



Civilian Review and
Complaints Commission
for the RCMP

Commission civile d'examen
et de traitement des plaintes
relatives à la GRC

Civilian Review and Complaints Commission For the RCMP

Financial Statements (unaudited) 2016–2017

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CIVILIAN REVIEW AND COMPLAINTS COMMISSION FOR THE RCMP

Statement of Management Responsibility (Unaudited)

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2017, and all information contained in these statements rests with the management of the Civilian Review and Complaints Commission for the RCMP (CRCC). These financial statements have been prepared by management 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 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 CRCC's financial transactions. Financial information submitted in the preparation of the *Public Accounts of Canada* and included in CRCC's *Departmental Results Report*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal controls 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 CRCC 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 CRCC is subject to periodic Core Control Audits performed by the Office of the Comptroller General and uses the results of such audits to comply with the Treasury Board *Policy on Internal Control*.

A Core Control Audit was completed in 2011–12 by the OCG. The [Audit Report and related Management Action Plan](#) are posted on the departmental website.

The financial statements of CRCC have not been audited.

Ian McPhail, Q.C.

Chairperson
Ottawa, Canada

Marcel Gaudet

Deputy Chief Financial Officer
Ottawa, Canada

Date

Date

CIVILIAN REVIEW AND COMPLAINTS COMMISSION FOR THE RCMP

Statement of Financial Position (Unaudited)

As at March 31

(in dollars)

2017

2016

Liabilities

Accounts payable and accrued liabilities (note 4)	\$1,046,247	\$1,081,999
Vacation pay and compensatory leave	238,088	250,902
Employee future benefits (note 5)	267,237	421,630

Total liabilities	1,551,572	1,754,531
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Financial assets

Due from Consolidated Revenue Fund	881,571	1,065,021
Accounts receivable and advances (note 6)	283,288	60,848

Total financial assets	1,164,859	1,125,869
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Departmental net debt	386,713	628,662
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Non-Financial assets

Tangible capital assets (note 7)	280,504	393,205
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Total non-financial assets	280,504	393,205
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Departmental net financial position	\$(106,209)	\$(235,457)
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The accompanying notes form an integral part of these financial statements

Ian McPhail, Q.C.

Chairperson

Ottawa, Canada

Marcel Gaudet

Deputy Chief Financial Officer

Ottawa, Canada

Date

Date

CIVILIAN REVIEW AND COMPLAINTS COMMISSION FOR THE RCMP

Statement of Operations and Departmental Net Financial Position (Unaudited)

For the year ended March 31

(in dollars)

	2017 Planned Results	2017	2016
Expenses			
Civilian Review of RCMP members' conduct in the performance of their duties	\$6,970,307	\$7,198,006	\$7,428,445
Internal Services	4,176,659	2,756,683	3,630,415
Total expenses	11,146,966	9,954,689	11,058,860

Revenues

Miscellaneous revenues	6,500	7,721	7,485
Revenues earned on behalf of government	(6,500)	(7,721)	(7,485)
Total revenues	0	0	0

Net cost of operations before government funding and transfers	11,146,966	9,954,689	11,058,860
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Government Funding and Transfers

Net cash provided by Government	9,075,498	9,245,420
Change in due from the Consolidated Revenue Fund	(183,450)	434,238
Services provided without charge by other government departments (note 8)	1,191,889	1,325,423
Net cost of operations after government funding and transfers	(129,248)	53,779

Departmental net financial position - Beginning of Year	(235,457)	(181,678)
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Departmental net financial position - End of Year	\$(106,209)	\$(235,457)
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Segmented information ([note 9](#))

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

CIVILIAN REVIEW AND COMPLAINTS COMMISSION FOR THE RCMP

Statement of Change in Departmental Net Debt (Unaudited)

For the year ended March 31

(in dollars)

2017 2016

Net cost of operations after government funding and transfers	\$(129,248)	\$53,779
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Change due to tangible capital assets

Acquisition of tangible capital assets	0	119,761
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Amortization of tangible capital assets	(112,701)	(191,384)
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Total change due to tangible capital assets	(112,701)	(71,623)
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Net increase (decrease) in departmental net debt	(241,949)	(17,844)
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Departmental net debt - Beginning of Year	628,662	646,506
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Departmental net debt - End of Year	\$386,713	\$628,662
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The accompanying notes form an integral part of these financial statements.

