

SECURITY INTELLIGENCE REVIEW COMMITTEE

Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2018, and all information contained in these statements rests with the management of the Security Intelligence Review Committee (SIRC). These financial statements have been prepared by management using the Government of Canada 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 SIRC's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in SIRC'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 SIRC 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.

SIRC 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 Financial Management.

In the interim, SIRC has undertaken a risk-based assessment of the system of ICFR for the year ended March 31, 2018, in accordance with the Treasury Board *Policy on Financial Management*, and the results and action plan are summarized in the Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting for Fiscal Year 2017-18.

The financial statements of SIRC have not been audited.

Hon. Pierre Blais, P.C.
Chair
Ottawa, Canada
September 7, 2018

Chantelle Bowers
A/Chief Financial Officer and Executive Director, SIRC

SECURITY INTELLIGENCE REVIEW COMMITTEE

Statement of Financial Position (Unaudited)

As at March 31

(in thousands of dollars)	2018	2017
Liabilities		
Accounts payable (note 4)	1,465	990
Vacation pay	151	129
Employee future benefits (note 5)	96	144
Total liabilities	1,712	1,263
Assets		
Financial assets		
Due from Consolidated Revenue Fund	1,176	950
Accounts receivable and advances (note 6)	377	125
Total financial assets	1,553	1,075
Departmental net debt	159	188
Non-financial assets		
Prepaid expenses	117	92
Inventory (note 7)	-	276
Tangible capital assets (note 8)	1,149	1
Total non-financial assets	1,266	369
Departmental net financial position	1,107	181

Contractual obligations (note 9)

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

Hon. Pierre Blais, P.C.
Chair

Ottawa, Canada
September 7, 2018

Chantelle Bowers
A/Chief Financial Officer and Executive Director, SIRC

SECURITY INTELLIGENCE REVIEW COMMITTEE

Statement of Operations and Departmental Net Financial Position (Unaudited)

For the Year Ended March 31

(in thousands of dollars)	Planned Results 2018	2018	2017
Expenses			
Reviews	2,343	1,672	1,770
Investigations	1,479	1,205	1,053
Internal services	2,052	3,030	1,972
Total Expenses	5,874	5,907	4,795
Net cost of operations before government funding and transfers	5,874	5,907	4,795
Government funding and transfers			
Net cash provided by Government of Canada		5,945	3,862
Change in due from the Consolidated Revenue Fund		226	656
Services provided without charge by other government departments (note 10 a)		662	488
Net cost of operations after government funding and transfers		(926)	(211)
Departmental net financial position - Beginning of year		181	(30)
Departmental net financial position - End of year		1,107	181

Segmented information (note 11)

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

SECURITY INTELLIGENCE REVIEW COMMITTEE

Statement of Change in Departmental Net Debt (Unaudited)

For the Year Ended March 31

(in thousands of dollars)	2018	2017
Net cost of operations after government funding and transfers	(926)	(211)
Change due to tangible capital assets		
Acquisition of tangible capital assets	970	-
Amortization of tangible capital assets	(1)	(2)
Tangible capital asset adjustments (note 8)	179	-
Total change due to tangible capital assets	1,148	(2)
Change due to inventories	(276)	276
Change due to prepaid expenses	25	59
Net increase (decrease) in departmental net debt	(29)	122
Departmental net debt - Beginning of year	188	66
Departmental net debt - End of year	159	188

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

SECURITY INTELLIGENCE REVIEW COMMITTEE

Statement of Cash Flow (Unaudited)

For the Year Ended March 31

(in thousands of dollars)	2018	2017
Operating activities		
Net cost of operations before government funding and transfers	5,907	4,795
Non-cash items:		
Amortization of tangible capital assets	(1)	(2)
Tangible capital asset adjustments (note 8)	179	-
Services provided without charge by other government departments (note 10 a)	(662)	(488)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	252	81
Increase (decrease) in prepaid expenses	25	59
Increase (decrease) in inventory	(276)	276
Decrease (increase) in accounts payable	(475)	(649)
Decrease (increase) in vacation pay	(22)	(122)
Decrease (increase) in employee future benefits	48	(88)
Cash used in operating activities	4,975	3,862
Capital investing activities		
Acquisitions of tangible capital assets	970	-
Cash used in capital investing activities	970	-
Net cash provided by Government of Canada	5,945	3,862

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

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

1. Authority and objectives

SIRC was created to provide external review of the Canadian Security Intelligence Service (CSIS) performance of its duties and functions; and to examine complaints by individuals or reports by Minister related to security of Canada.

SIRC derives its powers from CSIS Act promulgated on July 16, 1984. The first Chairperson and Members were appointed by His Excellency the Governor General on November 30, 1984. SIRC is comprised of a Chairperson, and not less than two and not more than four other members, all of whom shall be appointed by the Governor in Council from among members of the Queen's Privy Council for Canada who are not members of the Senate or the House of Commons, after consultation by the Prime Minister with the Leaders of the Opposition in the House of Commons. The Chairperson is SIRC's Chief Executive Officer, but SIRC has authority to employ an Executive Director for daily operations and adequate staff to support its activities. SIRC operates as a quasi-judicial tribunal in the exercise of its adjudicative functions and is empowered to set its own Rules of Procedure. Section 53 of the CSIS Act requires SIRC, not later than September 30 in each fiscal year, to submit to the Minister of Public Safety, a report of the activities of the Committee during the preceding year, and the Minister must, in turn, table the report in each House of Parliament on any of the first fifteen days on which that House is sitting after the day of receipt

To achieve its strategic outcome and to deliver results for Canadians, SIRC articulates its plans and priorities based on the core programs included below.

