



2022-23 Financial Statements

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Statement of Management Responsibility Including Internal Control Over Financial Reporting

Canadian Human Rights Commission

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 Canadian Human Rights Commission (Commission). 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 Commission's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the Commission'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, directives 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 Commission 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 Commission has undertaken a risk-based assessment of the system of ICFR in accordance with the Treasury Board Policy on Financial Management, and the results of the assessment conducted by an independent firm for the year ended March 31, 2023 and action plan are summarized in the annex.

The financial statements of the Commission have not been audited.

[original signed by]

Charlotte-Anne Malischewski
Interim Chief Commissioner
Ottawa, Canada September 15, 2023

[original signed by]

Natalie Dagenais
Chief Financial Officer

Statement of Financial Position (Unaudited)
as at March 31
(in dollars)

	2023	2022
Liabilities		
Accounts payable and accrued liabilities (note 4)	4,356,694	3,169,035
Vacation pay and compensatory leave	2,080,759	1,931,400
Employee future benefits (note 5)	826,700	776,400
Total liabilities	7,264,153	5,876,835
Financial assets		
Due from the Consolidated Revenue Fund	4,162,007	2,896,451
Accounts receivable and advances (note 6)	401,876	524,416
Total gross financial assets	4,563,883	3,420,867
Financial assets held on behalf of Government		
Accounts receivable and advances (note 6)	-	(2,365)
Total financial assets held on behalf of Government	-	(2,365)
Total net financial assets	4,563,883	3,418,502
Net debt	2,700,270	2,458,333
Non-financial assets		
Tangible capital assets (note 7)	2,590,280	1,888,831
Prepaid expenses	40,114	48,705
Total non-financial assets	2,630,394	1,937,536
Net financial position	(69,876)	(520,797)
Contractual obligations (note 8)		

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

[original signed by]

 Charlotte-Anne Malischewski
 Interim Chief Commissioner
 Ottawa, Canada September 15, 2023

[original signed by]

 Natalie Dagenais
 Chief Financial Officer

Statement of Operations and Net Financial Position (Unaudited)
for the year ended March 31
(in dollars)

	Planned Results 2023	2023	2022
Expenses			
Engagement and Advocacy	7,806,839	7,590,821	5,846,639
Complaints	13,123,126	13,722,562	13,808,802
Proactive Compliance	12,480,880	9,250,717	7,861,411
Internal Services	15,019,732	15,292,867	14,101,697
Total expenses	48,430,577	45,856,967	41,618,549
Revenues			
Internal Support Services	2,080,000	2,039,765	1,818,641
Miscellaneous revenues	314,145	440,948	307,249
Revenues earned on behalf of Government	(314,145)	(440,599)	(307,249)
Total net revenues	2,080,000	2,040,114	1,818,641
Net cost of operations before government funding and transfers	46,350,577	43,816,853	39,799,908
Government funding and transfers			
Net cash provided by Government		37,833,428	35,596,944
Change in due from Consolidated Revenue Fund		1,265,556	(178,752)
Services provided without charge by other government departments (note 9)		5,175,151	5,014,488
Transfers of assets (to) other government departments		(6,360)	(10,282)
Net cost of operations after government funding and transfers		(450,922)	(622,490)
Net financial position - Beginning of year		(520,797)	(1,143,287)
Net financial position - End of year		(69,875)	(520,797)

Segmented information (note 10)

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

Statement of Change in Net Debt (Unaudited)
for the year ended March 31
(in dollars)

	2023	2022
Net cost of operations after government funding and transfers	(450,922)	(622,490)
Change due to tangible capital assets		
Acquisition of tangible capital assets (note 7)	1,248,861	817,592
Amortization of tangible capital assets (note 7)	(449,360)	(353,342)
Loss on write-off of tangible capital assets (note 7)	(98,052)	-
Total change due to tangible capital assets	701,449	464,250
Change due to prepaid expenses	(8,590)	(8,244)
Net increase (decrease) in net debt	241,937	(166,484)
Net debt - Beginning of year	2,458,333	2,624,817
Net debt - End of year	2,700,270	2,458,333

