

Canadian Human Rights Tribunal

Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the seven-month period ended October 31, 2014 and all information contained in these statements rests with the former management of the Canadian Human Rights Tribunal (the Tribunal). 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 fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Tribunal's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the Tribunal's *Departmental Performance 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 Tribunal 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.

The Tribunal is subject to periodic Core Control Audits performed by the Office of the Comptroller General (OCG) and uses the results of such audits to comply with the Treasury Board *Policy on Internal Control*.

A Core Control Audit was performed in 2011–12 by the OCG. The audit report and related management Action plan are posted on the Tribunal's website at: <http://chrt-tcdp.gc.ca/NS/reports-rapports/or-ar-eng.asp>. The audit results and related management action plan will be considered as part of the Administrative Tribunals Support Service of Canada risk-based assessment for the period November 1, 2014 to March 31, 2015, in accordance with the Treasury Board *Policy on Internal Control*.

The financial statements of the Tribunal have not been audited.

David L. Thomas
Chairperson

Rachel Boyer
Executive Director and Registrar

Ottawa, Canada
September 4, 2015

Canadian Human Rights Tribunal

Statement of Financial Position (*Unaudited*)

As at October 31, 2014

(in dollars)	October 31, 2014	March 31, 2014
Liabilities		
Accounts payable and accrued liabilities (note 5)	527,672	423,645
Vacation pay and compensatory leave	117,831	128,756
Employee future benefits (note 6)	139,413	110,385
Total liabilities	784,916	662,786
Financial assets		
Due from Consolidated Revenue Fund	500,621	323,482
Accounts receivable and advances (note 7)	26,310	118,342
Total financial assets	526,931	441,824
Departmental net debt	257,985	220,962
Non-financial assets		
Tangible capital assets (note 8)	3,776	5,053
Total non-financial assets	3,776	5,053
Departmental net financial position	(254,209)	(215,909)

Transfer of operations as a result of a government reorganization (note 2)

Contractual obligations (note 9)

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

David L. Thomas
Chairperson

Rachel Boyer
Executive Director and Registrar

Ottawa, Canada
September 4, 2015

Canadian Human Rights Tribunal

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

(in dollars)	Planned Results for the 12-month period ended March 31, 2015	For the 7-month period ended October 31, 2014	For the 12-month period ended March 31, 2014
Expenses			
Hearings of complaints before the Tribunal	3,453,696	1,385,577	2,137,173
Internal services	2,450,127	1,696,998	3,389,667
Total expenses	5,903,823	3,082,575	5,526,840
Revenues			
Miscellaneous revenues	-	5	5
Revenues earned on behalf of Government	-	(5)	(5)
Total revenues	-	-	-
Net cost of operations before government funding and transfers	5,903,823	3,082,575	5,526,840
Government funding and transfers			
Net cash provided by Government		2,272,241	4,471,356
Change in due from Consolidated Revenue Fund		177,139	(45,248)
Services provided without charge by other government departments (note 10)		661,106	1,136,759
Transfer of the transition payments for implementing salary payments in arrears (note 11)		(66,211)	-
Net cost (revenue) of operations after government funding and transfers		38,300	(36,027)
Departmental net financial position - Beginning of year		(215,909)	(251,936)
Departmental net financial position - End of year		(254,209)	(215,909)

Segmented information (note 12)

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

Canadian Human Rights Tribunal

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

(in dollars)	For the 7-month period ended October 31, 2014	For the 12-month period ended March 31, 2014
Net cost (revenue) of operations after government funding and transfers	38,300	(36,027)
Change due to tangible capital assets		
Amortization of tangible capital assets (note 8)	(1,277)	(3,595)
Total change due to tangible capital assets	(1,277)	(3,595)
Change due to prepaid expenses	-	(15,010)
Net increase (decrease) in net debt	37,023	(54,632)
Departmental net debt - Beginning of year	220,962	275,594
Departmental net debt - End of year	257,985	220,962

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

Canadian Human Rights Tribunal

Statement of Cash Flows (*Unaudited*)

