attributed to three main areas:

- an increase of \$2.8 million mainly attributed to \$1.2 million increase in IT costs and staff costs in LAO's provincial office. These costs can be attributed to the Microsoft Enterprise agreement and staff additions in supporting family and financial eligibility initiatives, and the second year implementation of lawyer compensations strategy. (Please see appendix A.)

•an increase of \$0.5 million in amortization expense related to \$2.1 million capital expenditure on PeopleSoft upgrade.

•a decrease of \$2.4 million in bad debts attributed to lower write-offs in 2014/15, that represented the write-offs reported on a twelve month period compared to a twenty-three month period in 2013/14. In 2014/15 LAO has changed its practice of write-offs annually to be based on the calendar year, in order for the approved write-offs to be reflected in the current fiscal year.

(\$000s)	2015	2014	Increase/ (Decrease)
Administrative and Other Costs			
Provincial Office	\$ 35,070	\$ 32,301	\$ 2,769
Amortization Expense	2,413	1,915	498
Bad Debt Expense	3,949	6,306	(2,357)
TOTAL EXPENDITURES	\$ 41,432	\$ 40,522	\$ 910

Balance sheet

(\$000s)	2015	2014	Increase/ (Decrease)
ASSETS			
Cash and cash equivalents	15,627	24,648	\$ (9,021)
Short-term investments	38,829	28,658	10,171
Other receivables	14,484	18,795	(4,311)
Capital assets	7,572	5,190	2,382
Total	\$ 76,512	\$ 77,291	\$ (779)
LIABILITIES & NET ASSETS			
Accounts payable and accrued liabilities	88,292	92,276	(3,984)
Accumulated surplus	-	4,431	(4,431)
Internally Restricted Reserves	13,490	5,190	8,300

There were increases in cash and cash equivalents, and short-term investments that resulted from the 2014/15 operating surplus and investment of funds.

The reduction in other receivables is attributed to lower HST receivables.

The reduction in accounts payables relates to a reduction in trade and other payables.

Net asset position

LAO's March 31, 2015 net asset position is \$13.4 million, consisting of:

- a restricted reserve of \$3 million for speciality clinics and \$2.9 million for future unfunded tariff increases
- \$7.5 million invested in capital assets, which is an appropriation for future depreciation costs.

Internally restricted reserves (future unfunded tariff liability and special clinics)

(\$000s)	2015	2014	Increase/ (Decrease)
NET ASSETS			
Net accumulated reserves	4,431	4,431	
Operating Surplus	3,869		3,869
Sub Total	8,300		
Transferred to Internally Restricted Reserves	(8,300)		(8,300)
Sub Total			
Internally Restricted Reserves - Invested in Capital	7,572		7,572
Internally Restricted Reserves - Specialty Clinics	3,000		3,000
Internally Restricted Reserves - Unfunded Tariff	2,918	5,190	(2,272)
Total	13,490	9,621	3,869

MAG is concerned that if LAO reports an accumulated surplus it may prompt Treasury Board to request that the accumulated surplus be returned to the Government Consolidated Revenue Fund.

LAO will now have three internally restricted reserves:

- invested in Capital Assets
- specialty clinics – for the cost of co-location
- future cost of the unfunded component of the tariff increases.

Altogether, the restricted reserves will total \$3 million (special clinics), \$2.9 million (unfunded tariff increases) and \$7.5 million (invested in capital) for a total of \$13.4 million (see note 9).

Restricted reserves – Invested in Capital Asset, \$7.5 million: restricts the future amortization costs of LAO's assets

Restricted reserves – Specialty Clinic Co-Location, \$3 million: LAO's board recently approved (February 2015) the creation of a \$3 million internally restricted fund (appropriation of surplus) for the Specialty Clinic Project.

Restricted reserves – unfunded component of the tariff increases, \$2.9 million: LAO has set up another restricted reserve in the amount of \$2.9 million to offset the future cost of the unfunded component of the tariff increases. MAG is supportive of this approach.

LAO had three options to deal with the accumulated surplus:

- report an accumulated surplus of \$2.9 million
- transfer any unused surplus to the contingency reserve fund
- create an internally restricted fund.

LAO staff proposes creating an internally restricted reserve for the following reasons:

- provides the maximum amount of flexibility
- protects the funds to offset future costs of the unfunded component of the tariff increases
- provides transparency.

Conclusion

These financial statements demonstrate that LAO is in a sound financial position. LAO ended the year with a \$3.9 million operating surplus, providing LAO with the ability to set aside funds to offset future costs. LAO will continue to address any fiscal challenges as we have in the past and introduce thoughtful, creative and effective ways to balance the budget while maintaining efficient and effective service to our clients.