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

Statement of Cash Flow (Unaudited) (in dollars)
for the year ended March 31

	2023	2022
Operating activities		
Net cost of operations before government funding and transfers	43,816,853	39,799,908
Non-cash items:		
Amortization of tangible capital assets (note 7)	(449,360)	(353,342)
Services provided without charge by other government departments (note 9)	(5,175,151)	(5,014,488)
Loss on write-off of tangible capital assets (note 7)	(98,052)	-
Variations in Statement of Financial Position:		
Decrease in accounts receivable and advances	(120,175)	(102,823)
Decrease in prepaid expenses	(8,590)	(8,244)
Decrease (increase) in accounts payable and accrued liabilities	(1,187,659)	234,159
Decrease (increase) in vacation pay and compensatory leave	(149,359)	166,300
Decrease (increase) in employee future benefits	(50,300)	47,600
Transfer of assets (from) / to other government departments	6,360	10,282
Cash used in operating activities	36,584,567	34,779,352
Capital investing activities		
Acquisition of tangible capital assets (note 7)	1,248,861	817,592
Cash used in capital activities	1,248,861	817,592
Net cash provided by Government of Canada	37,833,428	35,596,944

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

Notes to the Financial Statements (Unaudited) For the year ended March 31

1. Authority and objectives

The Canadian Human Rights Commission (Commission) was established in 1977 under Schedule I.1 of the Financial Administration Act in accordance with the Canadian Human Rights Act (CHRA).

The Commission leads the administration of the CHRA and works with employers to ensure compliance with the Employment Equity Act (EEA). The CHRA prohibits discrimination and the EEA promotes equality in the workplace. Under the leadership of the Pay Equity Commissioner and the Accessibility Commissioner, the Commission is also responsible for the administration and enforcement of the Pay Equity Act (PEA) and the Accessible Canada Act (ACA). These laws apply the principles of equal opportunity and non-discrimination to federal government departments and agencies, Crown corporations, and federally regulated private sector organizations. Finally, the Commission provides the Federal Housing Advocate with administrative services and facilities to support their duties and functions.

Engagement and Advocacy

Provide a national credible voice for equality in Canada by raising public awareness of human rights issues; engaging civil society, governments, employers and the public to affect human rights change and by monitoring and reporting on the implementation of the Government of Canada's obligations under the United Nations' Convention on the Rights of Persons with Disabilities.

Complaints

Provide people in Canada with a mechanism to file and resolve complaints under the Canadian Human Rights Act, Pay Equity Act, and Accessible Canada Act and to represent the public interest in achieving equality in Canada.

Proactive Compliance

Ensure federally regulated organizations comply with the requirements set out in the Employment Equity Act, Pay Equity Act, and the Accessible Canada Act and hold those who do not comply accountable.

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 services that support Program delivery in the organization, regardless of the Internal Services delivery model in a department. These services are: 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 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 Commission is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Commission 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 2022-23 Departmental Plan. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Net Financial Position and in the Statement of Change in Net Debt because these amounts were not included in the 2022-23 Departmental Plan.

b. Net Cash Provided by Government

The Commission operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Commission is deposited to the CRF, and all cash disbursements made by the Commission 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 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 Commission is entitled to draw from the CRF without further authorities to discharge its liabilities.

d. Revenues

- Revenues from internal support services are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.
- Revenues that are non-respendable are not available to discharge the Commission's liabilities. While the Chief Commissioner is expected to maintain accounting control, she has no authority regarding the disposition of non-respendable revenues. As a

result, nonrespendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented in reduction of the Commission'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, employer's contributions to the health and dental insurance plans and workers' compensation are recorded as operating expenses at their estimated carrying value.

f. Employee future benefits

- Pension benefits: Eligible employees participate in the Public Service Pension Plan (Plan), a multiemployer pension plan administered by the Government of Canada. The Commission's contributions to the Plan are charged to expenses in the year incurred and represent the Commission's total obligation to the Plan. The Commission'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: 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. Accounts receivable

Accounts receivable are initially recorded at cost. 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. Tangible capital assets

All tangible capital assets having an initial cost of \$5,000 or more are recorded at their acquisition cost. The Commission does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on First Nations 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
Informatics hardware	3 to 5 years
Informatics software	3 to 5 years
Other equipment	3 to 15 years
Leasehold improvements	Over the remaining term of lease

Assets under construction are recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

i. 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.

j. 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 the liability for employee future benefits, vacation pay 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.

