

## RCMP EXTERNAL REVIEW COMMITTEE

### Statement of Management Responsibility (Unaudited)

Responsibility for the integrity and objectivity of the accompanying financial statements for the period ended March 31, 2023, and all information contained in these statements rests with the management of the RCMP External Review Committee (ERC). These financial statements have been prepared by management using the Government 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 ERC's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in the ERC'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 ERC 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.

The financial statements of ERC have not been audited.

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**Charles Randall Smith**

Chairperson  
Ottawa, Canada

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**Julie Brunet**

Director General, Corporate Services and  
Chief Financial Officer

Date:

Date:

## RCMP EXTERNAL REVIEW COMMITTEE

### Statement of Financial Position (Unaudited)

As at March 31

(in dollars)

	2023	2022
<b>Liabilities</b>		
Accounts payable and accrued liabilities ( <a href="#">note 4</a> )	144,035	159,899
Vacation pay and compensatory leave	263,104	206,486
Employee future benefits ( <a href="#">note 5</a> )	80,072	80,611
<b>Total liabilities</b>	<b>487,211</b>	<b>446,996</b>
<b>Financial assets</b>		
Due from Consolidated Revenue Fund	126,958	134,090
Accounts receivable and advances ( <a href="#">note 6</a> )	40,872	62,209
<b>Total financial assets</b>	<b>167,830</b>	<b>196,299</b>
<b>Departmental net debt</b>	<b>319,381</b>	<b>250,697</b>
<b>Non-Financial assets</b>		
Tangible capital assets ( <a href="#">note 7</a> )	0	0
<b>Total non-financial assets</b>	<b>0</b>	<b>0</b>
<b>Departmental net financial position</b>	<b>(319,381)</b>	<b>(250,697)</b>

The accompanying notes form an integral part of these financial statements

**Charles Randall Smith**

Chairperson  
Ottawa, Canada

Date:

**Julie Brunet**

Director General, Corporate Services and  
Chief Financial Officer

Date:

## RCMP EXTERNAL REVIEW COMMITTEE

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

For the Year Ended March 31

(in dollars)

	2023	2023	2022
	Planned Results	Actual	Actual
<b>Expenses</b>			
Appeal case review	6,701,891	<b>5,350,476</b>	4,393,317
<b>Total expenses</b>	<b>6,701,891</b>	<b>5,350,476</b>	4,393,317
<b>Revenues</b>			
Miscellaneous revenues	0	<b>0</b>	0
Revenues earned on behalf of government	0	<b>0</b>	0
<b>Total revenues</b>	<b>0</b>	<b>0</b>	0
<b>Net cost of operations before government funding and transfers</b>	<b>6,701,891</b>	<b>5,350,476</b>	4,393,317
<b>Government Funding and Transfers</b>			
Net cash provided by Government		<b>4,824,489</b>	3,901,217
Change in due from the Consolidated Revenue Fund		<b>(7,132)</b>	(26,218)
Services provided without charge by other government departments ( <a href="#">note 8</a> )		<b>464,435</b>	417,169
<b>Net cost of operations after government funding and transfers</b>		<b>68,684</b>	101,148
<b>Departmental net financial position - Beginning of Year</b>		<b>(250,697)</b>	(149,548)
<b>Departmental net financial position - End of Year</b>		<b>(319,381)</b>	(250,697)

Segmented information ([note 9](#))

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

## RCMP EXTERNAL REVIEW COMMITTEE

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

For the Year Ended March 31

(in dollars)

	<b>2023</b>	2022
	Actual	Actual
Net cost of operations after government funding and transfers	<b>68,684</b>	101,148
<b>Increase (decrease) in departmental net debt</b>	<b>68,684</b>	101,148
<b>Departmental net debt - Beginning of Year</b>	<b>250,697</b>	149,548
<b>Departmental net debt - End of Year</b>	<b>319,381</b>	250,697

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

## RCMP EXTERNAL REVIEW COMMITTEE

### Statement of Cash Flows (Unaudited)

For the Year Ended March 31

(in dollars)

	<u>2023</u>	<u>2022</u>
<b>Operating activities</b>		
Net cost of operations before government funding and transfers	5,350,476	4,393,317
<b>Non-cash items:</b>		
Services provided without charge by other government departments ( <a href="#">note 8</a> )	(464,435)	(417,169)
<b>Variations in Statement of Financial Position:</b>		
Increase (decrease) in accounts receivable and advances	(21,337)	(6,851)
Decrease (increase) in accounts payable and accrued liabilities	15,864	47,692
Decrease (increase) in vacation pay and compensatory leave	(56,618)	(94,093)
Decrease (increase) in employee future benefits	539	(21,679)
<b>Cash used in operating activities</b>	<b>4,824,489</b>	<b>3,901,217</b>
<b>Net cash provided by Government of Canada</b>	<b>4,824,489</b>	<b>3,901,217</b>

