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Veterans Review and Appeal Board Canada

Tribunal des anciens combattants (révision et appel) Canada

2024-25 Annual Financial Statement

Veterans Review and Appeal Board
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, 2025 and all information contained in these statements rests with the management of Veterans Review and Appeal Board. 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 judgement, 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 Veterans Review and Appeal Board's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in Veterans Review and Appeal Board'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 Veterans Review and Appeal Board and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

The Veterans Review and Appeal Board will be subject to periodic Core Control Audits performed by the Office of the Comptroller General and will use the results of such audits to adhere to the Treasury Board *Policy on Financial Management.*

In the interim, the Veterans Review and Appeal Board has undertaken a risk-based assessment of the system of ICFR for the year ended March 31, 2025, in accordance with Treasury Board *Policy on Financial Management*, and the action plan is summarized in the annex. It should be noted that the Veterans Review and Appeal Board has a service partnership agreement with Veterans Affairs Canada (VAC) regarding a full range of administrative and financial services. Consequently, the Veterans Review and Appeal Board's ICFR are completely reliant on VAC's ICFR.

The financial statements of Veterans Review and Appeal Board have not been audited.

_____	_____
Christopher J. McNeil, Chairperson Charlottetown, Canada	Jonathan Adams, Chief Financial Officer Charlottetown, Canada
_____	_____
Date	Date

Veterans Review and Appeal Board
Statement of Financial Position (unaudited)
As at March 31
(in thousands of dollars)

	2025	2024
Liabilities		
Accounts payable and accrued liabilities (note 4)	$ 1,661	$ 1,829
Vacation pay and compensatory leave	778	789
Employee future benefits (note 5)	288	304
Total liabilities	2,727	2,922
Financial assets		
Due from the Consolidated Revenue Fund	1,661	1,829
Account receivable and advances (Note 6)	27	21
Total financial assets	1,688	1,850
Departmental net debt	1,039	1,072
Non-financial assets		
Tangible capital assets (note 7)	0	1
Total non-financial assets	0	1
Departmental net financial position	**$ (1,039)**	**$ (1,071)**

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

Christopher J. McNeil Chairperson Charlottetown, Canada	Jonathan Adams Chief Financial Officer Charlottetown, Canada
Date	Date

Veterans Review and Appeal Board
Statement of Operations and Departmental Net Financial Position (unaudited)
For the year ended March 31
(in thousands of dollars)

	2025	2025	2024
	Planned results		
Expenses			
Veterans Review and Appeal Board	$ 24,408	23,026	19,402
Total expenses	24,408	23,026	19,402
Net cost from continuing operations	24,408	23,026	19,402
Net cost of operations before government funding and transfers	24,408	23,026	19,402
Government funding and transfers			
Net cash provided by Government		21,413	17,025
Change in due from Consolidated Revenue Fund		(168)	563
Services provided without charge by other government departments (note 8)		1,813	1,670
Net cost of operations after government funding and transfers		(32)	144
Departmental net financial position - Beginning of year		(1,071)	(927)
Departmental net financial position - End of year		$ (1,039)	$ (1,071)

Segmented information (Note 9)

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

Veterans Review and Appeal Board
Statement of Change in Departmental Net Debt (unaudited)
For the year ended March 31
(in thousands of dollars)

	2025	2024
Net cost of operations after government funding and transfers	$ (32)	$ 144
Change due to tangible capital assets		
Amortization of tangible capital assets	(1)	(3)
Increase (decrease) in departmental net debt	(33)	141
Departmental net debt - Beginning of year	1,072	931
Departmental net debt - End of year	$ 1,039	$ 1,072

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

Veterans Review and Appeal Board
Statement of Cash Flows (unaudited)
For the year ended March 31
(in thousands of dollars)

	2025	2024
Operating activities		
Net cost of operations before government funding and transfers	$ 23,026	$ 19,402
Non-cash items:		
Amortization of tangible capital assets	(1)	(3)
Services provided without charge by other government departments	(1,813)	(1,670)
Variations in Statement of Financial Position :		
Increase (decrease) in accounts receivable and advances	6	(24)
Decrease (increase) in accounts payable and accrued liabilities	168	(564)
Decrease (increase) in vacation pay and compensatory leave	11	(75)
Decrease (increase) in future employee benefits	16	(41)
Cash used for operating activities	21,413	17,025
Capital investment activities		
Acquisitions of tangible capital assets (Note 7)	0	0
Net cash provided by Government of Canada	**$ 21,413**	**$ 17,025**

The accompanying notes form an integral part of these statements.