3. Parliamentary authorities

The Commission receives its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and 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 Commission 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	43,816,853	39,799,908
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments (note 9)	(5,175,151)	(5,014,488)
Amortization of tangible capital assets (note 7)	(449,360)	(353,342)
Loss on write-off of tangible capital assets (note 7)	(98,052)	-
Decrease (increase) in vacation pay and compensatory leave	(149,359)	166,300
Decrease (increase) in employee future benefits	(50,300)	47,600
Refunds of prior years' expenditures	14,446	14,956
Refunds of program expenditures	43,516	59,431
Accrued liabilities not charged to authorities	64,633	123,000
Proceeds from disposal of surplus Crown assets	349	-
Adjustments to prior year's accounts payable	17,666	63,652
Total adjustments for items affecting net cost of operations but not affecting authorities	(5,781,612)	(4,892,891)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets (note 7)	1,248,861	817,592
Increase in employee advances	1,787	106
Employee overpayments	65,874	69,831
Decrease in prepaid expenses	(8,590)	(7,696)
Total adjustments for items not affecting net cost of operations but affecting authorities	1,307,932	879,833
Current year authorities used	39,343,172	35,786,850
b. Authorities provided and used (in dollars)		
Authorities provided:		
Vote 1 - Program expenditures	39,280,451	36,398,111
Proceeds from the disposal of surplus Crown assets	349	-
Statutory amounts - Contributions to employee benefits plan	4,261,731	3,831,609
Less: Lapsed authorities	(4,199,359)	(4,442,870)
Current year authorities used	39,343,172	35,786,850

4. Accounts payable and accrued liabilities

(in dollars)

	2023	2022
Accounts payable - Other government departments and agencies	394,973	80,159
Accounts payable - External parties	1,451,270	842,370
Total accounts payable	1,846,243	922,529
Accrued salaries	2,510,451	2,246,506
Total accounts payable and accrued liabilities	4,356,694	3,169,035

5. Employee future benefits

a. Pension benefits

The Commission'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 Commission 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 \$2,784,189 (\$2,299,158 in 2021-22). 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 time (1 time in 2021-22) the employee contributions.

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

b. Severance benefits

Severance benefits provided to the Commission'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 and the remaining

obligation will be disbursed upon departure from the public service. 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	776,400	824,000
Expense for the year	156,812	61,558
Benefits paid during the year	(106,512)	(109,158)
Accrued benefit obligation, end of year	826,700	776,400

6. Accounts receivable and advances

(in dollars)

	2023	2022
Accounts receivable - Other government departments and agencies	194,688	272,584
Accounts receivable - External parties	190,352	236,895
Employee advances	16,836	14,937
Gross accounts receivable	401,876	524,416
Accounts receivable held on behalf of Government	-	(2,365)
Total net accounts receivable and advances	401,876	522,051

7. Tangible capital assets

Cost

(in dollars)

Asset class	Opening Balance	Acquisitions	Transfers, Disposals and Write-Offs	Closing Balance
Informatics hardware	840,514	742,076	-	1,582,590
Informatics software	1,797,744	295,746	614,029	2,707,519
Other equipment	623,988	-	-	623,988
Leasehold improvements	1,264,441	19,211	-	1,283,652
Assets under construction	1,304,482	191,828	(712,081)	784,229
	5,831,169	1,248,861	(98,052)	6,981,978

Accumulated amortization

(in dollars)

Asset class	Opening Balance	Amortization	Transfers, Disposals and Write-Offs	Closing Balance
Informatics hardware	583,598	121,627	-	705,225
Informatics software	1,746,953	158,231	-	1,905,184
Other equipment	506,914	37,502	-	544,416
Leasehold improvements	1,104,873	132,000	-	1,236,873
	3,942,338	449,360	-	4,391,698

Net book value

(in dollars)

Asset class	2023	2022
Informatics hardware	877,365	256,916
Informatics software	802,335	50,791
Other equipment	79,572	117,074
Leasehold improvements	46,779	159,568
Assets under construction	784,229	1,304,482
	2,590,280	1,888,831

8. Contractual obligations

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

(in dollars)

	Related Parties	Acquisitions of goods and services	Operating leases	Total
2024	826,845	1,941,450	16,870	2,785,165
2025	473,690	224,958	-	698,648
2026	131,091	124,308	-	255,399
2027	61,270	-	-	61,270
2028 and thereafter	-	-	-	-
Total	1,492,896	2,290,716	16,870	3,800,482

9. Related party transactions

The Commission 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 Commission has defined its key management personnel as the Chief Commissioner, Deputy Chief Commissioner, and Executive Director.

