



Public Prosecution
Service of Canada

Service des poursuites
pénales du Canada

PPSC Financial Statements 2021-2022

Office of the Director of Public Prosecutions



This publication presents the Public Prosecution Service of Canada Financial Statements for the fiscal year 2021-2022.

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OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

Statement of Management Responsibility Including Internal Control over Financial Reporting 2021-22

Reporting responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2022 and all information contained in these statements rests with the management of the Office of the Director of Public Prosecutions (ODPP), also known as the Public Prosecution Service of Canada (PPSC). These financial statements have been prepared by management using the Government's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the ODPP's financial transactions. Financial information submitted in the preparation of the *Public Accounts of Canada*, and included in the PPSC's *Departmental Results Report*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR), designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the ODPP; and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an on-going process to identify key risks, to assess the effectiveness of associated controls, and to make any necessary adjustments.

A risk-based assessment of the system of ICFR for the year ended March 31, 2022 was completed in accordance with the Treasury Board Policy on Financial Management and the results and action plans are summarized in the annex.

The effectiveness and adequacy of the ODPP's system of internal control are included as part of the internal audit staff's risk-based approach to evaluate and improve the effectiveness of risk management, control and governance processes and supported by the Departmental Audit Committee, which oversees management responsibilities for maintaining control systems and the quality of financial reporting, and, which recommends the financial statements to the Director of Public Prosecution Services.

The financial statements of the ODPP have not been audited.

Kathleen Roussel
Director of Public Prosecutions and Deputy Attorney
General of Canada

Mélanie Lamoureux, CPA
Chief Financial Officer

Ottawa, Ontario

Date: _____

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

Statement of Financial Position (Unaudited)

As at March 31

(in thousands of dollars)	2022	2021
Liabilities		
Accounts payable and accrued liabilities (note 4)	29,313	30,864
Vacation pay and compensatory leave	12,082	8,844
Employee future benefits (note 5)	4,291	4,777
Total liabilities	45,686	44,485
Financial assets		
Due from the Consolidated Revenue Fund	19,125	20,676
Accounts receivable and advances (note 6)	7,366	12,829
Total gross financial assets	26,491	33,505
Financial assets held on behalf of Government		
Accounts receivable and advances (note 6)	(47)	(72)
Total financial assets held on behalf of Government	(47)	(72)
Total net financial assets	26,444	33,433
Departmental net debt	19,242	11,052
Non-financial assets		
Tangible capital assets (note 7)	14,410	14,560
Total non-financial assets	14,410	14,560
Departmental net financial position	(4,832)	3,508

Contingent liabilities (note 8)

The accompanying notes form an integral part of the financial statements.

Kathleen Roussel
Director of Public Prosecutions and
Deputy Attorney General of Canada

Mélanie Lamoureux, CPA
Chief Financial Officer

Ottawa, Ontario

Date: _____

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

Statement of Operations and Net Financial Position (Unaudited)

For the year ended March 31

(in thousands of dollars)	2022 Planned Results	2022	2021
Expenses (note 11)			
Prosecution Services	226,305	201,446	195,210
Internal Services	30,882	40,633	35,816
Total expenses	257,187	242,079	231,026
Revenues			
Prosecution Services	22,742	16,916	15,340
Fines, forfeitures and court costs*	56,665	56,364	56,509
Rent from residential housing provided to employees*	526	705	579
Other*	44	20	137
Proceeds from disposal of tangible capital assets**	-	11	-
Revenues earned on behalf of Government	(57,235)	(57,100)	(57,225)
Total revenues	22,742	16,916	15,340
Net cost of operations before government funding and transfers	234,445	225,163	215,686
Government funding and transfers			
Net cash provided by Government of Canada	-	193,418	198,856
Change in due from Consolidated Revenue Fund	-	(1,551)	(1,101)
Services provided without charge by other government departments (note 9)	-	24,934	22,841
Other transfers of asset and liabilities from (to) other government departments	-	22	(14)
Net cost of operations after government funding and transfers	-	8,340	(4,896)
Departmental net financial position - Beginning of year	-	3,508	(1,388)
Departmental net financial position - End of year	-	(4,832)	3,508

* Non-respendable revenue

** In 2021-22, PPSC disposed of a vehicle that was fully amortized. The vehicle was disposed of for \$11,900 which includes a gain of \$10,948 and administrative fees of \$952. This revenue is non-respendable.