(in dollars)	For the 7-month period ended October 31, 2014	For the 12-month period ended March 31, 2014
Operating activities		
Net cost of operations before government funding and transfers	3,082,575	5,526,840
Non-cash items:		
Amortization of tangible capital assets (note 8)	(1,277)	(3,595)
Services provided without charge by other government departments (note 10)	(661,106)	(1,136,759)
Transition payments for implementing salary payments in arrears (note 11)	66,211	-
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	(92,032)	63,564
Decrease in prepaid expenses	-	(15,010)
Increase in accounts payable and accrued liabilities	(104,027)	(9,948)
Decrease (increase) in vacation pay and compensatory leave	10,925	(39,653)
Decrease (increase) in employee future benefits	(29,028)	85,917
Cash used in operating activities	2,272,241	4,471,356
Net cash provided by Government of Canada	2,272,241	4,471,356

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

Canadian Human Rights Tribunal

Notes to the Financial Statements (*Unaudited*)

For the 7 month–period ended October 31, 2014

1. Authority and objectives

The Canadian Human Rights Tribunal (the Tribunal) is a quasi-judicial body that hears complaints of discrimination referred by the Canadian Human Rights Commission, and determines whether a discriminatory practice has occurred within the meaning of the *Canadian Human Rights Act* (CHRA). The purpose of the CHRA is to promote equal opportunity through the prevention and eradication of discrimination. The Tribunal also has an adjudicative role under the *Employment Equity Act* (EEA), the purpose of which is to achieve equality in the workplace through the correction of conditions of disadvantage in employment experienced by women, aboriginal peoples, person with disabilities and members of visible minorities.

The Tribunal is guided by one strategic outcome, that there be effective resolution of human rights complaints in federally regulated sectors under the CHRA and of applications under the EEA, delivered through two programs.

Hearing and mediation of complaints before the Tribunal: As a key mechanism of human rights protection in Canada, the Tribunal gives effect to the Canadian ideals of pluralism, equity, diversity and social inclusion. It provides a forum where human rights complaints can be scrutinized and resolved, and provides definitive interpretations on important issues of discrimination. The primary result of the Tribunal's program is that complainants can air their grievances and achieve closure in a respectful, impartial forum, while respondents have the opportunity to test the allegations made against them. Parties to a proceeding have access to a case resolution process that is efficient, fair and equitable and that delivers meaningful results. In the long term, Tribunal decisions create meaningful legal precedents for use by employers, service providers and Canadians at large.

Internal services: groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Other Administrative Services. Internal Services include only those activities and resources that apply across the organization and not those provided specifically to the program.

2. Government reorganization

In Canada's *Economic Action Plan 2014*, the Government announced its intention to create the Administrative Tribunals Support Service of Canada (ATSSC). This new organization, which consolidates operations of several administrative tribunals, would provide support services to the Tribunal. The Tribunal would retain its adjudication powers while it would transfer all human and financial resources to the ATSSC.

The *Economic Action Plan 2014 Act, No. 1* received Royal Assent on June 19, 2014. As a result, the ATSSC came into force on November 1, 2014. The net assets of \$530,707 and net liabilities of \$784,916 have been transferred to the ATSSC as of this date.

These financial statements represent the results of operations for the seven–month period ended October 31, 2014, and the financial position of the Tribunal as at October 31, 2014, immediately before the transfer of assets, liabilities, and commitments to the ATSSC on November 1, 2014. Comparative figures for the year ended March 31, 2014 are for a twelve-month period.

Canadian Human Rights Tribunal

Notes to the Financial Statements (*Unaudited*)

For the 7 month–period ended October 31, 2014

3. 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 Tribunal is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Tribunal 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 Departmental Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 4 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 *2014-15 Report on Plans and Priorities*. 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 *2014-15 Report on Plans and Priorities*.

(b) Net cash provided by Government

The Tribunal operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Tribunal is deposited to the CRF, and all cash disbursements made by the Tribunal 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 the CRF

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 Tribunal is entitled to draw from the CRF without further authorities to discharge its liabilities.

(d) Revenues

Miscellaneous revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

Revenues that are non-respendable are not available to discharge the Tribunal's liabilities. While the department 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:

- i. Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- ii. 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.

