

Federal Economic Development Agency for
Southern Ontario

Financial Statements (Unaudited)

As at March 31, 2024

His Majesty the King in Right of Canada, as represented by the Minister responsible for the
Federal Economic Development Agency for Southern Ontario, 2024

Catalogue No. Iu93-7E-PDF

ISSN 2368-3503

Federal Economic Development Agency for Southern Ontario 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, 2024, and all information contained in these statements rests with the management of the Federal Economic Development Agency for Southern Ontario (FedDev Ontario). These financial statements have been prepared using the Government's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on best estimates and judgement, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, FedDev Ontario maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in FedDev Ontario's Departmental Results Report, is consistent with these statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR). This provides 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.

FedDev Ontario seeks to ensure the objectivity and integrity of data in its financial statements. This is accomplished 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 Agency; and through conducting risk-based assessments to ensure 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 Agency is subject to periodic Core Control Audits performed by the Office of the Comptroller General of Canada (OCG) and will use the results of such audits to comply with the Treasury Board Policy on Financial Management. In the interim, the Agency has undertaken a risk-based assessment of the system of ICFR for the year ended March 31, 2024, in accordance with the Treasury Board *Policy on Financial Management*, and the results and action plan are summarized in the annex.

The financial statements of FedDev Ontario have not been audited.

Nancy Gardiner
President
Signed at Ottawa, Canada September 13, 2024

Carole Bourget
Chief Financial Officer

Federal Economic Development Agency for Southern Ontario
Statement of Financial Position (Unaudited)
As at March 31, 2024
(In thousands of dollars)

	2024	2023
Liabilities		
Accounts payable and accrued liabilities (Note 4)	88,732	89,071
Vacation pay and compensatory leave	2,200	2,122
Employee future benefits (Note 5)	657	676
Total liabilities	91,589	91,869
Financial assets		
Due from Consolidated Revenue Fund	81,908	88,683
Accounts receivable and advances (Note 6)	8,632	8,585
Loans Receivables (Repayable contributions) (Note 7)	711,182	644,765
Total financial assets	801,722	742,033
Financial assets held on behalf of Government		
Accounts receivable and advances (Note 6)	(8,516)	(8,431)
Loans (Repayable contributions) (Note 7)	(711,182)	(644,765)
Total financial assets held on behalf of Government	(719,698)	(653,196)
Total net financial assets	82,024	88,837
Departmental net debt	9,565	3,032
Non-financial assets		
Prepaid expenses	-	29
Tangible capital assets (Note 10)	24	53
Total non-financial assets	24	82
Departmental net financial position	(9,541)	(2,950)
Contractual obligations (Note 8)		
Contingent liabilities (Note 9)		

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

Federal Economic Development Agency for Southern Ontario
Statement of Operations and Departmental Net Financial Position (Unaudited)
For the year ended March 31, 2024
(In thousands of dollars)

	2024 Planned Results	2024	2023
Expenses			
Economic Development in Southern Ontario	269,034	243,951	396,163
Internal Services	19,229	19,436	19,365
Expenses incurred on behalf of Government	(36,940)	22,808	(47,589)
Total expenses	251,323	286,195	463,117
Revenues			
Gains on disposal of assets	-	7	-
Other revenue	-	1	432
Revenues earned on behalf of Government	-	(1)	(432)
Total revenues	-	7	-
Net cost of operations before funding and transfers	251,323	286,188	463,117
Government funding and transfers			
Net cash provided by Government		281,253	406,645
Change in Due from Consolidated Revenue Fund		(6,775)	51,133
Services provided without charge by other government departments (Note 11)		5,119	4,982
Transfer of assets from (to) other government departments (Note 12)		-	11
Net cost of operations after government funding and transfers		6,591	346
Departmental net financial Position – Beginning of year		(2,950)	(2,604)
Departmental net financial position – End of year		(9,541)	(2,950)

Segmented information (Note 13)

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

Federal Economic Development Agency for Southern Ontario
Statement of Change in Departmental Net Debt (Unaudited)
For the year ended March 31, 2024
(In thousands of dollars)