Segmented information (note 10)

The accompanying notes form an integral part of the financial statements.

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

Statement of Change in Departmental Net Debt (Unaudited)

For the year ended March 31

(in thousands of dollars)	Planned Results 2022	2022	2021
Net cost of operations after government funding and transfers	-	8,340	(4,896)
Change due to tangible capital assets			
Acquisition of tangible capital assets (note 7)	-	1,851	7
Adjustments to tangible capital assets (note 7)	-	-	1,046
Amortization of tangible capital assets (note 7)	-	(2,001)	(1,461)
Total change due to tangible capital assets	-	(150)	(408)
Net increase (decrease) in departmental net debt	-	8,190	(5,304)
Departmental net debt - Beginning of year	-	11,052	16,356
Departmental net debt - End of year	-	19,242	11,052

The accompanying notes form an integral part of the financial statements.

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

Statement of Cash Flows (Unaudited)

For the year ended March 31

(in thousands of dollars)	2022	2021
Operating activities		
Net cost of operations before government funding and transfers	225,163	215,686
Non-cash items:		
Amortization of tangible capital assets (note 7)	(2,001)	(1,461)
Gain on disposal of tangible capital assets including adjustments	11	-
Services provided without charge by other government departments (note 9)	(24,934)	(22,841)
Other transfers of assets and liabilities (to) / from other government departments	(22)	14
Variations in Statement of Financial Position:		
(Decrease) increase in accounts receivable and accountable advances	(5,438)	2,079
Decrease in accounts payable and accrued liabilities	1,551	3,821
(Increase) decrease in vacation pay and compensatory leave	(3,238)	-
Decrease in employee future benefits	486	505
Cash used in operating activities	191,578	197,803
Capital investing activities		
Acquisitions of tangible capital assets (note 7)	1,851	7
Adjustments to tangible capital assets (note 7)	-	1,046
Proceeds from disposal of tangible capital assets	(11)	-
Cash used in capital investing activities	1,840	1,053
Net cash provided by Government of Canada	193,418	198,856

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements (Unaudited)

1. Authority and objectives

On December 12, 2006, the Office of the Director of Public Prosecution (ODPP), also known as the Public Prosecution Service of Canada, was created by the *Director of Public Prosecutions Act*, which is Part 3 of the *Federal Accountability Act*. The ODPP took over the duties of the former Federal Prosecution Service within the Department of Justice.

The ODPP has one core responsibility in addition to internal services:

Prosecution Services

The Office of the Director of Public Prosecutions (ODPP) prosecutes criminal and regulatory offences under federal law in an independent, impartial and fair manner. It also provides prosecutorial legal advice to investigative agencies.

Internal services: Internal Services are those groups of related activities and resources that the federal government considers to be services in support of programs and/or required to meet corporate obligations of an organization. Internal Services refers to the activities and resources of the 10 distinct service categories that support Program delivery in the organization, regardless of the Internal Services delivery model in a department. The 10 service categories are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

2. Summary of significant accounting policies

These financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Parliamentary authorities

The ODPP is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the ODPP do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the "Expenses" and "Revenues" sections of the Statement of Operations and Net Financial Position are the amounts reported in the Future-oriented Statement of Operations included in the 2021-22 Departmental Plan. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and the Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2021-22 Departmental Plan.

(b) Net cash provided by Government

The ODPP operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Office is deposited to the CRF and all cash disbursements made by the ODPP are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

(c) Due from/to the CRF

Amounts due from/to the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the ODPP is entitled to draw from the CRF without further appropriations to discharge its liabilities.

