



Military Grievances External Review Committee 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 Military Grievances External Review Committee (Committee). 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 Committee's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the Committee'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 Committee, and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an on-going process to identify key risks, to assess 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 Committee have not been audited.

Original signed by

Original signed by

Vihar Joshi, OMM, MSM, K.C., CD, LSM, CIC.C
Interim Chairperson and Chief Executive Officer
Kanata, Canada
July 31, 2023

Jean-François Poirier, CPA, M.A.P.
Chief Financial Officer
Val-des-Monts, Canada
July 31, 2023



Military Grievances External Review Committee
Statement of Financial Position (*Unaudited*)
As at March 31

(in dollars)

| | <u>2023</u> | <u>2022</u> |
|---|--------------------|------------------|
| Liabilities | | |
| Accounts payable and accrued liabilities (note 4) | \$647,543 | \$563,070 |
| Vacation pay and compensatory leave | 380,221 | 391,193 |
| Employee future benefits (note 5) | 142,321 | 168,510 |
| Total net liabilities | 1,170,085 | 1,122,773 |
| Financial assets | | |
| Due from Consolidated Revenue Fund | 634,308 | 520,831 |
| Accounts receivable and advances (note 6) | 18,992 | 71,793 |
| Total net financial assets | 653,300 | 592,624 |
| Departmental net debt | 516,785 | 530,149 |
| Non-financial assets | | |
| Tangible capital assets (note 7) | 397,600 | 572,469 |
| Total non-financial assets | 397,600 | 572,469 |
| Departmental net financial position | (\$119,185) | \$42,320 |

Contractual obligations (note 8)

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

Original signed by

Vihar Joshi, OMM, MSM, K.C., CD, LSM, CIC.C
Interim Chairperson and Chief Executive Officer
Kanata, Canada
July 31, 2023

Original signed by

Jean-François Poirier, CPA, M.A.P.
Chief Financial Officer
Val-des-Monts, Canada
July 31, 2023



**Military Grievances External Review Committee
Statement of Operations and Departmental Net Financial Position (*Unaudited*)
For the Year Ended March 31**

(in dollars)

| | 2023 | 2023 | 2022 |
|---|------------------|--------------------|------------------|
| | Planned | Actual | Actual |
| | Results | | |
| Expenses | | | |
| Independent review of military grievances | \$4,992,000 | \$4,997,029 | \$5,031,753 |
| Internal services | 2,572,000 | 2,701,691 | 2,567,490 |
| Total expenses | 7,564,000 | 7,698,720 | 7,599,243 |
| | | | |
| Revenues | | | |
| Miscellaneous revenues | 1,000 | 598 | 4 |
| Total revenues | 1,000 | 598 | 4 |
| | | | |
| Net cost of operations before government funding and transfers | 7,563,000 | 7,698,122 | 7,599,239 |
| | | | |
| Government funding and transfers | | | |
| Net cash provided by Government of Canada | | 6,947,878 | 7,087,082 |
| Change in due from Consolidated Revenue Fund | | 113,477 | (82,816) |
| Services provided without charge by other government departments (note 9) | | 466,135 | 480,206 |
| Transfer of salary overpayments from other government departments | | 9,127 | 441 |
| Net cost of operations after government funding and transfers | | 161,505 | 114,326 |
| | | | |
| Departmental net financial position - Beginning of year | | 42,320 | 156,646 |
| | | | |
| Departmental net financial position - End of year | | (\$119,185) | \$42,320 |

Segmented Information (note 10)

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



Military Grievances External Review Committee
Statement of Change in Departmental Net Debt (*Unaudited*)
For the Year Ended March 31

(in dollars)

| | <u>2023</u> | <u>2022</u> |
|--|------------------|------------------|
| Net cost of operations after government funding and transfers | \$161,505 | \$114,326 |
| Change due to tangible capital assets | | |
| Acquisition of tangible capital assets | 2,158 | 9,680 |
| Amortization of tangible capital assets | (177,027) | (186,267) |
| Total change due to tangible capital assets | (174,869) | (176,587) |
| Net decrease in departmental net debt | (13,364) | (62,261) |
| Departmental net debt - Beginning of year | 530,149 | 592,410 |
| Departmental net debt - End of year | \$516,785 | \$530,149 |

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



Military Grievances External Review Committee
Statement of Cash Flows (Unaudited)
For the Year Ended March 31