	2024	2023
Net cost of operations after government funding	6,591	346
Change due to tangible capital assets		
Amortization of tangible capital assets (Note 10)	(13)	(12)
Net gain on disposal of tangible capital assets including adjustments	7	-
Proceeds from disposal of tangible capital assets	(23)	-
Transfer of assets from other government departments		11
Total change due to tangible capital assets	(29)	(1)
	-	
Change due to prepaid expenses	(29)	(104)
Departmental increase (decrease) in net debt	6,533	241
Departmental net debt – Beginning of year	3,032	2,791
Departmental net debt – End of year	9,565	3,032

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

Federal Economic Development Agency for Southern Ontario
Statement of Cash Flows (Unaudited)
For the year ended March 31, 2024
(In thousands of dollars)

	2024	2023
Operating activities		
Net cost of operations before government funding and transfers	286,188	463,117
Non cash items:		
Amortization of tangible capital assets (Note 10)	(13)	(12)
Gain (loss) on disposal of capital assets	7	-
Services provided without charge by other government departments (Note 11)	(5,119)	(4,982)
Variations in Statement of Financial Position		
Increase (decrease) in accounts receivable and advances (Note 6)	(38)	(248)
Increase (decrease) in prepaid expenses	(29)	(104)
Decrease (increase) in accounts payable and accrued liabilities	339	(50,997)
Decrease (increase) in vacation pay and compensatory leave	(78)	(271)
Decrease (increase) in future employee benefits	19	142
Transfer of assets to (from) other government departments (Note 12)		
Cash used in operating activities	281,276	406,645
Capital investing activities		
Proceeds from sale of tangible capital assets	(23)	-
Cash used in capital investing activities	(23)	-
Net cash provided by the Government of Canada	281,253	406,645

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

Federal Economic Development Agency for Southern Ontario

Notes to the Financial Statements As at March 31, 2024

1. Authority and objectives

The Federal Economic Development Agency for Southern Ontario (FedDev Ontario) operates under the authority that was established in 2009 as a separate organization under Schedule I.1 of the *Financial Administration Act* to support economic growth in southern Ontario through the delivery of federal programs and services.

FedDev Ontario's core mandate is to strengthen southern Ontario's economic capacity for innovation, economic development and growth. In support of this, the Agency will continue to drive economic growth, innovation and community diversification, with a focus on scaling up businesses, building innovation ecosystems and supporting community development in the region, and ultimately, to promote a dynamic, inclusive and globally-competitive southern Ontario.

FedDev Ontario is a reliable, long-term and trusted partner to southern Ontario's businesses and communities. It supports the government's overall economic agenda in a manner that responds to the opportunities and challenges of the southern Ontario economy.

FedDev Ontario delivers ongoing regional funding streams that are designed to support the commercialization of new technologies, business scale-up and expansion, technology adoption and adaptation, and community diversification and development. The Agency's investments target opportunities created by innovation and inclusivity, positioning the region to become a leader in the shift to a green and sustainable economy.

In addition, FedDev Ontario plays an important role as a federal delivery agent for national programs. The Community Futures Program supports rural communities as they develop and sustain their local economies. The Economic Development Initiative supports Francophone and bilingual organizations in official language minority communities. Black entrepreneurs and organizations are supported through the Black Entrepreneurship Program. The Agency also delivers targeted and temporary national initiatives in southern Ontario that respond to government priorities. These include the Jobs and Growth Fund (JGF), the Canada Community Revitalization Fund (CCRF), the Aerospace Regional Recovery Initiative (ARRI) and the Tourism Relief Fund (TRF). These are key examples of the regional development agencies' (RDAs') ability to respond nimbly to emerging regional needs and priorities.

With its headquarters in Waterloo and offices in Toronto, Peterborough and Ottawa, FedDev Ontario has a presence across southern Ontario and facilitates collaboration with a broad range of stakeholders, including post-secondary institutions, not-for-profit organizations, municipal governments and the Ontario government, Indigenous communities and private sector firms. FedDev Ontario plays an important role in convening key regional stakeholders to seek a common vision and to encourage the development of coordinated plans. In addition, through ongoing collaboration and dialogue with other federal departments and agencies, FedDev Ontario reflects the perspectives of southern Ontario in decision-making at the federal level and provides on-the-ground support in implementing key government priorities.