Notes to the Financial Statements (Unaudited)

2. Summary of significant accounting policies (continued)

(d) Revenues

- ✓ Revenues derived from the provision of prosecution-related advice or the conduct of prosecutions.
- ✓ Fines, forfeitures and court costs are recognized upon receipt of payment by the ODPP.
- ✓ Revenues that are non-respendable are not available to discharge the ODPP's liabilities. While the Deputy Head is expected to maintain accounting control, he or she has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented in reduction of the entity's gross revenues.

(e) Expenses

Expenses are recorded on the accrual basis:

- ✓ Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- ✓ Services provided without charge by other government departments for accommodation and employer contributions to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

- ✓ **Pension benefits:** Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. The ODPP's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The ODPP's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.
- ✓ **Severance benefits:** Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(g) Accounts receivable

Accounts receivable are stated at the lower of cost and net recoverable value; a valuation allowance is recorded for receivables where recovery is considered uncertain.

(h) Contingent liabilities

Contingent liabilities, including the allowance for guarantees, are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(i) Contingent assets

Contingent assets are possible assets which may become actual assets when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, the contingent asset is disclosed in the notes to the financial statements.

Notes to the Financial Statements (Unaudited)

2. Summary of significant accounting policies (continued)***(j) Tangible capital assets***

All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their initial cost. The ODPP does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on reserves as defined in the *Indian Act*, and museum collections.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization Period
Informatics hardware	3 to 5 years
Informatics software	3 to 5 years
Furniture and furnishings	10 years
Motor vehicles	5 years
Leasehold improvements	Lesser of the remaining term of lease or useful life of the improvement
Assets under construction	Once in service, in accordance with asset type

(k) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

Notes to the Financial Statements (Unaudited)

3. Parliamentary authorities

The ODPP receives most of its funding through annual Parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the ODPP has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year authorities used

	2022	2021
(in thousands of dollars)		
Net cost of operations before government funding and transfers	225,163	215,686
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Services provided without charge by other government departments	(24,934)	(22,841)
Amortization of tangible capital assets	(2,001)	(1,461)
Decrease in employee future benefits	486	504
(Increase) decrease in vacation pay and compensatory leave	(3,238)	-
Employee benefits recovered	1,576	1,353
Recoveries (refunds) of previous year expenses	2,444	(592)
Increase in accrued liabilities not charged to authorities	(403)	(183)
Bad debt expense	(9)	-
<i>Total items affecting net cost of operations but not affecting authorities</i>	<i>(26,079)</i>	<i>(23,220)</i>
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Acquisition of tangible capital assets	1,851	7
Other	445	-
<i>Total items not affecting net cost of operations but affecting authorities</i>	<i>2,296</i>	<i>7</i>
Current year authorities used	201,380	192,473

(b) Authorities provided and used

	2022	2021
(in thousands of dollars)		
Authorities provided:		
Vote 1 - Program expenditures	199,460	195,131
Statutory amounts	18,876	18,953
Total authorities provided	218,336	214,084
Lapsed: Operating	(16,956)	(21,611)
Authorities available for future years	(11)	-
Current year authorities used	201,380	192,473

4. Accounts payable and accrued liabilities

The following table presents details of the ODPP's accounts payable and accrued liabilities:

	2022	2021
(in thousands of dollars)		
Accounts payable - Other government departments and agencies	473	674
Accounts payable - External parties	2,861	3,728
Total accounts payable	3,334	4,402
Accrued liabilities	25,979	26,462
Total accounts payable and accrued liabilities	29,313	30,864

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

Notes to the Financial Statements (Unaudited)

5. Employee future benefits

(a) Pension benefits

The ODPP's employees participate in the Public Service Pension Plan (the "Plan"), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the ODPP contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into groups - Group 1 relates to existing plan members as of December 31, 2012, and Group 2 relates to members joining the plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2021-22 expense amounts to \$12,752,495 (\$12,933,529 in 2020-21). For Group 1 members, the expense represents approximately 1.01 time (1.01 time for 2020-21) the employee contributions and, for Group 2 members, approximately 1.00 time (1.00 time for 2020-21) the employee contributions.