Veterans Review and Appeal Board
Notes to Financial Statements (unaudited)
For the year ended March 31, 2025

1. Authority and Objectives

The Veterans Review and Appeal Board was established in 1995 pursuant to the *Veterans Review and Appeal Board Act*. The Veterans Review and Appeal Board received full departmental status by Order in Council in 2009.

Veterans Review and Appeal Board is a division of the public service named in Schedule I.1 of the *Financial Administration Act*. The Minister of Veterans Affairs is designated the appropriate Minister for the Veterans Review and Appeal Board in Parliament and at Cabinet.

The Veterans Review and Appeal Board program provides Canada's traditional Veterans, Canadian Armed Forces members and Veterans, Royal Canadian Mounted Police members, qualified civilians and their families with full opportunity to request review and appeal hearings to ensure a fair adjudicative process for disability pension, disability award, and War Veterans Allowance applications.

2. Summary of Significant Accounting Policies

These financial statements have been prepared using the board's accounting policies stated below, which are based on Canadian public sector accounting standards and the Government of Canada Accounting Handbook. 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

Veterans Review and Appeal Board is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to Veterans Review and Appeal Board 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" section of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-oriented Statement of Operations included in the 2024-2025 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 2024-2025 Departmental Plan.

(b) Net cash provided by Government

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

(d) 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 the employer contribution to the health and dental insurance plans are recorded as operating expenses at their carrying value.

(e) Employee future benefits

(i) Pension benefits - Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. Veterans Review and Appeal Board's contributions to the Plan are charged to expense in the year incurred and represent its total obligation to the Plan. Veterans Review and Appeal Board's responsibility with regards 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.

(f) 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 by the *Indian* A*ct*, works of art, museum collection and Crown land to which no acquisition cost is attributable; and intangible assets.

(g) 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 useful life of tangible capital assets and the liability for employee future benefits. 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.

(h) 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.

3. Parliamentary Authorities

Veterans Review and Appeal Board 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, Veterans Review and Appeal Board 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

	2025	2024
	(in thousands of dollars)	
Net cost of operations before government funding and transfers	$ 23,026	$ 19,402
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(1)	(3)
Services provided without charge by other government departments	(1,813)	(1,670)
Increase (decrease) in vacation pay and compensatory leave	11	(75)
Increase (decrease) in employee future benefits	16	(41)
Refund of prior years' expenditures	2	506
Other	20	5
Total items affecting net cost of operations but not affecting authorities	21,261	18,124
Adjustment for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	0	0
Total items not affecting net cost of operations but affecting authorities	0	0
Current year authorities used	$ 21,261	$ 18,124

(b) Authorities provided and used

	2025	2024
	(in thousands of dollars)	
Authorities provided:		
Vote 1 - Operating expenditures	$ 20,364	$ 18,231
Statutory amounts	2,219	1,922
	22,583	20,153
Less:		
Lapsed: Operating	(1,322)	(2,029)
	(1,322)	(2,029)
Current year authorities used	$ 21,261	$ 18,124

4. Accounts Payable and accrued liabilities

The following table presents details of the Veterans Review and Appeal Board's accounts payable and accrued liabilities:

	2025	2024
	(in thousands of dollars)	
Accounts payable to other government departments and agencies	$ 2	$ 43
Accrued liabilities	1,659	1,786
Total accounts payable and accrued liabilities	$ 1,661	$ 1,829

5. Employee future benefits

(a) Pension benefits

Veterans Review and Appeal Board 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 Veterans Review and Appeal Board 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 2024-2025 expense amounts to $1,423,331 ($1,138,062 in 2023-2024). For Group 1 members, the expense represents approximately 1.02 times (1.02 times for 2023-2024) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2023-2024) the employee contributions.