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 the Canadian public sector account standards.

Significant accounting policies are as follows:

- a. Parliamentary authorities — FedDev Ontario is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to FedDev Ontario 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 [2023–24 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 [2023–24 Departmental Plan](#).
- b. Net Cash Provided by Government — FedDev Ontario operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by FedDev Ontario is deposited to the CRF, and all cash disbursements made by FedDev Ontario 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 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 FedDev Ontario is entitled to draw from the CRF without further appropriations to discharge its liabilities.
- d. Revenues — Revenues that are non-respendable are not available to discharge FedDev Ontario's liabilities. While the President is expected to maintain accounting control, they have no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented in reduction of the entity's gross revenues.

Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

- e. Expenses — Expenses are recorded on the accrual basis:

Non-repayable transfer payments are recorded as expenses when authorization for the payment exists and the recipient has met the eligibility criteria or the entitlements established for the transfer payment program. Transfer payments that become repayable as a result of conditions

specified in the contribution agreement that have come into being are recorded as a reduction to transfer payment expense and as a receivable.

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 estimated cost.

f. Employee future benefits:

I. Pension benefits: Eligible employees participate in the Public Service Pension Plan (*Public Service Superannuation Act*), a multi-employer plan administered by the Government. FedDev Ontario's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. FedDev Ontario'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 and loans receivable are initially recorded at cost. Transfer payments that are unconditionally repayable are recognized as loans receivable. When necessary, an allowance for valuation is recorded to reduce the carrying value of accounts and loans receivable to amounts that approximate their net recoverable value.

h. Contingent liabilities – Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued, and an expense recorded. If the likelihood is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

i. Tangible capital assets — All tangible capital assets having an initial cost of \$10,000 or more are recorded at their acquisition cost. FedDev Ontario does not capitalize intangibles, works of art, and historical treasures that have cultural, aesthetic, or historical value, assets located on Indian Reserves and museum collections.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization period
Vehicles	3 to 7 years

- j. Measurement uncertainty — The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the allowances for doubtful accounts, 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.

3. Parliamentary authorities

FedDev Ontario 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, FedDev Ontario 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 thousands of dollars)*

	<u>2024</u>	<u>2023</u>
Net cost of operations before government funding and transfers	286,188	463,117
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(13)	(12)
Gain (loss) on disposal of tangible capital assets	7	-
Services provided without charge by other government departments	(5,119)	(4,982)
Decrease (increase) in vacation pay and compensatory leave	(78)	(271)
Decrease (increase) in employee future benefits	19	142
Refunds of prior years' expenditures	83	71
Refunds of previous years' accounts payable	368	122
Total items affecting net cost of operations but not affecting authorities	<u>(4,733)</u>	<u>(4,930)</u>
Adjustments for items not affecting net cost of operations but affecting authorities:		
Increase (decrease) in prepaid expenses	(29)	(104)
Increase (decrease) in advances	1	8
Loans issued on behalf of Government	180,523	141,011
Increase in other receivables	83	85
Total items not affecting net cost of operations but affecting authorities	<u>180,578</u>	<u>141,000</u>
Current year authorities used	<u>462,033</u>	<u>599,187</u>

b) Authorities provided and used	2024	2023
Authorities provided:		
Vote 1 - Operating Expenditures	42,588	44,853
Vote 5 - Contributions	419,225	655,183
Vote 10 - Launching a Federal Strategy on Jobs & Tourism	-	-
Statutory amounts	5,117	4,986
Less:		
Authorities available for future years	(23)	-
Lapsed: Operating	(1,304)	(3,708)
Lapsed: Contributions	(3,570)	(102,096)
Lapsed: Proceeds from the disposal of crown assets	-	(31)
Current year authorities used	462,033	599,187

4. Accounts payable and accrued liabilities

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

FedDev Ontario's accounts payable and accrued liabilities *(in thousands of dollars)*

	2024	2023
Accounts payable – Other government departments and agencies	1,141	440
Accounts payable – External parties	78,678	85,745
Other External Payables	6,441	242
Total accounts payable	86,260	86,427
Accrued liabilities	2,472	2,644
Total accounts payable and accrued liabilities	88,732	89,071

5. Employee future benefits

a) Pension benefits

FedDev Ontario'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 FedDev Ontario contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to Canada's 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 2023–24 expense amounts to \$4,556,088 (\$4,490,557 in 2022–23). For Group 1 members, the expense represents approximately 1.01 times (1.01 times in 2022–23) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2022–23) the employee contributions.