Canadian Human Rights Tribunal

Notes to the Financial Statements (*Unaudited*)

For the 7 month–period ended October 31, 2014

3. Summary of significant accounting policies (continued)

(f) *Employee future benefits*

- i. Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. The Tribunal's contributions to the Plan are charged to expenses in the year incurred and represent the total Tribunal obligation to the Plan. The Tribunal'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: 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 accounts receivable where recovery is considered uncertain.

(h) *Tangible capital assets*

All tangible capital assets and leasehold improvements having an initial cost of \$5,000 or more are recorded at their acquisition cost. The Tribunal does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves 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
Machinery and equipment	10 years
Informatics hardware	3 years
Informatics software	3 years
Other equipment, including furniture	10 years

(i) *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. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are 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.

Canadian Human Rights Tribunal

Notes to the Financial Statements (Unaudited)

For the 7 month–period ended October 31, 2014

4. Parliamentary authorities

The Tribunal receives 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 Tribunal 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)	For the 7-month period ended October 31, 2014	For the 12-month period ended March 31, 2014
Net cost of operations before government funding and transfers	3,082,575	5,526,840
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Services provided without charge by other government departments	(661,106)	(1,136,759)
Amortization of tangible capital assets	(1,277)	(3,595)
Decrease (increase) in vacation pay and compensatory leave	10,925	(39,653)
Decrease (increase) in employee future benefits	(29,028)	85,917
Adjustments of previous years accounts payable	373	12,686
Total items affecting net cost of operations but not affecting authorities	(680,113)	(1,081,404)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Transition payments for implementing salary payments in arrears	66,211	-
Decrease in prepaid expenses	-	(15,010)
Total items not affecting net cost of operations but affecting authorities	66,211	(15,010)
Current year authorities used	2,468,673	4,430,426

(b) Authorities provided and used

(in dollars)	For the 7-month period ended October 31, 2014	For the 12-month period ended March 31, 2014
Authorities provided:		
Vote 1 – Program expenditures (Vote 15 in 2013–14)	2,252,752	4,354,660
Statutory amounts	225,921	315,764
Total authorities provided	2,478,673	4,670,424
Less:		
Lapsed authorities	(10,000)	(239,998)
Current year authorities used	2,468,673	4,430,426

Canadian Human Rights Tribunal

Notes to the Financial Statements (*Unaudited*)

For the 7 month–period ended October 31, 2014

5. Accounts payable and accrued liabilities

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

(in dollars)	October 31, 2014	March 31, 2014
Accounts payable – Other government departments and agencies	210,865	63,344
Accounts payable – External parties	235,137	253,453
Total accounts payable	446,002	316,797
Accrued liabilities	81,670	106,848
Total accounts payable and accrued liabilities	527,672	423,645

6. Employee future benefits

(a) Pension benefits

The Tribunal's employees participate in the Public Service Pension Plan (the Plan), which is sponsored and administered by the Government. 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 Tribunal 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.

For the seven–month period ended October 31, 2014, expense amounts to \$154,440 (\$222,014 in 2013–14). For Group 1 members, the expense represents approximately 1.41 times (1.6 times in 2013–14) the employee contributions and, for Group 2 members, approximately 1.39 times (1.5 times in 2013–14) the employee contributions.

The Tribunal'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

The Tribunal provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities.

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation. Information about the severance benefits, measured as at October 31, is as follows:

(in dollars)	October 31, 2014	March 31, 2014
Accrued benefit obligation, beginning of year	110,385	196,302
Expense for the year	29,028	(15,050)
Benefits paid during the year	-	(70,867)
Accrued benefit obligation, end of year	139,413	110,385

Canadian Human Rights Tribunal

Notes to the Financial Statements (Unaudited)

For the 7 month–period ended October 31, 2014

7. Accounts receivable and advances

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

(in dollars)	October 31, 2014	March 31, 2014
Accounts receivable – Other government departments and agencies	25,810	100,164
Accounts receivable – External parties	-	17,678
Standing advances	500	500
Total accounts receivable and advances	26,310	118,342

8. Tangible capital assets

Cost	Opening Balance	Acquisitions	Disposals and Write-Offs	Closing Balance
(in dollars)	April 1, 2014			October 31, 2014
Machinery and equipment	12,796	-	-	12,796
Informatics hardware	401,773	-	-	401,773
Informatics software	195,326	-	-	195,326
Other equipment, including furniture	21,862	-	-	21,862
	631,757	-	-	631,757