Veterans Review and Appeal Board'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 Board'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:

	2025	2024
	(in thousands of dollars)	
Accrued benefit obligation - beginning of year	$ 304	$ 263
Expenses for the year	24	50
Benefits paid during the year	(40)	(9)
Accrued benefit obligation - end of year	$ 288	$ 304

6. Accounts receivable and advances

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

	2025	2024
	(in thousands of dollars)	
Receivables - external parties	$ 30	$ 7
Receivables - other Government departments and agencies and other receivables	0	0
Employee advances	10	15
Sub-total	40	22
Allowance for doubtful accounts on external receivables	(13)	(1)
Gross accounts receivable	27	21
Accounts receivable held on behalf of Government	0	0
Net accounts receivable	$ 27	$ 21

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
Informatics	2-5 years

The following tables present details of tangible capital assets: (in thousands of dollars)

Cost					
Capital Asset Class	Opening balance	Acquisitions	Disposals and Write-Offs	Adjustments	Closing balance
Informatics	$ 60	$ 0	$ 0	$ 0	$ 60
Total	$ 60	$ 0	$ 0	$ 0	$ 60

Accumulated Amortization					
Capital Asset Class	Opening balance	Amortization	Disposals and Write-Offs	Adjustments	Closing balance
Informatics	$ 59	$ 1	$ 0	$ 0	$ 60
Total	$ 59	$ 1	$ 0	$ 0	$ 60

Capital Asset Class	2025 Net book value	2024 Net book value
Informatics	$ 0	$ 1
Total	$ 0	$ 1

8. Related party transactions

Veterans Review and Appeal Board 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.

Veterans Review and Appeal Board 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, Veterans Review and Appeal Board 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 at the carrying value in the Veterans Review and Appeal Board's Statement of Operations and Departmental Net Financial Position as follows:

	2025	2024
	(in thousands of dollars)	
Accommodation	$ 377	$ 373
Employer's contribution to the health and dental insurance plans	1,436	1,297
Total	$ 1,813	$ 1,670

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 cost 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 Veterans Review and Appeal Board's Statement of Operations and Departmental Net Financial Position.

(b) Other transactions with related parties

	2025	2024
	(in thousands of dollars)	
Accounts receivable - Other government department and agencies	$ 0	$ 0
Accounts payable - Other government department and agencies	2	43
Expenses - Other government departments and agencies	116	121
Total	$ 118	$ 164

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

9. Segmented Information

Presentation by segment is based on the Veterans Review and Appeal Board'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 by major object of expense. The segmented results for the period are as follows:

	2025	2024
	(in thousands of dollars)	
Operating		
Salaries and employee benefits	$ 20,430	$ 17,221
Transportation and communications	860	493
Accommodation	377	373
Professional and special services	772	717
Utilities, materials and supplies	429	322
Repairs and maintenance	144	272
Other	14	4
Total operating expenses	23,026	19,402
Total expenses	23,026	19,402
Net cost from continuing operations	$ 23,026	$ 19,402

Veterans Review and Appeal Board

Statement of Management Responsibility
including
Internal Control over Financial Reporting
Annex
for the
Fiscal Year 2024 – 2025

A.1 Introduction

In support of an effective system of internal control, the Veterans Review and Appeal Board 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 subsection A.2.

The Veterans Review and Appeal Board will assess all key control areas over a 5 year period. The assessment plan is provided in subsection A.3.

A.2 Assessment results for the 2024 to 2025 fiscal year

The Veterans Review and Appeal Board 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
Pay Administration	No	Internal controls are functioning as intended, no action plan required.
Financial Management Governance	No	Internal controls are functioning as intended, no action plan required.

With respect to the key control areas of the areas assessed, for the most part, controls related to spending and financial authorities were functioning well and form an adequate basis for the Board's system of internal control.

A.3 Assessment plan

The Veterans Review and Appeal Board 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	2025 to 2026 fiscal year	2026 to 2027 fiscal year	2027 to 2028 fiscal year
Contracting			
Year-end Payables			
Receivables			
Pay Administration			X
Travel		X	
Financial Management Governance			X
Hospitality		X	
Accountable Advances		X	
Acquisition cards	X		
Leave	X		
Special Financial Authorities	X		
Delegation			