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

#### 1. Authority and objectives

The Royal Canadian Mounted Police External Review Committee (ERC) contributes to fair and equitable labour relations and accountability within the Royal Canadian Mounted Police (RCMP) through its independent and impartial review of appeal case files. The ERC issues findings and recommendations to the Commissioner of the RCMP for final decisions to be made in appeals regarding critically important workplace and employment matters (e.g. appeals of decisions in harassment complaints, and of decisions to dismiss or demote an RCMP member for contravention of the RCMP *Code of Conduct*, to stop a member's pay and allowances when a member has been suspended from duty or to discharge a member for poor performance). The RCMP is required to refer appeal case files to the ERC for its review, findings and recommendations pursuant to the *Royal Canadian Mounted Police Act* and the *Royal Canadian Mounted Police Regulations*.

The ERC ensures that its findings and recommendations in each case are clearly explained for the parties and the RCMP Commissioner. Summaries of the findings and recommendations in each case, as well as articles of interest on the role of the ERC, relevant legal principles and information on related issues are made available to RCMP members and the public through ERC publications and on the ERC website.

The ERC has one program, Appeal case review. The Treasury Board of Canada Secretariat granted the ERC an exemption from reporting on financial results to Internal Services as a separate program beginning in 2009-10, given the focused nature of the ERC program and the associated level of resources. These financial statements continue to present information indicating that the ERC has a single, distinct program, and do not provide information on Internal Services separately.

#### 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:

**2. Summary of significant accounting policies (continued)*****(a) Parliamentary authorities***

The ERC is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the ERC 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 2022-23 Departmental Plan. Planned results are not presented in the “Government funding and transfers” section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2022-23 Departmental Plan.

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

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

***(d) Revenues***

Revenues from regulatory fees are recognized based on the services provided in the year. Revenues are then recognized in the period in which the related expenses are incurred. 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 ERC’s liabilities. While the Chair 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 as a reduction of the entity's gross revenues.

## 2. Summary of significant accounting policies (continued)

### *(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 and employer contributions to the health and dental insurance plans are recorded as operating expenses at their carrying value.

### *(f) Employee future benefits*

*(i) Pension benefits:* Eligible employees participate in the Public Service Pension Plan, a multi-employer plan administered by the Government. The ERC's contributions to the Plan are charged to expenses in the year incurred and represent the total ERC's obligation to the Plan. The ERC'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) Accounts receivable*

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

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

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

Inventories are valued at cost and are comprised of spare parts and supplies held for future program delivery and are not primarily intended for resale. Inventories that no longer have service potential are valued at the lower of cost or net realizable value.

## 2. Summary of significant accounting policies (continued)

### *(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 contingent liabilities, environmental liabilities, the liability for employee future benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

### *(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 departmental financial statement purposes at the carrying amount.

# RCMP EXTERNAL REVIEW COMMITTEE

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

### 3. Parliamentary authorities

The ERC 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 ERC 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
		(in dollars)
Net cost of operations before government funding and transfers	5,350,476	4,393,317
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Services provided without charge by other government departments (note 8)	(464,435)	(417,169)
Decrease (increase) in vacation pay and compensatory leave	(56,618)	(94,085)
Decrease (increase) in employee future benefits	539	(21,679)
Refunds of prior year expenditures	12	0
Adjustments to previous years' payables at year-end	45,036	0
	(475,466)	(532,933)
<i>Adjustments for items not affecting net cost of operations but affecting authorities :</i>		
Increase in salary overpayments	2,609	14,320
<b>Current year authorities used</b>	<b>4,877,619</b>	<b>3,874,704</b>

**(b) Authorities provided and used:**

	2023	2022
		(in dollars)
Vote 1 – Program expenditures	5,852,431	5,805,010
Statutory amounts	478,644	381,688
	6,331,075	6,186,698
Less:		
Lapsed : Operating	(1,453,456)	(2,311,994)
<b>Current year authorities used</b>	<b>4,877,619</b>	<b>3,874,705</b>

#### 4. Accounts payable and accrued liabilities

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

	2023	2022
	(in dollars)	
Accounts payable to other government departments and agencies	13,581	3,029
Accounts payable to external parties	25,933	56,822
<b>Total accounts payable</b>	<b>39,514</b>	59,852
Accrued liabilities	104,521	100,047
<b>Total accounts payable and accrued liabilities</b>	<b>144,035</b>	159,899

#### 5. Employee future benefits

##### *(a) Pension benefits*

The ERC'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 Plan benefits and they are indexed to inflation.

Both the employees and the ERC 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 \$312,698 (\$257,868 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 1.00 times (1.00 times in 2021-22) the employee contributions.

The ERC'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.