FedDev Ontario's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

b) Severance benefits

Severance benefits provided to FedDev Ontario'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, 2018, 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 (In thousands of dollars):

	<u>2024</u>	<u>2023</u>
Accrued benefit obligation - Beginning of year	676	819
Expense for the year	46	31
Benefits paid during the year	(65)	(174)
Accrued benefit obligation - End of year	<u>657</u>	<u>676</u>

6. Accounts receivable and advances

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

FedDev Ontario's accounts receivable and advances balances *(in thousands of dollars)*

	<u>2024</u>	<u>2023</u>
Receivables - Other government departments and agencies	863	147
Receivables - External Parties	22,320	8,332
Employee Advances	116	106
Allowance for Doubtful Accounts	(14,667)	-
Gross accounts receivable and advances	8,632	8,585
Accounts receivable held on behalf of government	(8,516)	(8,431)
Net accounts receivable and advances	<u>116</u>	<u>154</u>

*Beginning in 2023-24, FedDev Ontario has established an allowance for doubtful accounts for accounts receivable with external parties.

7. Loans receivable (repayable contributions)

The following table presents details of FedDev Ontario's unconditional repayable contribution balances:

FedDev Ontario's unconditional repayable contribution balances *(in thousands of dollars)*

	<u>2024</u>	<u>2023</u>
Loans receivable (repayable contributions)		
Unconditionally repayable contributions	836,881	818,114
Less: Allowance for uncollectability	(125,699)	(173,349)
Gross loans receivable (repayable contributions)	711,182	644,765
Loans receivable (repayable contributions) held on behalf of Government	(711,182)	(644,765)
Net loans receivable	0	0

Unconditionally repayable contributions

Unconditionally repayable contributions relate to contributions made to outside parties that must be repaid without qualification. The loans are recorded at face value \$837 million at March 31, 2024, since loans have been determined to not have significant concessionary terms. An allowance of \$126 million (\$173 million in 2022–23) has been recorded.

Loans receivable (unconditionally repayable contributions) are considered a financial asset held on behalf of the Government and are not available to discharge the department's liabilities. As such, loans receivable (repayable contributions) are presented as a reduction to the entity's gross loans receivable amount of contributions that are repayable.

8. Contractual obligations (transfer payments)

The nature of FedDev Ontario's activities can result in some large multi-year contracts whereby FedDev Ontario will be obligated to make future payments in order to carry out its transfer payment programs or when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows (*in thousands of dollars*):

	2025	2026	2027	2028	2029	Total
Transfer payments	138,047	72,497	22,070	10,848	-	243,462
Total	138,047	72,497	22,070	10,848	-	243,462

The contractual obligations for transfer payments for 2024 and beyond are related to projects under the Southern Ontario Prosperity Program, Community Futures Program, and the Regional Economic Growth through Innovation Program.

9. Contingent liabilities

In the normal course of its operations, FedDev Ontario becomes involved in various legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability has been identified. As at March 31, 2024, FedDev Ontario has no contingent liabilities based on the legal assessment carried out by Department of Justice of potential liability.

10. Tangible capital assets *(in thousands of dollars)*

Capital Asset Class	Cost					Accumulated Amortization					Net Book Value	
	Opening Balance	Acquisitions	Transfers & Adjustments	Disposals and Write-Offs	Closing Balance	Opening Balance	Amortization	Transfers & Adjustments	Disposals and Write-Offs	Closing Balance	2024	2023
Vehicles	85	-	-	36	49	31	13	-	20	24	25	53
Total	85	-	-	36	49	31	13	-	20	24	25	53

* Rounded to the nearest thousand

11. Related party transactions

FedDev Ontario is related as a result of common ownership to all government departments, agencies, and Crown corporations. FedDev Ontario enters into transactions with these entities in the normal course of business and on normal trade terms. In addition, FedDev Ontario has an agreement with the Department of Innovation, Science and Economic Development related to the provision of information technology, finance and administration services. During the year, FedDev Ontario received common services that were obtained without charge from other government departments as disclosed below.