The ODPP's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Financial Statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits

Severance benefits provided to the ODPP's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011 the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By March 31, 2022, all settlements for immediate cash out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligations during the year were as follows:

(in thousands of dollars)	2022	2021
Accrued benefit obligation, beginning of the year	4,777	5,282
Expense for the year	10	(395)
Benefits paid during the year	(496)	(110)
Accrued benefit obligation, end of the year	4,291	4,777

6. Accounts receivable and advances

The following table presents details of the ODPP's accounts receivable and advance balances:

(in thousands of dollars)	2022	2021
Receivables - Other government departments and agencies	3,967	9,028
Receivables - External parties	3,404	3,785
Employee advances	5	17
Sub-total	7,376	12,830
Less: Allowances for doubtful accounts on external receivables	(10)	(1)
Gross accounts receivable and advances	7,366	12,829
Accounts receivable held on behalf of Government	(47)	(72)
Net accounts receivable and advances	7,319	12,757

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

Notes to the Financial Statements (Unaudited)

7. Tangible capital assets

(in thousands of dollars)	Cost					Amortization					Net Book Value	
	Opening Balance	Acquisitions	Adjustments (current year)	Disposal and Write-Offs	Closing balance	Opening Balance	Amortization	Adjustments	Disposal and Write-Offs	Closing Balance	2022	2021
Capital Asset Class												
Informatics hardware	31	-	-	-	31	31	-	-	-	31	-	-
Informatics software	49	-	-	-	49	48	1	-	-	49	-	1
Furniture and furnishings	989	-	-	-	989	709	95	-	-	804	185	280
Motor vehicles	84	38	-	-	122	76	13	-	-	89	33	8
Leasehold improvements	18,851	-	-	-	18,851	8,676	1,892	-	-	10,568	8,283	10,175
Assets under construction - software development	4,096	1,813	-	-	5,909	-	-	-	-	-	5,909	4,096
Total Cost	24,100	1,851	-	-	25,951	9,540	2,001	-	-	11,541	14,410	14,560

Notes to the Financial Statements (Unaudited)

8. Contingent liabilities

Claims have been made against the Office in the normal course of operations. These claims include items with pleading amounts and others for which no amount is specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. The ODPP has recorded an allowance for claims and litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. Claims and litigation for which the outcome is not determinable and a reasonable estimate can be made by management amount to approximately \$7,350,000 (\$7,250,000 at March 31, 2021) at March 31, 2022.

9. Related party transactions

The ODPP is related as a result of common ownership to all Government departments, agencies, and Crown Corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual.

The ODPP enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, the ODPP received and provided common services, which were obtained without charge from other Government departments as disclosed below.

(a) Common services provided without charge by other government departments

During the year, the ODPP received services without charge from certain common service organizations, related to accommodation, legal services and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in the ODPP's Statement of Operations as follows:

(in thousands of dollars)	2022	2021
Accommodation	14,234	13,340
Employer's contribution to the health and dental insurance plans	10,700	9,501
Total services provided without charge	24,934	22,841

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada are not included in the Statement of Operations.

(b) Common services provided without charge to other government departments

During the year, the ODPP provided services without charge to other government departments, related to the provision of legal services, in the amount of \$7,444,836 (\$6,050,260 in 2020-21)

(c) Other transactions with related parties

(in thousands of dollars)	2022	2021
Expenses - Other government departments and agencies	26,809	27,127
Revenues - Other government departments and agencies	16,703	15,680

Expenses and revenues disclosed in (c) exclude common services provided without charge, which are already disclosed in (a).

