

# PATENTED MEDICINE PRICES REVIEW BOARD

## Statement of Management Responsibility Including Internal Control over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2023, and all information contained in these financial statements rests with the management of the Patented Medicine Prices Review Board (PMPRB). These financial statements have been prepared by management using the Government of Canada'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 fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the PMPRB's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in the PMPRB'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 PMPRB 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 ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments. A risk-based assessment of the system of ICFR for the year ended March 31, 2023 was completed in accordance with the Treasury Board Policy on Financial Management and the results and action plans are summarized in the annex.

The financial statements of the PMPRB have not been audited.

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***Thomas J. Digby***

Chairperson  
Ottawa, Canada

Date: \_\_\_\_\_

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***Devon Menard***

Chief Financial Officer  
Ottawa, Canada

Date: \_\_\_\_\_

# PATENTED MEDICINE PRICES REVIEW BOARD

## Statement of Financial Position (Unaudited)

As at March 31

(in dollars)

		2023		2022
<b>Liabilities</b>				
Accounts payable and accrued liabilities (note 4)	\$	802,701	\$	952,912
Vacation pay and compensatory leave		517,313		652,115
Employee future benefits (note 5)		222,137		262,598
<b>Total net liabilities</b>		<b>1,542,151</b>		<b>1,867,625</b>
<b>Financial assets</b>				
Due from Consolidated Revenue Fund		648,766		777,737
Accounts receivable and advances (note 6)		363,264		382,111
<b>Total gross financial assets</b>		<b>1,012,030</b>		<b>1,159,848</b>
<b>Financial assets held on behalf of Government</b>				
Accounts receivable and advances (note 6)		(209,329)		(206,935)
<b>Total financial assets held on behalf of Government</b>		<b>(209,329)</b>		<b>(206,935)</b>
<b>Total net financial assets</b>		<b>802,701</b>		<b>952,913</b>
<b>Departmental net debt</b>		<b>739,450</b>		<b>914,712</b>
<b>Non-financial assets</b>				
Tangible capital assets (note 7)		49,529		45,968
<b>Total non-financial assets</b>		<b>49,529</b>		<b>45,968</b>
<b>Departmental net financial position</b>	\$	<b>(689,921)</b>	\$	<b>(868,744)</b>

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

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*Thomas J. Digby*

Chairperson  
Ottawa, Canada  
Date: \_\_\_\_\_

\_\_\_\_\_  
*Devon Menard*

Chief Financial Officer  
Ottawa, Canada  
Date: \_\_\_\_\_

# PATENTED MEDICINE PRICES REVIEW BOARD

## Statement of Operations and Departmental Net Financial Position (Unaudited)

For the Year Ended March 31

(in dollars)

	2023 Planned Results	2023 Actual	2022 Actual
<b>Expenses</b>			
Regulate Patented Medicine Prices	\$ 15,121,165	\$ 9,674,648	\$ 10,085,645
Internal Services	3,547,612	3,729,656	3,798,883
<b>Total expenses</b>	18,668,777	13,404,304	13,884,528
<b>Revenues</b>			
Voluntary compliance undertakings	-	9,214,570	38,309
Settlement payments	-	22,018,977	-
Other	-	3,384	527
Revenues earned on behalf of Government	-	(31,233,547)	(38,309)
<b>Total revenues</b>	-	3,384	527
<b>Net cost of operations before government funding and transfers</b>	18,668,777	13,400,920	13,884,001
<b>Government funding and transfers</b>			
Net cash provided by Government of Canada		12,064,091	13,056,958
Change in due from Consolidated Revenue Fund		(128,971)	(737,691)
Services provided without charge by other government departments (note 8)		1,634,192	1,638,198
Transfer of assets and liabilities (to) / from other government departments		10,431	(8,878)
<b>Net cost of (revenue from) operations after government funding and transfers</b>		(178,823)	(64,586)
<b>Departmental net financial position - Beginning of year</b>		(868,744)	(933,330)
<b>Departmental net financial position - End of year</b>		\$ (689,921)	\$ (868,744)

Segmented information (note 9)

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

## PATENTED MEDICINE PRICES REVIEW BOARD

### Statement of Change in Departmental Net Debt (Unaudited)

For the Year Ended March 31

(in dollars)

	2023	2022
Net cost of (revenue from) operations after government funding and transfers	\$ (178,823)	\$ (64,586)
<b>Change due to tangible capital assets</b>		
Acquisition of tangible capital assets	33,928	-
Amortization of tangible capital assets	(30,367)	(47,092)
<b>Total change due to tangible capital assets</b>	<b>3,561</b>	<b>(47,092)</b>
<b>Increase (decrease) in departmental net debt</b>	<b>(175,262)</b>	<b>(111,678)</b>
<b>Departmental net debt - Beginning of year</b>	<b>914,712</b>	<b>1,026,390</b>
<b>Departmental net debt - End of year</b>	<b>\$ 739,450</b>	<b>\$ 914,712</b>