CIVILIAN REVIEW AND COMPLAINTS COMMISSION FOR THE RCMP

Statement of Cash Flows (Unaudited)

For the year ended March 31

(in dollars)

2017 2016

Operating activities

Net cost of operations before government funding and transfers	\$9,954,689	\$11,058,860
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Non-cash items:

Amortization of tangible capital assets (note 7)	(112,701)	(191,384)
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Services provided without charge by other government departments (note 8)	(1,191,889)	(1,325,423)
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Variations in Statement of Financial Position:

Increase (decrease) in accounts receivable and advances	222,440	(128,736)
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Decrease (increase) in accounts payable and accrued liabilities	35,752	(290,197)
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Decrease (increase) in vacation pay and compensatory leave	12,814	46,089
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Decrease (increase) in employee future benefits	154,393	(43,550)
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Cash used in operating activities	9,075,498	9,125,659
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Capital investing activities

Acquisitions of tangible capital assets (note 7)	0	119,761
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Cash used in capital investing activities	9,075,498	119,761
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Net cash provided by Government of Canada	\$9,075,498	\$9,245,420
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The accompanying notes form an integral part of these financial statements.

CIVILIAN REVIEW AND COMPLAINTS COMMISSION FOR THE RCMP

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2017

1. Authority and objectives

The Civilian Review and Complaints Commission for the RCMP (CRCC) is a federal agency reporting to Parliament that receives and reviews public complaints about the conduct of members of the RCMP in the performance of any duty or function under the *Royal Canadian Mounted Police Act*. The CRCC is entirely separate from and independent of the RCMP. The mandate of the CRCC is set out in Part VII of the *Royal Canadian Mounted Police Act* and can be summarized as follows:

- To receive complaints from the public about the conduct of RCMP members;
- To conduct reviews when complainants are not satisfied with the RCMP's handling of their complaints;
- To hold hearings and carry out investigations; and
- To report findings and make recommendations.

The CRCC has two programs, Civilian review of RCMP members' conduct in the performance of their duties and Internal Services. Internal Services include all services that support the program, including management and oversight, communications, legal, human resources, financial management, procurement, information management and technology and other administrative services.

2. Summary of significant accounting policies

These financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Parliamentary authorities

The CRCC is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the CRCC 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 *2016-17 Report on Plans and Priorities*. 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 *2016-17 Report on Plans and Priorities*.

CIVILIAN REVIEW AND COMPLAINTS COMMISSION FOR THE RCMP

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2017

2. Summary of significant accounting policies (continued)

(b) Net cash provided by government

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

(d) Revenues

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

Revenues that are non-respendable are not available to discharge the CRCC's liabilities. While the Chair 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 in reduction of the entity's gross revenues.

(e) Expenses

Expenses are recorded on the accrual basis:

- Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation and employer contributions to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

CIVILIAN REVIEW AND COMPLAINTS COMMISSION FOR THE RCMP

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2017

2. Summary of significant accounting policies (continued)

(f) Employee future benefits

Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. The CRCC's contributions to the Plan are charged to expenses in the year incurred and represent the CRCC's total obligation to the Plan. Current legislation does not require the CRCC to make contributions for any actuarial deficiencies of the Plan. The CRCC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

Severance benefits: Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The obligation relating to the benefits earned by employees 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 and advances

Accounts receivable are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for accounts receivable where recovery is considered uncertain.

(h) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. The CRCC 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
Computer hardware	5-7 years
Computer software	3-5 years
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement
Other equipment including furniture	5 years

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

CIVILIAN REVIEW AND COMPLAINTS COMMISSION FOR THE RCMP

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2017

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 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 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.

3. Parliamentary authorities

The CRCC 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 CRCC 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:

	2017	2016
		(in dollars)
Net cost of operations before government funding and transfers	\$9,954,689	\$11,058,860
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Amortization of tangible capital assets (note 7)	(112,701)	(191,384)
Services provided without charge by other government departments (note 8)	(1,191,889)	(1,325,423)
Decrease (increase) in vacation pay and compensatory leave	12,814	46,089
Decrease (increase) in employee future benefits	154,393	(43,550)
Refund of prior year expenditures	5,236	0
Adjustments to previous years' payables at year-end	125,040	53,710
	(1,007,107)	(1,460,558)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Acquisitions of tangible capital assets	0	119,761
Increase in salary overpayments	78,125	0
Increase in other loans and advances to employees	10,245	0
	88,370	119,761
Current year authorities used	\$9,035,952	\$9,718,063

CIVILIAN REVIEW AND COMPLAINTS COMMISSION FOR THE RCMP

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2017

3. Parliamentary authorities (continued)

(b) Authorities provided and used:

	2017	2016
		(in dollars)
Vote 1 / Vote 65 – Program expenditures	\$9,477,435	\$9,484,985
Contributions to employee benefits plan	845,762	981,751
	10,323,197	10,466,736
Less:		
Lapsed : Operating	(1,287,245)	(748,673)
Current year authorities used	\$9,035,952	\$9,718,063

4. Accounts payable and accrued liabilities

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

	2017	2016
		(in dollars)
Accounts payable to other government departments and agencies	\$58,888	\$21,113
Accounts payable to external parties	304,863	718,209
Total accounts payable	363,751	739,322
Accrued liabilities	682,496	342,677
Total accounts payable and accrued liabilities	\$1,046,247	\$1,081,999

5. Employee future benefits

(a) Pension benefits

The CRCC'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 CRCC 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.