(in dollars)

| | <u>2023</u> | <u>2022</u> |
|---|--------------------|--------------------|
| Operating activities | | |
| Net cost of operations before government funding and transfers | \$7,698,122 | \$7,599,239 |
| Non-cash items: | | |
| Amortization of tangible capital assets | (177,027) | (186,267) |
| Services provided without charge by other government departments (note 9) | (466,135) | (480,206) |
| Transfer of salary overpayments from other government departments | (9,127) | (441) |
| Variations in Statement of Financial Position: | | |
| Increase (decrease) in accounts receivable and advances | (52,801) | 64,217 |
| Decrease (increase) in accounts payable and accrued liabilities | (84,473) | 41,491 |
| Decrease in vacation pay and compensatory leave | 10,972 | 22,400 |
| Decrease in employee future benefits | 26,189 | 16,969 |
| Cash used in operating activities | 6,945,720 | 7,077,402 |
| Capital investing activities | | |
| Acquisitions of tangible capital assets | 2,158 | 9,680 |
| Cash used in capital investing activities | 2,158 | 9,680 |
| Net cash provided by Government of Canada | \$6,947,878 | \$7,087,082 |

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



**Military Grievances External Review Committee
Notes to the Financial Statements (*Unaudited*)
For the Year Ended March 31**

(in dollars)

1. Authority and objectives

The raison d'être of the Committee is to provide an independent and external review of military grievances. [Section 29 of the *National Defence Act*](#) provides a statutory right for an officer or a non-commissioned member who has been aggrieved, to grieve a decision, an act or an omission in the administration of the affairs of the Canadian Armed Forces. The importance of this broad right cannot be overstated since it is, with certain narrow exceptions, the only formal complaint process available to Canadian Armed Forces members.

The Committee is an independent administrative tribunal reporting to Parliament through the Minister of National Defence. It reviews military grievances referred to it pursuant to s. 29 of the *National Defence Act* and provides findings and recommendations to the [Chief of the Defence Staff](#) and the Canadian Armed Forces member who submitted the grievance.

The Committee also has the obligation to deal with all matters as informally and expeditiously as the circumstances and the considerations of fairness permit.

The Committee operates under the following core responsibilities:

- Independent Review of Military Grievances
- Internal Services



**Military Grievances External Review Committee
Notes to the Financial Statements (*Unaudited*)
For the Year Ended March 31**

(in dollars)

2. Summary of significant accounting policies

These financial statements are prepared using the Committee'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 Committee is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Committee 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 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 2022-2023 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 2022-2023 Departmental Plan.
- (b) Net cash provided by Government**
The Committee operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Committee is deposited to the CRF, and all cash disbursements made by the Committee 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) Amounts due from or to the CRF**
Amounts due from or to the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Committee is entitled to draw from the CRF without further authorities to discharge its liabilities.
- (d) Revenues**
Other revenues are recognized in the period the event giving rise to the revenues occurred. Revenues that are non-respendable are not available to discharge the Committee's liabilities. While the Interim Chairperson and Chief Executive Officer is expected to maintain accounting control, he 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 as of reduction of the entity's gross revenues.
- (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 employer contributions to the health and dental insurance plans are recorded as operating expenses at their carrying value.



Military Grievances External Review Committee
Notes to the Financial Statements (*Unaudited*)
For the Year Ended March 31

(in dollars)

(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 Committee's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The Committee'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 Committee recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of accounts and loans 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. 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 equipment and other capital property are capitalized as tangible capital assets and 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) 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 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.



Military Grievances External Review Committee
Notes to the Financial Statements (*Unaudited*)
For the Year Ended March 31

(in dollars)

- (j) 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 the Committee's financial statement purposes at the carrying amount.



**Military Grievances External Review Committee
Notes to the Financial Statements (*Unaudited*)
For the Year Ended March 31**

(in dollars)

3. Parliamentary authorities

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

| | 2023 | 2022 |
|---|--------------------|--------------------|
| Net cost of operations before government funding and transfers | \$7,698,122 | \$7,599,239 |
| Adjustments for items affecting net cost of operations but not affecting authorities: | | |
| Amortization of tangible capital assets | (177,027) | (186,267) |
| Gain on disposal of tangible capital and non-capital assets | 331 | 0 |
| Services provided without charge by other government departments | (466,135) | (480,206) |
| Decrease in vacation pay and compensatory leave | 10,972 | 22,400 |
| Decrease in employee future benefits | 26,189 | 16,969 |
| Refunds of prior year expenditures | 10,351 | 16,724 |
| Increase in expenditures not being charged to appropriations at the same time | (8,802) | 0 |
| Increase (decrease) in salary overpayments to be recovered not charged to authorities | (7,819) | 9,752 |
| Total items affecting net cost of operations but not affecting authorities | (611,940) | (600,628) |
| Adjustments for items not affecting net cost of operations but affecting authorities: | | |
| Acquisition of tangible capital assets | 2,158 | 9,680 |
| Increase in salary overpayments | 860 | 16,770 |
| Total items not affecting net cost of operations but affecting authorities | 3,018 | 26,450 |
| Current year authorities used | \$7,089,200 | \$7,025,061 |