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

# PATENTED MEDICINE PRICES REVIEW BOARD

## Statement of Cash Flows (Unaudited)

For the Year Ended March 31

(in dollars)

	2023	2022
<b>Operating activities</b>		
Net cost of operations before government funding and transfers	\$ 13,400,920	\$ 13,884,001
Non-cash items:		
Amortization of tangible capital assets	(30,367)	(47,092)
Services provided without charge by other government departments (note 8)	(1,634,192)	(1,638,198)
Transfer of assets and liabilities (to) / from other government departments	(10,431)	8,878
Variations in Statement of Financial Position:		
Decrease (increase) in accounts payable and accrued liabilities	150,211	806,745
Decrease (increase) in vacation pay and compensatory leave	134,802	38,488
Decrease (increase) in employee future benefits	40,461	73,190
Increase (decrease) in accounts receivable and advances	(21,241)	(69,054)
<b>Cash used in operating activities</b>	<b>12,030,163</b>	<b>13,056,958</b>
<b>Capital investing activities</b>		
Acquisitions of tangible capital assets	33,928	-
<b>Cash used in capital investing activities</b>	<b>33,928</b>	<b>-</b>
<b>Net cash provided by Government of Canada</b>	<b>\$ 12,064,091</b>	<b>\$ 13,056,958</b>

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

## PATENTED MEDICINE PRICES REVIEW BOARD

### Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

#### 1. Authority and objectives

The Patented Medicine Prices Review Board (PMPRB) is an independent quasi-judicial body established by Parliament in 1987 under the *Patent Act*.

Although the PMPRB is part of the Health Portfolio, it carries out its mandate at arm's length from the Minister of Health. It also operates independently of other bodies such as Health Canada, which approves drugs for safety and efficacy, and public drug plans, which approve the listing of drugs on their respective formularies for reimbursement purposes.

***Core responsibility: Regulate Patented Medicine Prices***

The PMPRB regulates the prices of patented medicines by setting non-excessive price ceilings and taking enforcement action before the Board in the event of non-compliance.

***Internal Services***

Internal services are the services that are provided within a department so that it can meet its corporate obligations and deliver its programs. There are 10 categories of internal services: management and oversight services; communications services; legal services; human resources management services; financial management services; information management services; information technology services; real property management services; materiel management services; and acquisition management services.

#### 2. Summary of significant accounting policies

These financial statements are prepared using the PMPRB'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 PMPRB is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the PMPRB 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 Financial Position and the Statement of Operations and Departmental Net 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 Departmental Net Financial Position are the amounts reported in the Future-Oriented Statement of Operations included in the 2022-23 Departmental Plan. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2022-23 Departmental Plan.

**(b) Net cash provided by Government**

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

**(c) Amounts due from the Consolidated Revenue Fund**

Amounts due from 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 PMPRB is entitled to draw from the CRF without further authorities to discharge its liabilities.

**(d) Revenues**

- Revenues from regulatory fees are recognized based on the services provided in the year.
- Other revenues are recognized in the period the event giving rise to the revenues occurred.
- Revenues that are non-responsible are not available to discharge the PMPRB's liabilities. While the Chairperson is expected to maintain accounting control, he has no authority regarding the disposition of non-responsible revenues. As a result, non-responsible 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.

**Notes to the Financial Statements (Unaudited)**

For the Year Ended March 31, 2023

**2. Summary of significant accounting policies (continued)*****(e) Expenses***

- 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 carrying value.

***(f) Employee future benefits***

- i. Pension benefits: Eligible employees participate in the Public Service Pension Plan (the "Plan"), a multiemployer pension plan administered by the Government. The PMPRB's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The PMPRB'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.
- ii. Severance benefits: The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

***(g) Financial Instruments***

A contract establishing a financial instrument creates, at its inception, rights, and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The PMPRB recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of accounts receivable, and accounts payable and accrued liabilities.

All financial assets and liabilities are recorded at cost or amortized cost. Any associated transaction costs are added to the carrying value upon initial recognition.

Accounts receivable are initially recorded at cost and, where necessary, are discounted to reflect their concessionary terms. When necessary, an allowance for valuation is recorded to reduce the carrying value of accounts receivable to amounts that approximate their net recoverable value.

***(h) Non-financial assets***

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets, as described in note 7. All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*, works of art, museum collection and Crown land to which no acquisition cost is attributable, and intangible assets.