CIVILIAN REVIEW AND COMPLAINTS COMMISSION FOR THE RCMP

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2017

5. Employee future benefits (continued)

The 2016-17 expense amounts to \$589,242 (\$676,721 in 2015-16). For Group 1 members, the expense represents approximately 1.12 times (1.25 times in 2015-16) the employee contributions and, for Group 2 members, approximately 1.08 times (1.24 times in 2015-16) the employee contributions.

The CRCC'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 the CRCC'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, 2017, 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:

	2017	2016
		(in dollars)
Accrued benefit obligation - Beginning of year	\$421,630	\$378,080
Expense for the year	(75,351)	251,812
Benefits paid during the year	(79,042)	(208,262)
Accrued benefit obligation - End of year	\$267,237	\$421,630

6. Accounts receivable and advances

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

	2017	2016
		(in dollars)
Receivables – Other government departments and agencies	\$194,904	\$43,876
Receivables – External parties	76,639	15,672
Employee advances	11,745	1,300
Total accounts receivable	\$283,288	\$60,848

CIVILIAN REVIEW AND COMPLAINTS COMMISSION FOR THE RCMP

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2017

7. Tangible capital assets

	(in dollars)									
	Cost				Accumulated amortization				Net book value	
Capital asset class	Opening balance	Acquisitions	Disposals & write-offs	Closing balance	Opening balance	Amortizations	Disposals & write-offs	Closing balance	2017	2016
Computer hardware	\$350,107	\$0	\$0	\$350,107	\$106,494	\$59,474	0	\$165,968	\$184,139	\$243,613
Computer software	15,569	0	0	15,569	15,569	0	0	15,569	0	0
Other equipment including furniture	181,061	0	0	181,061	165,313	9,372	0	174,685	6,376	15,748
Leasehold improvements	813,110	0	0	813,110	679,266	43,855	0	723,121	89,989	133,844
Total	\$1,359,847	\$0	\$0	\$1,359,847	\$966,642	\$112,701	\$0	\$1,079,343	\$280,504	\$393,205

CIVILIAN REVIEW AND COMPLAINTS COMMISSION FOR THE RCMP

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2017

8. Related party transactions

The CRCC is related as a result of common ownership to all government departments, agencies, and Crown corporations. The CRCC enters into transactions with these entities in the normal course of business and on normal trade terms. In addition, the CRCC has an agreement with Public Safety Canada related to the provision of finance, human resource and security services. During the year, the CRCC 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 CRCC 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 CRCC's Statement of Operations and Departmental Net Financial Position as follows:

	2017	2016
		(in dollars)
Accommodations	\$660,501	\$766,810
Employer's contribution to the health and dental insurance plans	531,388	558,613
Total	\$1,191,889	\$1,325,423

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

(b) Other transactions with related parties

	2017	2016
		(in dollars)
Accounts receivable – Other government departments and agencies	\$194,904	\$43,876
Accounts payable – Other government departments and agencies	58,888	21,113
Expenses – Other government departments and agencies	990,012	1,228,119

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

CIVILIAN REVIEW AND COMPLAINTS COMMISSION FOR THE RCMP

Notes to the Financial Statements (Unaudited)

For the year ended March 31, 2017

9. Segmented information

Presentation by segment is based on the CRCC's program alignment architecture. 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 program, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

	2017			2016
				(in dollars)
Expenses	Civilian review	Internal services	Total	Total
Operating expenses				
Salaries and employee benefits	\$5,181,674	\$1,621,437	\$6,803,111	\$7,942,478
Professional and special services	942,532	375,806	1,318,338	1,140,917
Accommodation	538,702	186,362	725,064	792,645
Travel and relocation	293,034	1,563	294,597	281,362
Other	536	199,094	199,630	14
Rentals	58,833	93,096	151,929	34,696
Equipment	32,323	101,892	134,215	216,930
Amortization	53,197	59,504	112,701	191,384
Communication	31,476	47,024	78,500	101,325
Utilities, materials and supplies	23,920	53,676	77,596	89,275
Information	29,219	9,439	38,658	35,048
Repair and maintenance	12,560	7,790	20,350	232,786
Total expenses	7,198,006	2,756,683	9,954,689	11,058,860
Revenues				
Miscellaneous revenues	0	7,721	7,721	7,485
Revenue earned on behalf of government	0	(7,721)	(7,721)	(7,485)
Total revenues	0	0	0	0
Net cost of operations before government funding and transfers	\$7,198,006	\$2,756,683	\$9,954,689	\$11,058,860