

Quarterly Financial Report For the Quarter Ended June 30, 2014

A. Introduction

This quarterly financial report should be read in conjunction with the Main Estimates (and as applicable - Supplementary Estimates and previous interim reports for the current year). It has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board. It has not been subject to an external audit or review. The RCMP External Review Committee (ERC) was not affected by the *Canada's Economic Action Plan 2012* exercise.

1.1 Mandate and Program

Under the *Royal Canadian Mounted Police (RCMP) Act*, the RCMP Commissioner refers all appeals of formal discipline and all discharge and demotion appeals to the ERC unless the member of the RCMP requests that the matter not be referred. In addition, pursuant to section 33 of the *RCMP Act*, the RCMP Commissioner refers certain types of grievances to the ERC in accordance with regulations made by the Governor in Council. Section 36 of the *RCMP Regulations* specifies the grievances which the RCMP Commissioner is obliged to refer to the ERC, namely grievances respecting:

- the Force's interpretation and application of government policies that apply to government departments and that have been made to apply to members;
- the stoppage of pay and allowances of members made pursuant to subsection 22(3) of the *RCMP Act*;
- the Force's interpretation and application of the *Isolated Posts Directive*;
- the Force's interpretation and application of the *RCMP Relocation Directive*; and
- administrative discharge on the grounds of physical or mental disability, abandonment of post, or irregular appointment.

The ERC is also responsible for outreach and information dissemination. The ERC ensures that its findings and recommendations in each case are clearly explained for the parties and the RCMP Commissioner. Summaries of the findings and recommendations in each case, as well as articles of interest on the role of the ERC, relevant legal principles and information on related issues are distributed widely, through its website and quarterly newsletter.

1.2 Basis of Presentation

This quarterly report has been prepared by the ERC using an expenditure basis of accounting. The accompanying Statement of Authorities includes the ERC spending authorities granted by Parliament and those used by the ERC consistent with the Main Estimates and Supplementary Estimates (as applicable) for the 2014-15 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

The ERC uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

B. Highlights of fiscal quarter and fiscal year to date (YTD) results

This section highlights the significant items that contributed to amounts available for use and expenditure used for the quarter ended June 30th, 2014.

2.1 Authorities Analysis

As reflected in the Statement of Authorities, the net budget authorities have decreased from \$1,644,413 (fiscal 2013-14) to \$961,418 to date in this fiscal year (fiscal 2014-15) for a variance decrease of \$682,995. The fiscal year 2014-15 budget authority does not include a transfer of \$710,000 from RCMP appropriations in support of Public Safety Canada's transitional measures to support the ERC's operations following the signing of the new RCMP policing service agreements. The ERC is expected to receive this transfer through Supps B in the Fall. The ERC also anticipates a budget carry forward transfer from the central vote in the amount of \$41,539. Taking into account these additional amounts, the total variance decrease expected by the end of the year will be \$87,386.