***(i) Contingent liabilities***

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

***(j) 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.

***(k) Measurement uncertainty***

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported and disclosed 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 future 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.

***(l) Related party transactions***

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis, and are measured at the carrying amount, except for the following:

- i. Services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.
- ii. Certain services received on a without charge basis are recorded for departmental financial statement purposes at the carrying amount.

## PATENTED MEDICINE PRICES REVIEW BOARD

### Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

#### 3. Parliamentary authorities

The PMPRB receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Financial Position and the Statement of Operations and Departmental Net Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the PMPRB 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*

(in dollars)	2023	2022
Net cost of operations before government funding and transfers	\$ 13,400,920	\$ 13,884,001
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Amortization of tangible capital assets	(30,367)	(47,092)
Services provided without charge by other government departments	(1,634,192)	(1,638,198)
Decrease (increase) in vacation pay and compensatory leave	134,802	38,488
Decrease (increase) in employee future benefits	40,461	73,190
Refund/adjustment of prior years' expenditures	77,161	23,145
Other	-	(11,200)
<b>Total items affecting net cost of operations but not affecting authorities</b>	<b>(1,412,135)</b>	<b>(1,561,667)</b>
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Acquisition of tangible capital assets	33,928	-
Proceeds from disposal of Crown assets	231	-
Increase in salary overpayments to be recovered	(1,836)	17,075
Issuance of advances to employees	420	-
<b>Total items not affecting net cost of operations but affecting authorities</b>	<b>32,743</b>	<b>17,075</b>
<b>Current year authorities used</b>	<b>\$ 12,021,528</b>	<b>\$ 12,339,409</b>

*(b) Authorities provided and used*

(in dollars)	2023	2022
<i>Authorities provided:</i>		
Vote 1 - Program expenditures	\$ 16,489,500	\$ 18,141,046
Statutory amounts	1,212,803	1,159,593
<i>Less:</i>		
Authorities available for future years	(232)	-
Lapsed authorities	(5,680,543)	(6,961,230)
<b>Current year authorities used</b>	<b>\$ 12,021,528</b>	<b>\$ 12,339,409</b>

#### 4. Accounts payable and accrued liabilities

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

(in dollars)	2023	2022
Accounts payable - Other government departments and agencies	\$ 26,428	\$ 55,726
Accounts payable - External parties	113,029	257,854
Total accounts payable	139,457	313,580
Accrued liabilities	663,244	639,332
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 802,701</b>	<b>\$ 952,912</b>



## PATENTED MEDICINE PRICES REVIEW BOARD

### Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

#### 5. Employee future benefits

##### (a) Pension benefits

The PMPRB'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/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the PMPRB 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 two 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 2022-23 expense amounts to the following:

(in dollars)	2023	2022
Expense for the year	\$ 774,207	\$ 783,263

For Group 1 members, the expense represents approximately 1.02 times (1.01 times in 2021-22) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2021-22) the employee contributions.

The PMPRB'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 PMPRB'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, 2023, substantially 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 dollars)	2023	2022
Accrued benefit obligation - Beginning of year	\$ 262,598	\$ 335,788
Expense for the year	(40,190)	5,003
Benefits paid during the year	(271)	(78,193)
Accrued benefit obligation - End of year	\$ 222,137	\$ 262,598

#### 6. Accounts receivable and advances

The following table presents details of the PMPRB's accounts receivable and advances balances:

(in dollars)	2023	2022
Accounts receivable - Other government departments and agencies	\$ 153,435	\$ 174,676
Employee advances	209,829	207,435
Gross accounts receivable and advances	363,264	382,111
Accounts receivable held on behalf of Government	(209,329)	(206,935)
Net accounts receivable and advances	\$ 153,935	\$ 175,176

## PATENTED MEDICINE PRICES REVIEW BOARD

### Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

#### 7. Tangible capital assets

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

Asset class	Sub-asset class	Amortization period
Machinery and equipment	Computer equipment	3-5 years
	Computer software	3 years

Cost (in dollars)	Opening balance	Acquisitions	Disposals/ write-offs	Closing balance
Machinery and equipment	\$ 443,626	\$ 33,928	\$ -	\$ 477,554
<b>Total</b>	\$ 443,626	\$ 33,928	\$ -	\$ 477,554

Accumulated amortization (in dollars)	Opening balance	Amortization	Disposals/ write-offs	Closing balance
Machinery and equipment	\$ 397,658	\$ 30,367	\$ -	\$ 428,025
<b>Total</b>	\$ 397,658	\$ 30,367	\$ -	\$ 428,025

Net book value (in dollars)	Net book value 2022	Net book value 2023
Machinery and equipment	\$ 45,968	\$ 49,529
<b>Total</b>	\$ 45,968	\$ 49,529

#### 8. Related party transactions

The PMPRB 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 PMPRB enters into transactions with these entities in the normal course of business and on normal trade terms.