Military Grievances External Review Committee
Notes to the Financial Statements (*Unaudited*)
For the Year Ended March 31
(in dollars)

(b) Authorities provided and used

| | <u>2023</u> | <u>2022</u> |
|--------------------------------------|---------------------------|---------------------------|
| Authorities provided: | | |
| Vote 1 - Operating expenditures | \$6,883,125 | \$6,711,875 |
| Statutory amounts | 767,802 | 742,446 |
| Less: | | |
| Lapsed : Operating | (561,727) | (429,260) |
| Current year authorities used | <u>\$7,089,200</u> | <u>\$7,025,061</u> |



Military Grievances External Review Committee
Notes to the Financial Statements (*Unaudited*)
For the Year Ended March 31
(in dollars)

4. Accounts payable and accrued liabilities

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

| | 2023 | 2022 |
|--|--------------------------------|--------------------------------|
| Accounts payable – Other government departments and agencies | \$137,315 | \$119,863 |
| Accounts payable – External parties | 46,361 | 51,414 |
| Total accounts payable | <u>183,676</u> | <u>171,277</u> |
| Accrued liabilities | 463,867 | 391,793 |
| Total accounts payable and accrued liabilities | <u><u>\$647,543</u></u> | <u><u>\$563,070</u></u> |



**Military Grievances External Review Committee
Notes to the Financial Statements (*Unaudited*)
For the Year Ended March 31
(in dollars)**

5. Employee future benefits

(a) Pension benefits

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

Both the employees and the Committee 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 2022-2023 expense amounts to \$501,389 (\$501,596 in 2021-2022). For Group 1 members, the expense represents approximately 1.02 times (1.01 times in 2021-2022) the employee contributions and, for Group 2 members, approximately 1.00 time (1.00 time in 2021-2022) the employee contributions.

The Committee'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 Committee'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:

| | 2023 | 2022 |
|---|------------------|------------------|
| Accrued benefit obligation - Beginning of year | \$168,510 | \$185,479 |
| Expense for the year | (26,189) | (5,168) |
| Benefits paid during the year | 0 | (11,801) |
| Accrued benefit obligation - End of year | \$142,321 | \$168,510 |



Military Grievances External Review Committee
Notes to the Financial Statements (*Unaudited*)
For the Year Ended March 31
(in dollars)

6. Accounts receivable and advances

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

| | 2023 | 2022 |
|---|-----------------|-----------------|
| Receivables – Other government departments and agencies | \$13,958 | \$45,384 |
| Receivables – External parties | 3,098 | 24,473 |
| Employee advances | 1,936 | 1,936 |
| Net accounts receivable | \$18,992 | \$71,793 |

The following table provides an aging analysis of accounts receivable from external parties and the associated valuation allowances used to reflect their net recoverable value:

| | 2023 | 2022 |
|--|----------------|-----------------|
| Accounts receivables from external parties | | |
| Not past due | \$3,048 | \$24,423 |
| Number of days past due | | |
| 1 to 30 | 0 | 0 |
| 31 to 60 | 0 | 0 |
| 61 to 90 | 0 | 0 |
| 91 to 365 | 0 | 0 |
| Over 365 | 50 | 50 |
| Total | \$3,098 | \$24,473 |



Military Grievances External Review Committee
Notes to the Financial Statements (*Unaudited*)
For the Year Ended March 31
(in dollars)

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 | Amortization Period |
|-------------------------|---|
| Machinery and equipment | 10 years |
| Informatics hardware | 3 to 6 years |
| Informatics software | 3 years |
| Other equipment | 10 years |
| Leasehold improvements | Over the useful life of the improvement or the lease term, whichever is shorter |



Military Grievances External Review Committee
Notes to the Financial Statements (*Unaudited*)
For the Year Ended March 31
(in dollars)

| Capital Asset Class | Cost | | | | Accumulated Amortization | | | | Net Book Value | |
|-------------------------|--------------------|----------------|--------------------------|--------------------|--------------------------|------------------|--------------------------|--------------------|------------------|------------------|
| | Opening Balance | Acquisitions | Disposals and Write-Offs | Closing Balance | Opening Balance | Amortization | Disposals and Write-Offs | Closing Balance | 2023 | 2022 |
| Machinery and equipment | \$17,321 | \$0 | \$0 | \$17,321 | \$8,660 | \$1,732 | \$0 | \$10,392 | \$6,929 | \$8,661 |
| Informatics hardware | 620,226 | 2,158 | 17,263 | 605,121 | 495,365 | 64,903 | 17,263 | 543,005 | 62,116 | 124,861 |
| Informatics software | 77,312 | 0 | 0 | 77,312 | 77,312 | 0 | 0 | 77,312 | 0 | 0 |
| Other equipment | 68,867 | 0 | 15,254 | 53,613 | 41,291 | 5,361 | 15,254 | 31,398 | 22,215 | 27,576 |
| Leasehold improvements | 778,697 | 0 | 0 | 778,697 | 367,326 | 105,031 | 0 | 472,357 | 306,340 | 411,371 |
| Total | \$1,562,423 | \$2,158 | \$32,517 | \$1,532,064 | \$989,954 | \$177,027 | \$32,517 | \$1,134,464 | \$397,600 | \$572,469 |