Accumulated Amortization	Opening Balance	Amortization	Disposals and Write-Offs	Closing Balance
(in dollars)	April 1, 2014			October 31, 2014
Machinery and equipment	12,110	-	-	12,110
Informatics hardware	397,406	1,277	-	398,683
Informatics software	195,326	-	-	195,326
Other equipment, including furniture	21,862	-	-	21,862
	626,704	1,277	-	627,981

Net Book Value	Opening Balance		Closing Balance
(in dollars)	April 1, 2014		October 31, 2014
Machinery and equipment	686		686
Informatics hardware	4,367		3,090
Informatics software	-		-
Other equipment, including furniture	-		-
	5,053		3,776

Canadian Human Rights Tribunal

Notes to the Financial Statements (*Unaudited*)

For the 7 month–period ended October 31, 2014

9. Contractual obligations

The nature of the Tribunal's activities can result in some large multi-year contracts and obligations whereby the Tribunal will be obligated to make future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated for the next two years are summarized as follows:

(in dollars)	Remainder of 2014–15
Goods and services	94,624

10. Related party transactions

The Tribunal is related as a result of common ownership to all government departments, agencies, and Crown corporations. The Tribunal enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, the Tribunal received 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 Tribunal 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 in the Tribunal's Statement of Operations and Departmental Net Financial Position as follows:

(in dollars)	For the 7-month period ended October 31, 2014	For the 12-month period ended March 31, 2014
Accommodation	568,158	974,030
Employer's contribution to the health and dental insurance plans	92,948	162,729
	661,106	1,136,759

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 Works and Government Services Canada and audit services provided by the Office of the Auditor General are not included in the Tribunal's Statement of Operations and Departmental Net Financial Position.

(b) Other transactions with related parties

(in dollars)	For the 7-month period ended October 31, 2014	For the 12-month period ended March 31, 2014
Expenses – Other government departments and agencies	638,948	1,135,523

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

Canadian Human Rights Tribunal

Notes to the Financial Statements (Unaudited)

For the 7 month–period ended October 31, 2014

11. Transfer of the transition payments for implementing salary payments in arrears

The Government of Canada implemented salary payments in arrears in 2014–15. As a result, a one-time payment was issued to employees and will be recovered from them in the future. The transition to salary payments in arrears forms part of the transformation initiative that replaces the pay system and also streamlines and modernizes the pay processes. This change to the pay system had no impact on the expenses of the Tribunal. However, it did result in the use of additional spending authorities by the Tribunal. Prior to October 31, 2014, the transition payments for implementing salary payments in arrears were transferred to a central account administered by Public Works and Government Services Canada, who is responsible for the administration of the Government pay system.

12. Segmented information

Presentation by segment is based on the Tribunal's program alignment architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 3. The following table presents the expenses incurred and revenues generated for the main programs, by major object of expense and by major type of revenue. The segment results for the period are as follows:

(in dollars)	For the 7-month period ended October 31, 2014			For the 12-month period ended March 31, 2014
	Hearing and mediation of complaints before the Tribunal	Internal services	Total	Total
Expenses				
Salaries and employee benefits	868,998	587,827	1,456,825	2,392,824
Professional and special services	386,459	408,600	795,059	1,588,911
Accommodation	-	568,158	568,158	974,030
Transportation and telecommunications	98,423	94,084	192,507	272,019
Rentals	22,722	18,826	41,548	56,089
Information	2,979	10,068	13,047	75,624
Materials and supplies	5,994	5,805	11,799	26,171
Machinery and equipment	-	1,415	1,415	48,831
Amortization of tangible capital assets	-	1,277	1,277	3,595
Repairs and maintenance	-	943	943	26,421
Other	2	(5)	(3)	62,325
Total expenses	1,385,577	1,696,998	3,082,575	5,526,840
Revenues				
Miscellaneous revenues	-	(5)	(5)	(5)
Revenues earned on behalf of Government	-	5	5	5
Total revenues	-	-	-	-
Net cost of operations before government funding and transfers	1,385,577	1,696,998	3,082,575	5,526,840

13. Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.