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

During the year, the PMPRB received services without charge from certain common service organizations, related to accommodation and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded at the carrying value in the PMPRB's Statement of Operations and Departmental Net Financial Position as follows:

(in dollars)	2023	2022
Accommodation	\$ 883,323	\$ 858,311
Employer's contribution to the health and dental insurance plans	750,869	779,887
<b>Total</b>	\$ 1,634,192	\$ 1,638,198

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 and audit services provided by the Office of the Auditor General are not included in the PMPRB's Statement of Operations and Departmental Net Financial Position.

##### *(b) Other transactions with other government departments and agencies*

(in dollars)	2023	2022
Expenses	\$ 515,194	\$ 588,942

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

**PATENTED MEDICINE PRICES REVIEW BOARD****Notes to the Financial Statements (Unaudited)**

For the Year Ended March 31, 2023

**9. Segmented information**

Presentation by segment is based on the PMPRB's core responsibility. 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 responsibilities by major object of expense and by major type of revenue. The segment results for the period are as follows:

(in dollars)	<b>Regulate Patented Medicine Prices</b>		<b>Internal Services</b>		<b>2023 Total</b>		<b>2022 Total</b>	
<b>Expenses</b>								
Salaries and employee benefits	\$	7,395,444	\$	2,824,135	\$	10,219,579	\$	10,359,790
Professional and special services		760,305		242,196		1,002,501		1,466,921
Accommodation		639,044		244,279		883,323		858,311
Information services		787,074		27,142		814,216		737,551
Rentals		400		188,253		188,653		135,378
Utilities, materials and supplies		1,031		95,951		96,982		187,289
Travel and relocation		60,955		5,849		66,804		4,184
Communications		77		62,290		62,367		78,826
Amortization of tangible capital assets		-		30,367		30,367		47,092
Other		30,318		7		30,325		5,822
Repair and maintenance		-		9,187		9,187		3,364
<b>Total expenses</b>		<b>9,674,648</b>		<b>3,729,656</b>		<b>13,404,304</b>		<b>13,884,528</b>
<b>Revenues</b>								
Voluntary compliance undertakings		-		9,214,570		9,214,570		38,309
Settlement payments		-		22,018,977		22,018,977		-
Other		3,145		239		3,384		527
Revenues earned on behalf of Government		-		(31,233,547)		(31,233,547)		(38,309)
<b>Total revenues</b>		<b>3,145</b>		<b>239</b>		<b>3,384</b>		<b>527</b>
<b>Net cost of operations before government funding and transfers</b>								
	\$	<b>9,671,503</b>	\$	<b>3,729,417</b>	\$	<b>13,400,920</b>	\$	<b>13,884,001</b>

## Annex: internal control over financial reporting

### A.1 Introduction

In support of an effective system of internal control, the Patented Medicine Prices Review Board conducted self-assessments of key control areas that were identified to be assessed in the 2022 to 2023 fiscal year. A summary of the assessment results and action plan is provided in subsection A.2.

The Patented Medicine Prices Review Board will assess all key control areas over a five-year period. The assessment plan is provided in subsection A.3.

### A.2 Assessment results for the 2022 to 2023 fiscal year

The Patented Medicine Prices Review Board completed the assessment of key control areas as indicated in the following table. A summary of the results, action plans, and additional details are also provided.

Key control areas	Remediation required	Summary results and action plan
Delegation	No	Internal controls are functioning as intended, no action plan required.

With respect to the key control areas of the delegation of spending and financial authorities, for the most part, controls related to spending and financial authorities were functioning well and form an adequate basis for the department's system of internal control.

### A.3 Assessment plan

The Patented Medicine Prices Review Board will assess the performance of its system of internal control by focusing on key control areas over a cycle of years as shown in the following table.

<b>Assessment plan</b>					
<b>Key control areas</b>	<b>2022 to 2023 fiscal year</b>	<b>2023 to 2024 fiscal year</b>	<b>2024 to 2025 fiscal year</b>	<b>2025 to 2026 fiscal year</b>	<b>2026 to 2027 fiscal year</b>
Delegation	X				
Contracting		X			
Year-end Payables		X			
Receivables		X			
Pay Administration			X		
Travel			X		
Financial Management Governance			X		
Hospitality				X	
Accountable Advances				X	
Acquisition cards					X
Leave					X
Special Financial Authorities					X