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

Notes to the Financial Statements (Unaudited)

10. Segmented Information

Presentation by segment is based on the Office's program activity architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main core responsibility, by major object of expense and by major types of revenue. The segment results for the period are as follows:

	Prosecution Services	Internal Services	2022	2021
(in thousands of dollars)				
Operating expenses				
Salaries and employee benefits	140,435	24,713	165,148	155,624
Professional and special services- Counsel fees	36,792	-	36,792	37,563
Accommodation	14,054	1,990	16,044	14,920
Professional and special services- Other	2,454	6,291	8,745	7,396
Travel and relocation	2,680	505	3,185	2,779
Machinery and equipment	205	1,240	1,445	2,679
Communication	794	1,153	1,947	2,013
Utilities, materials and supplies	1,374	448	1,822	1,779
Amortization of tangible capital assets	13	1,988	2,001	1,461
Rental	77	1,253	1,330	1,210
Claims and ex-gratia payments	1,888	62	1,950	1,009
Repairs and maintenance	35	589	624	964
Information	157	199	356	494
Allowance for contingent liabilities	403	-	403	183
Other	84	201	285	952
Total operating expenses	201,445	40,632	242,077	231,026
Revenues				
Prosecution Services	16,812	104	16,916	15,340
Fines, forfeitures and court costs	66	56,298	56,364	56,509
Rent from residential housing provided to employees	704	-	704	579
Other	20		20	137
Proceeds from disposal of tangible capital assets*	11	-	11	-
Revenues earned on behalf of Government	(801)	(56,298)	(57,099)	(57,225)
Total revenues	16,812	104	16,916	15,340
Net cost of operations	184,633	40,528	225,161	215,686

* In 2021-22, PPSC disposed of a vehicle that was fully amortized. The vehicle was disposed of for \$11,900 which includes a gain of \$10,948 and administrative fees of \$952. This revenue is non-respendable.

11. Comparative information

Certain comparative figures have been reclassified to conform to the current year's presentation. Expenses from 2020-21 have been reallocated between Prosecution Services and Internal Services with no impact on total expenses.

Annex – Assessment of Internal Control over Financial Reporting

1. Introduction

This annex provides summary information on the measures taken by Office of the Director of Public Prosecutions (ODPP), also known as the Public Prosecution Service of Canada to maintain an effective system of internal control over financial reporting (ICFR), including information on internal control management, assessment results and related action plans.

Detailed information on the authority, mandate and Core Responsibilities can be found in its most recent *Departmental Results Report* and *Departmental Plan for the Public Prosecution Service of Canada*.

2. ODPP's system of internal control over financial reporting

The ODPP recognizes the importance of setting the tone from the top to help ensure that staff at all levels understand their roles in maintaining effective systems of ICFR and are well equipped to exercise these responsibilities effectively. The ODPP's focus is to ensure risks are well managed through a responsive and risk-based control environment that enables continuous improvement and innovation.

2.1 Internal control management

The ODPP has a well-established governance and accountability structure to support the assessment efforts and oversight of its system of internal control. An ODPP Internal Control Management Framework approved by the Director of Public Prosecutions (DPP) and the Chief Financial Officer (CFO) is in place and includes:

- Organizational accountability structures as they relate to internal control management to support sound financial management and reporting, including roles and responsibilities of senior managers for control management in their areas of responsibility;
- Values and ethics; including an ODPP code of conduct, educational and awareness programs;
- Ongoing communication and training on statutory requirements; and policies and procedures for sound financial management and control;
- Periodic reporting to senior management, on an annual basis, on internal controls management, as well as the reporting of annual assessment results and action plans to the DPP, the Resource Management Committee and the Departmental Audit Committee; and

- Leveraging the work of audit and advisory services for internal audits on the effectiveness of risk management, control and governance processes, where appropriate. In order to maximize the efficiency within the ODPP, the ongoing monitoring plan is developed in consultation with the Chief Audit and Evaluation Executive (CAEE) to coordinate the planning activities related to internal control management.

The Departmental Audit Committee provides advice to the DPP on the adequacy and functioning of the ODPP's risk management, control and governance frameworks and processes.