Military Grievances External Review Committee
Notes to the Financial Statements (*Unaudited*)
For the Year Ended March 31
(in dollars)

8. Contractual obligations

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

| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 and subsequent | Total |
|-----------------|-----------|-----------|-----------|------|------|---------------------|-------------|
| Operating lease | \$409,953 | \$409,953 | \$375,790 | \$0 | \$0 | \$0 | \$1,195,696 |



**Military Grievances External Review Committee
Notes to the Financial Statements (*Unaudited*)
For the Year Ended March 31**

(in dollars)

9. Related party transactions

The Committee 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 Committee 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 Committee received services without charge from certain common service organizations, related to 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 Committee's Statement of Operations and Departmental Net Financial Position as follows:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------------|-------------------------|
| Employer's contribution to the health and dental insurance plans | \$466,135 | \$480,206 |
| Total | <u>\$466,135</u> | <u>\$480,206</u> |

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 Committee's Statement of Operations and Departmental Net Financial Position.

(b) Other transactions with other government departments and agencies

| | <u>2023</u> | <u>2022</u> |
|---------------------|-------------|-------------|
| Accounts receivable | \$13,958 | \$45,384 |
| Accounts payable | 137,315 | 119,863 |
| Expenses | 1,240,592 | 1,238,788 |

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



Military Grievances External Review Committee
Notes to the Financial Statements (*Unaudited*)
For the Year Ended March 31

(in dollars)

10. Segmented information

Presentation by segment is based on the Committee'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:

| | Independent Review of Military Grievances | Internal Services | 2023 Total | 2022 Total |
|--|--|------------------------------|-----------------------|-----------------------|
| Operating expenses | | | | |
| Salaries and employee benefits | \$4,556,467 | \$1,945,049 | \$6,501,516 | \$6,380,511 |
| Rentals | 305,095 | 272,101 | 577,196 | 524,452 |
| Professional and special services | 72,143 | 265,842 | 337,985 | 324,301 |
| Amortization of tangible capital assets | 15,055 | 161,972 | 177,027 | 186,267 |
| Repair and maintenance | 8,538 | 23,683 | 32,221 | 24,413 |
| Acquisition of non-capital assets | 17,264 | 12,502 | 29,766 | 132,638 |
| Transportation and communications | 13,679 | 6,683 | 20,362 | 11,466 |
| Utilities, materials and supplies | 8,704 | 4,458 | 13,162 | 7,149 |
| Information | 84 | 10,277 | 10,361 | 8,400 |
| Other | 0 | (876) | (876) | (354) |
| Total expenses | 4,997,029 | 2,701,691 | 7,698,720 | 7,599,243 |
| Revenues | | | | |
| Miscellaneous revenues | 0 | 598 | 598 | 4 |
| Total revenues | 0 | 598 | 598 | 4 |
| Net cost of operations | \$4,997,029 | \$2,701,093 | \$7,698,122 | \$7,599,239 |



Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting of the Military Grievances External Review Committee for Fiscal Year 2022-2023 (*unaudited*)

1. Introduction

In support of an effective system of internal control, the Committee conducted self-assessments of key control areas that were identified to be assessed in the 2022-23 fiscal year. A summary of the assessment results and action plan is provided in section 2.

The Committee will assess all key control areas over a 5-year cycle. The assessment plan is provided in section 3.

2. Assessment results for the 2022-2023 fiscal year

The Committee 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 | Yes | Instances of non-compliance with the required training and financial delegation instrument were identified. Prompt corrective actions were taken to address these issues. |

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 largely effective and form an adequate basis for the Committee's system of internal control.

During the fiscal year, a few minor issues regarding the revalidation of knowledge every five years were identified and promptly addressed.

Also, there was a notable gap in terms of the frequency of updates to the financial delegation instrument. Despite a recent update made by the Committee during the fiscal year, the previous review occurred five years ago, highlighting the need in the future for more regular assessments and updates.

The Committee was audited by the Office of the Comptroller General on key control areas in 2015-2016. A summary of the audit results and remedial actions are posted on the Committee's web site at <https://www.canada.ca/en/military-grievances-external-review/corporate/financial-statements-quarterly-financial-reports.html>.

3. Assessment plan

The Committee will assess the performance of its system of internal control by focusing on key control areas over a cycle of 5 years as shown in the following table.



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