The Commission 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 Commission received services without charge from certain common service organizations, related to accommodation, the employer's contribution to the health and dental insurance plans and worker's compensation coverage. These services provided without charge have been recorded in the Commission's Statement of Operations and Net Financial Position as follows:

(in dollars)

	2023	2022
Accommodation	2,572,773	2,511,657
Employer's contribution to the health and dental insurance plans	2,594,503	2,495,107
Workers' compensation	7,875	7,724
	5,175,151	5,014,488

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 Commission's Statement of Operations and Net Financial Position.

b. Other transactions with other government departments and agencies

In addition, the Commission provides internal support services to some other government departments and agencies related to the provision of finance, human resources, acquisition, administration and information technology services. The value of those agreements is \$2,039,765 in 2022- 23 (\$1,818,641 in 2021-22). Contractual obligations with related parties, as shown in note 8 above, amount to a total of \$1,492,896 over the next five years.

(in dollars)

	2023	2022
Accounts receivables	194,688	272,584
Accounts payable	394,973	80,159
Expenses	6,104,994	6,415,675
Net Revenues	2,039,765	1,818,641

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

10. Segmented information

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

(in dollars)

	Engagement and Advocacy	Complaints	Proactive Compliance	Internal Services	2023	2022
Operating expenses						
Salaries and employee benefits	5,869,585	11,645,345	7,790,224	11,068,152	36,373,306	33,136,689
Professional and special services	1,132,135	1,116,982	701,723	1,495,603	4,446,443	3,804,113
Accommodation	415,009	822,160	554,360	781,244	2,572,773	2,511,657
Rentals	23,732	41,234	24,336	515,658	604,960	596,980
Equipment expenses	900	6,121	4,141	466,700	477,862	500,983
Amortization of tangible capital assets	-	-	-	449,360	449,360	353,342
Information services	21,521	23,420	41,678	264,526	351,145	420
Travel and relocation	126,700	19,604	30,948	3,146	180,398	15,878
Communication	197	9,691	56	163,698	173,642	149,166
Loss on write-off of tangible capital	-	-	98,052	-	98,052	-
Utilities, materials and supplies	1,042	33,005	5,199	47,662	86,908	96,133
Repair and maintenance	-	-	-	37,118	37,118	26,671
Claims against the Crown	-	5,000	-	-	5,000	6,855
Total operating expenses	7,590,821	13,722,562	9,250,717	15,292,867	45,856,967	41,618,549
Revenues						
Internal support services	-	-	-	2,039,765	2,039,765	1,818,641
Miscellaneous revenues	-	-	-	440,948	440,948	307,249
Revenues earned on behalf of Government	-	-	-	(440,599)	(440,599)	(307,249)
Total net revenues	-	-	-	2,040,114	2,040,114	1,818,641
Net cost of operations before government funding and transfers	7,590,821	13,722,562	9,250,717	13,252,753	43,816,853	39,799,908

Annex – Assessment of Internal Control over Financial Reporting for the fiscal year ended March 31, 2023 (Unaudited)

1. Introduction

This document provides a summary of information on the measures taken by the Canadian Human Rights Commission (Commission) to maintain an effective system of internal control over financial management (ICFM), including the system of internal control over financial reporting (ICFR), as well as information on assessment results and the related action plan.

Detailed information on the Commission's authority, mandate and core responsibilities can be found in the 2023-24 Departmental Plan and the 2022-23 Departmental Results Report.

1.1 Internal control management

The Commission has a well-established governance and accountability structure to support the assessment efforts and oversight of its system of internal control, which comprises:

- organizational accountability structures as they relate to internal control management to support sound financial management, including the roles and responsibilities of senior managers of the Commission for control management in their areas of responsibility;
- values and ethics code;
- ongoing communication and training on statutory requirements, and policies and procedures for sound financial management and control; and
- monitoring of internal control management, as well as the provision of related assessment results and action plans to senior management.