(a) Common services provided without charge by other government departments

In 2023–24, FedDev Ontario received services without charge from certain common service organizations, related to accommodation services and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in FedDev Ontario's Statement of Operations and Departmental Net Financial Position as follows (*in thousands of dollars*):

	<u>2024</u>	<u>2023</u>
Employer's contributions to the health and dental insurance plan	3,147	3,056
Accommodation	1,973	1,927
Total	<u>5,119</u>	<u>4,982</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 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 FedDev Ontario's Statement of Operations and Departmental Net Financial Position.

(b) Other transactions with related parties (*in thousands of dollars*)

	<u>2024</u>	<u>2023</u>
Expenses – Other government departments and agencies	8,677	8,675

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

12. Segmented information

Presentation by segment is based on FedDev Ontario's Departmental Results Framework. 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 responsibility, by major object of expense and by major type of revenue. The segment results for the period are as follows *(in thousands of dollars)*:

Expenses	Economic Development in Southern Ontario	Internal Services	2024 Total	2023 Total
Transfer payments				
Transfers to non-profit organizations	193,916	0	193,916	317,952
Transfers to Industry	1,132	0	1,132	6,909
Transfer to other levels of government	39,717	0	39,717	87,099
Total transfer payments	234,765	0	234,765	411,960
Operating expenses				
Salaries and employee benefits	28,194	14,606	42,800	42,590
Professional and special services	1,896	2,415	4,311	4,519
Accommodation	1,304	669	1,973	1,927
Travel	217	428	645	128
Amortization	0	13	13	12
Communication (and postage)	205	330	535	1,058
Furniture and equipment	79	127	206	131
Equipment repair and maintenance	3	3	6	97
Rental	153	727	880	234
Utilities, materials, and supplies	13	52	65	356
Bad debt expense	(22,878)	70	(22,808)	(47,589)
Other operating expenses	0	(4)	(4)	105
Expenses incurred on behalf of Government	22,878	(70)	22,685	47,589
Total operating expenses	32,064	19,366	51,430	51,157
Total expenses	266,829	19,366	286,195	463,117
Revenues				
Other revenue	1	1,093	1,094	432
Revenues earned on behalf of Government	(1)	(1,086)	(1,087)	(432)
Total revenues	0	7	7	0
Net cost from continuing operations	266,829	19,359	286,188	463,117

Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting of Federal Economic Development Agency for Southern Ontario for Fiscal Year 2023-2024

1. Introduction

In support of an effective system of internal control, the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) conducted self-assessments of key control areas that were identified to be assessed in the 2023 to 2024 fiscal year. A summary of the assessment results and action plan is provided in section 2.

FedDev Ontario will assess all key controls areas over a five-year period. The assessment plan is provided in section 3.

2. Assessment results for the 2023 to 2024 fiscal year

FedDev Ontario 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
Contracting	Yes	Four instances where documentation did not demonstrate compliance to controls; remedial actions addressed.
Year-end Payables	No	Internal controls are functioning as intended; no action plan required.
Receivables	No	Internal controls are functioning as intended; no action plan required.

With respect to the key control areas of contracting, year-end payables and receivables, for the most part, controls were functioning well and form an adequate basis for FedDev Ontario’s system of internal control. Four instances related to the lack of adequate documentation were identified and addressed during the fiscal year.

3. Assessment plan

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

Key control areas	2023 to 2024 fiscal year	2024 to 2025 fiscal year	2025 to 2026 fiscal year	2026 to 2027 fiscal year	2027 to 2028 fiscal year
Contracting	X				
Year-end Payables	X				
Receivables	X				
Pay Administration		X			
Travel		X			
Financial Management Governance		X			
Hospitality			X		
Fleet Management			X		
Accountable Advances			X		
Acquisition Cards				X	
Leave				X	
Special Financial Authorities				X	
Delegation					X
Transfer Payments					X