## RCMP EXTERNAL REVIEW COMMITTEE

### Notes to the Financial Statements (Unaudited)

For the Year Ended 31 March 2023

#### 5. Employee future benefits (continued)

##### *(b) Severance benefits*

Severance benefits provided to the ERC'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
		(in dollars)
<b>Accrued benefit obligation - Beginning of year</b>	<b>80,611</b>	58,932
Expense for the year	(539)	(25,859)
Benefits paid during the year	0	47,538
<b>Accrued benefit obligation - End of year</b>	<b>80,072</b>	80,611

#### 6. Accounts receivable and advances

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

	2023	2022
		(in dollars)
Receivables – Other government departments and agencies	389	9,035
Receivables – External parties	40,483	53,174
Employee advances	0	0
<b>Total accounts receivable</b>	<b>40,872</b>	62,209

## RCMP EXTERNAL REVIEW COMMITTEE

### Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

#### 6. Accounts Receivable and Advances (continued)

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
	(in dollars)	
Accounts receivable from external parties		
Not past due	40,483	36,097
Number of days pas due:		
1 to 30	0	0
31 to 60	0	0
61 to 90	0	0
91 to 365	0	0
Over 365	0	17,077
Sub-total	40,483	53,174
Less: Valuation allowance	0	0
<b>Total</b>	<b>40,483</b>	<b>53,174</b>

#### 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: All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. The ERC 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.

Asset Class	Amortization Period
Other equipment including furniture	5 years
Leasehold improvements	Over the useful life of the improvement or the lease term, whichever is shorter

**RCMP EXTERNAL REVIEW COMMITTEE**

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

**For the Year Ended March 31, 2023**

**7. Tangible capital assets (continued)**

Capital asset class	(in dollars)									
	Cost				Accumulated amortization				Net book value	
	Opening balance	Acquisitions	Disposals & write-offs	Closing balance	Opening balance	Amortization	Disposals & write-offs	Closing balance	2023	2022
Other equipment including furniture	42,382	0	0	42,382	42,382	0	0	42,382	0	0
Leasehold improvements	172,232	0	0	172,232	172,232	0	0	172,232	0	0
<b>Total</b>	<b>214,614</b>	<b>0</b>	<b>0</b>	<b>214,614</b>	<b>214,614</b>	<b>0</b>	<b>0</b>	<b>214,614</b>	<b>0</b>	<b>0</b>

Assets under construction are recorded in the applicable asset class in the year they are put into service and are not amortized until they are put into service

## RCMP EXTERNAL REVIEW COMMITTEE

### Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

#### 8. Related party transactions

The ERC is related as a result of common ownership to all Government of Canada 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 ERC enters into transactions with these entities in the normal course of business and on normal trade terms. In addition, the ERC has an agreement with Public Safety Canada related to the provision of financial, contracting and procurement, human resource, information technology and security services. During the year, the ERC 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 ERC 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 ERC's Statement of Operations and Departmental Net Financial Position as follows:

	2023	2022
		(in dollars)
Accommodations	172,430	167,283
Employer's contribution to the health and dental insurance plans	290,597	249,886
Salary and associated expenditures of legal services provided by Justice Canada	1,408	0
<b>Total</b>	<b>464,435</b>	<b>417,169</b>

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 services organization so that one department performs services for all other departments and agencies without charge. The costs of these services, such as 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 ERC's Statement of Operations and Departmental Net Financial Position.

##### *(b) Other transactions with related parties*

	2023	2022
		(in dollars)
Accounts receivable – Other government departments and agencies	389	8,731
Accounts payable – Other government departments and agencies	13,581	3,029
Expenses – Other government departments and agencies	221,862	162,082

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

# RCMP EXTERNAL REVIEW COMMITTEE

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2023

### 9. Segmented information

Presentation by segment is based on the ERC'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 revenue generated for the main core responsibilities, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

(in dollars)

	2023 Total	2022 Total
<b>Expenses</b>	<b>Appeal case review</b>	
<b>Operating expenses</b>		
Salaries and employee benefits	4,127,545	3,463,491
Professional and special services	552,449	404,183
Miscellaneous	244,429	230,043
Accommodation	172,430	167,283
Equipment	76,818	36,592
Utilities, material and supplies	44,328	58,216
Communication	16,987	4,022
Equipment rentals	29,975	7,118
Information	20,300	14,578
Travel and relocation	57,671	7,184
Repairs	7,544	607
<b>Total expenses</b>	<b>5,350,476</b>	<b>4,393,317</b>
<b>Revenues</b>		
Miscellaneous revenue	0	0
Revenue earned on behalf of government	(0)	(0)
<b>Total revenues</b>	<b>0</b>	<b>0</b>
<b>Net cost of operations before government funding and transfers</b>	<b>5,350,476</b>	<b>4,393,317</b>