1.2 Service arrangements relevant to financial statements

The Commission 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 centrally administers all payments including salaries, and the procurement of goods and services consistent with the Commission's delegation of authority, provides accommodation services and manages MyGCHR and Phoenix for the Commission;
- The Treasury Board of Canada Secretariat provides the Commission with information to calculate the accrued severance liability and provides information on public service insurance and centrally administers payment of the employers' share of the of contributions toward statutory employee benefit plans; and
- Employment and Social Development Canada provides worker's compensation coverage to the Commission.

Some other government departments and agencies rely on the Commission for the processing of certain transactions as per the interdepartmental arrangements.

Specific Arrangements

- The Commission provides internal support services to some other government departments and agencies related to the provision of Finance, Human Resources, Acquisition, Administration and Information Technology services through Memorandums of Agreement. The information acquired through the assessments is shared with the clients who use the Commission's internal support services.

2. Assessment results during fiscal year 2022-23

The key findings and significant adjustments required for the 2022-23 fiscal year's assessment activities are summarized below.

1. New or significantly amended key controls

New in 2022-23, budget management has been strengthened at the cost centre level. Finance prepares periodic analysis for senior management that provides a sufficient overview of actual vs. budgeted vs. forecasted expenses both for salaries and operations & maintenance (O&M). There were no other significantly amended key controls in existing processes.

2. Ongoing monitoring program

In compliance with its rotational ongoing monitoring plan, the Commission reviewed and updated the documentation of the key controls in place and reassessed their operating effectiveness for the following business processes: contracting, pay administration, revenue management & cost recovery, and budgeting & forecasting. The assessment concluded that key controls for these business processes were found to be effective.

Additionally, a new emerging risk as a result of the COVID-19 pandemic was identified in the asset management process due to increasing flexibility in workspace arrangements and was added to the ongoing monitoring plan in 2020-21. The Commission documented and assessed the design and operating effectiveness of key controls for the asset management business process in 2021-22. The assessment concluded that key controls were effective for the most part, with the following areas of improvement:

- Development of an asset management policy document
- A full inventory count of all assets under management be taken.

These action items from 2021-22 were completed in 2022-23.

Finally, the documentation of the key controls in place and the operating effectiveness of information technology general controls (ITGCs) were reassessed in the area of IT security, IT management / Computer and Network Operations and Application development and change control. The assessment revealed that key controls were found to be generally effective however the following recommendations for improvement were noted:

Clarify and monitor departure procedures to aid in timely removal of network access.

A clear IT strategy and annual plan be documented and communicated to senior management.

3. Action plan

3.1 Progress during fiscal year 2022-23

The Commission completed the annual assessment of internal controls according to the previous year rotational ongoing monitoring plan as shown in the following table:

Key Control Areas	Previous year's rotational ongoing monitoring plan for current year	Status
Business Process	Contracting	The supporting documentation available demonstrated that the key controls were effective.
Business Process	Pay administration	The controls around the Phoenix system are considered sufficient. The controls in place using the Phoenix system are acceptable.
Business Process	Revenue management & cost recovery	No remedial action required.
Business Process	Budgeting and Forecasting	Completed as planned; no action required.
ITGCs	IT Security	Completed as planned; two remedial actions required.

3.2 Action plan for the next fiscal year and subsequent years

The Commission's risk based ongoing monitoring plan over the next three years is shown in the following table:

Rotational Ongoing Monitoring Plan			Testing Operating Effectiveness		
Key Control Areas	Frequency	Risk Rank	2023-24	2024-25	
Entity Level Control	2 years	Medium	Yes	No	
Business Process	Payments to suppliers ¹	2 years	Medium	Yes	No
	Contracting	2 years	Medium	No	Yes
	Pay Administration	2 years	Medium	No	Yes
	Revenue Management	2 years	Medium	No	Yes
	Year End Accounting and Financial reporting	2 years	Medium	Yes	No
	Budgeting and forecasting	2 years	Medium	No	Yes
	Cost Recovery	2 years	Medium +	Yes ²	No
	CFO Attestation	2 years	Medium +	Yes	No
	Asset Management	2 years	Medium	Yes	No
ITGCs	IT Management and computer and network operations	3 years	Low	No	Yes
	IT Security (User Access)	Annually	High	Yes	Yes
	Application development and change management	2 years	Medium	Yes	No

¹ Testing will include the payments cycle for operating and capital expenditures.

² Work will include operating effectiveness of key controls for the Cost Recovery business process.