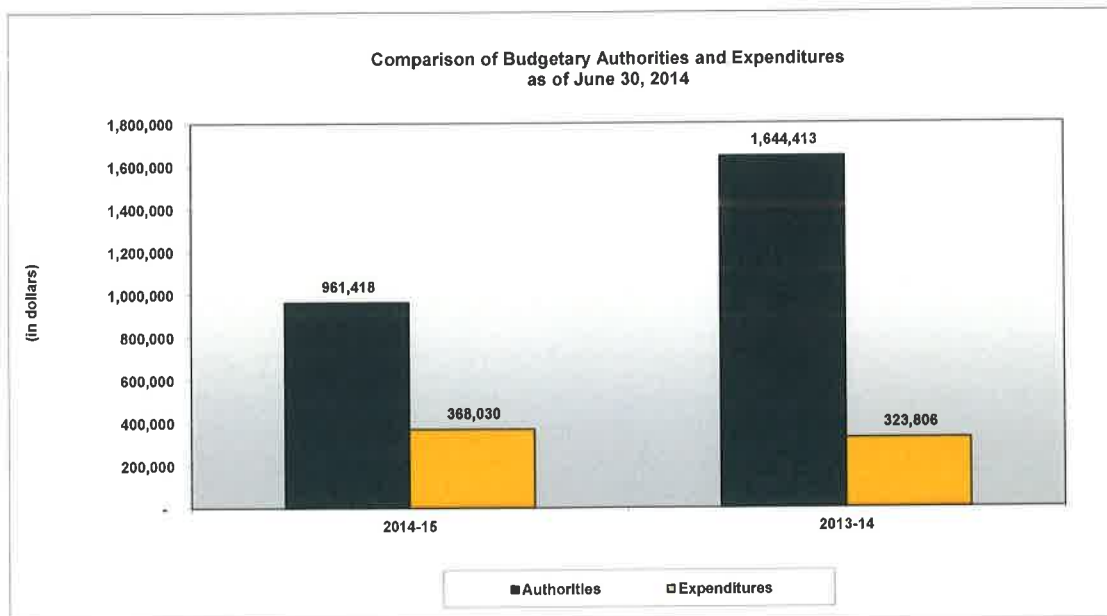
2.2 Expenditure Analysis

As reflected in the Statement of Authorities, expenditures used at quarter end June 30th have increased from \$323,806 (fiscal 2013-14) to \$368,030 (fiscal 2014-15) for a total variance increase of \$44,224 from the previous year. This increase is mainly due to a one-time transition payment of \$27,714 for implementing salary payment in arrears by the Government of Canada.

2.3 Budgetary Expenditures by Standard Object

As reflected in the ERC Budgetary Expenditures by Standard Object, expenditures used during the quarter ended June 30th have increased from \$323,806 (fiscal 2013-14) to \$368,030 (fiscal 2014-15) for a total variance increase of \$44,224 from the previous year.

The increase is mainly due to a one-time transition payment of \$27,714 for implementing salary payment in arrears by the Government of Canada and the payment for printing of the 2013-14 annual report.



C. Risks and Uncertainties

This ERC Quarterly Financial Report reflects the results of the current fiscal period in relation to the Main Estimates for which full supply was released on June 20, 2014.

The ERC was not specifically included in the Budget 2012 saving measures and therefore there have not been any significant changes in relation to operations, personnel and programs over the last year as a direct result.

In previous years, the ERC's base budget was augmented by a series of temporary short-term funding, specifically from the Treasury Board's Management Reserve, to allow the ERC to meet the obligations of its mandate and to ensure the accountability of its operations. The terms of these temporary appropriations expired at the end of fiscal year 2011-12. To offset this decrease to its base budget for 2014-15, the RCMP will be transferring, as was done in previous years, through Supplementary Estimates B, the amount of \$710,000 from its appropriations in support of Public Safety Canada's transitional measures to support the ERC's operations following the signing of the new RCMP policing service agreements.

David Paradiso
Interim Chair
Ottawa, Canada

Jamie Deacon
Executive Director
Chief Financial Officer
Ottawa, Canada

Date _____

Date _____

RCMP External Review Committee

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Statement of Authorities

For the quarter ended June 30, 2014

(in dollars)

	Fiscal year 2014-15			Fiscal year 2013-14		
	Total available for use for the year ending 31-Mar-15	Used during the quarter ended 30-Jun-14	Year to date used at quarter end 30-Jun-14	Total available for use for the year ending 31-Mar-14	Used during the quarter ended 30-Jun-13	Year to date used at quarter end 30-Jun-13
Vote 1 - Operating expenditures	858,554	342,314	342,314	1,540,774	297,896	297,896
Employee Benefit Plans (EBP)	102,864	25,716	25,716	103,639	25,910	25,910
TOTAL AUTHORITIES	961,418	368,030	368,030	1,644,413	323,806	323,806

RCMP External Review Committee

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Budgetary Expenditures by Standard Object
For the quarter ended June 30, 2014

(in dollars)

	Fiscal year 2014-15		Fiscal year 2013-14	
	Planned expenditures for the year ending 31-Mar-15	Expended during the quarter ended 30-Jun-14	Planned expenditures for the year ending 31-Mar-14	Expended during the quarter ended 30-Jun-13
Expenditures:				
Personnel	726,280	297,527	699,267	263,139
Transportation and communications	37,138	1,360	25,000	2,898
Information	25,000	11,589	22,000	2,410
Professional and special services	137,000	26,301	860,146	51,872
Rentals	6,000	356	5,000	356
Repair and maintenance	-	-	-	-
Utilities, material and supplies	15,000	3,183	18,000	2,855
Acquisition of land, buildings and works	-	-	-	-
Acquisition of machinery and equipment	15,000	-	15,000	276
Transfer payments	-	-	-	-
Public debt charges	-	-	-	-
Other subsidies and payments	-	27,714	-	-
Total budgetary expenditures	961,418	368,030	1,644,413	323,806