2.2 Service arrangements relevant to financial statements

The ODPP relies on other organizations for the processing of certain transactions that are recorded in its financial statements as follows:

Common Arrangements

- Public Services and Procurement Canada issues all government payments and provides procurement and accommodation services as well as pay services to departments and employees;
- Treasury Board of Canada Secretariat, which provides information on public service insurance and centrally administers payment of the employer's share of contributions toward statutory employee benefit plans;
- The Department of Justice Canada (Justice) provides legal services to ODPP; and
- Shared Services Canada (SSC) provides information technology (IT) infrastructure services to the ODPP in the areas of data center and network services. The scope and responsibilities are addressed in the interdepartmental arrangement between SSC and Justice.

Readers of this annex may refer to the annexes of the above-noted departments for a greater understanding of the systems of internal control over financial reporting related to these specific services.

Specific Arrangements

- Justice provides the ODPP with a SAP financial system platform to capture and report all financial transactions as well as a human resources management system (PeopleSoft) to capture and report human resources data, and finally the iCase application to capture and report all legal management information. Justice is also responsible for information technology general control design, operating effectiveness testing, and the related remediation on behalf of ODPP for these systems; and
- Justice provides certain internal services such as; human resources and professional development; financial services; information services; IT management services; corporate services; and iCase (case management, timekeeping and operational reporting application) operational support.

Service Arrangements Where the ODPP Is the Specific Service Provider

- The ODPP is the service provider of prosecution services to federal departments and agencies and as such, charges these organizations with the cost of providing prosecution services related to regulation and economic crimes; and
- The ODPP provides certain internal services to Justice's Northern Regions, such as IT Management Services.

3. ODPP's assessment results during fiscal year 2021-22

In fiscal year 2021-22, ODPP continued the ongoing monitoring of the key financial management business process. The following table presents ODPP progress of the ongoing monitoring activities according to the previous fiscal year's rotational plan.

Progress during fiscal year 2021-22

Key Control Areas	Status
Acquisition Cards Management Program	Management Response and Action Plan for the Acquisition Cards Management Program was approved in 2021 and a progress update was provided in 2022.
Pay Administration	Operating effectiveness testing was completed. Findings have been communicated to stakeholders and remedial actions are underway.
Tangible Capital Assets	Roles and Responsibilities were updated due to an internal change in the process' ownership.
Procurement Management	Documentation is completed. Design effectiveness testing is planned for fiscal year 2022-23.
Payables – Including Legal Agents (Section 33)	Risk Assessment for Account Verification consultations were completed.
Information Technology General Controls (ITGC)	Completed. Human Resource Management System findings were communicated to system owners.

3.1 New or significantly amended key controls

In the current fiscal year, there were no new or significantly amended key controls in existing processes that required reassessment.

3.2 Ongoing monitoring program

As part of its rotational ongoing monitoring program, the ODPP completed its assessment of the financial controls embedded within the business processes of the Pay Administration. For the most part, the key controls that were assessed performed as intended with some remediation activities required.

Justice is responsible for information technology general control design, operating effectiveness testing, and the related remediation on behalf of ODPP.

Key Control Areas	Areas of Improvement
Pay Administration	Remedial actions and opportunities to improve have been identified and will be addressed by business process owners in 2022-23.
ITGC	<u>Human Resource Management System</u> Please refer to Justice's Annex for the details of their assessment.

4. ODPP's action plan for the next year and subsequent fiscal years

The ODPP's rotational ongoing monitoring plan over the next three (3) years, subject to an annual revalidation of the high-risk processes and controls and related adjustments to the plan as required, is shown in the following table:

KEY CONTROL AREAS	2022-23	2023-24	2024-25
Pay administration	X		
Financial Close and Reporting	X	X	
Tangible Capital Assets	X	X	
Procurement, Payables and Payments – Legal Agents	X	X	
Procurement, Payables and Payments – Excluding Legal Agents	X	X	X
Entity Level Control	X		
IT General Control (ITGC)	X	X	X
Planning, Budgeting and Forecasting		X	
Revenues			X