1.1 Reviews

SIRC conducts reviews of CSIS activities to evaluate their effectiveness, appropriateness and compliance. The Committee approves an annual research plan developed by SIRC's Research Directorate, identifying reviews to be conducted each year; examines CSIS operations; provides a retrospective examination and assessment of specific CSIS investigations and functions, examines information concerning CSIS activities, assesses CSIS compliance, and issues findings and recommendations.

The objective is to provide Parliament, the Minister of Public Safety and Canadians with a comprehensive picture of CSIS operational activities, and assurance that CSIS is acting in accordance with the rule of law.

1.2 Investigations

The Committee conducts investigations into complaints made against CSIS, denials of security clearances, Minister's reports in regards to the Citizenship Act and matters referred pursuant to the Canadian Human Rights Act. If jurisdiction is established, investigations include a quasi-judicial hearing presided over by one or more Committee members. The time required to complete an investigation will vary in length depending on the complexity of the file, the quantity of documents to be examined, the number of hearing days required, the availability of the participants and the various procedural matters raised by the parties. On completion of an investigation, SIRC issues a final report containing its findings and recommendations, if applicable.

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

1. Authority and objectives (continued)

Internal Services

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services and Acquisition Services.

2. Summary of significant accounting policies

These financial statements are prepared using SIRC'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

SIRC is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to SIRC 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" 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 2017–18 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 2017–18 Departmental Plan.

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

2. Summary of significant accounting policies (continued)

(b) Net cash provided by Government

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

(d) Expenses

Expenses are recorded on an accrual basis:

- ✓ Vacation pay is 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.

(e) Employee future benefits

- ✓ **Pension benefits:** Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. SIRC's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. SIRC'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:** 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.

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the year ended March 31

2. Summary of significant accounting policies (continued)

(f) Accounts receivable

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

(g) Non-financial assets

All tangible capital assets having an initial cost of \$3,000 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.

(h) 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 and expenses reported in the financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are the liability for employee future benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the year ended March 31

3. Parliamentary authorities

SIRC 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, SIRC 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)	2018	2017
Net cost of operations before government funding and transfers	5,907	4,795
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(1)	(2)
Services provided without charge by other government departments	(662)	(488)
Prepaid expenses previously charged to appropriation	(88)	(50)
Decrease (increase) in vacation pay	(22)	(122)
Decrease (increase) in employee future benefits	48	(88)
Tangible capital asset adjustments (note 5)	179	-
Other	14	1
Total items affecting net cost of operations but not affecting authorities	(532)	(749)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	970	-
Increase (decrease) in inventory	(276)	276
Increase (decrease) in prepaid expenses	113	109
Accounts receivable and advances	(8)	44
Total items not affecting net cost of operations but affecting authorities	799	429
Current year authorities used	6,174	4,475

(b) Authorities provided and used

(in thousands of dollars)	2018	2017
Authorities provided:		
Vote 25 - Operating expenditures	6,600	6,641
Statutory amounts	333	351
Less:		
Lapsed: Operating	(759)	(2,517)
Current year authorities used	6,174	4,475

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the year ended March 31

4. Accounts payable

The following table presents details of SIRC's accounts payable:

(in thousands of dollars)	2018	2017
Accounts payable - Other government departments and agencies	796	283
Accounts payable - External parties	669	707
Total accounts payable	1,465	990

5. Employee future benefits

(a) Pension benefits

SIRC'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 employer 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 related 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 2017–18 expense amounts to \$298,953 (\$312,226 in 2016–17). For Group 1 members, the expense represents approximately 1.01 times (1.12 times in 2016–2017) the employee contributions and, for Group 2 members, approximately 1.00 times (1.08 times in 2016–2017) the employee contributions.

SIRC'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.

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the year ended March 31

5. Employee future benefits (continued)

(b) Severance benefits

Severance benefits provided to SIRC'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)	2018	2017
Accrued benefit obligation - Beginning of year	144	56
Expense for the year	(48)	88
Accrued benefit obligation - End of year	96	144

6. Accounts receivable and advances

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

(in thousands of dollars)	2018	2017
Receivables - Other government departments and agencies	334	68
Receivables - External parties	39	54
Employee advances	4	3
Total accounts receivable and advances	377	125

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the year ended March 31

7. Inventory

The following table presents details of SIRC's inventory, measured at cost using the specific identification method:

(in thousands of dollars)	2018	2017
Informatics equipment	-	276
Total inventory	-	276

8. 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 hardware	3 years
Informatics software	3 years
Other equipment	3 years

Capital Asset Class

(in thousands of dollars)	Cost					Accumulated Amortization				Net Book Value	
	Opening Balance	Acquisitions	Adjustments (1)	Disposals and write-offs	Closing Balance	Opening Balance	Amortization	Disposals and write-offs	Closing Balance	2018	2017
Informatics hardware	67	-	179	-	246	66	1	-	67	179	1
Informatics software	10	-	-	-	10	10	-	-	10	-	-
Other equipment	54	970	-	-	1,024	54	-	-	54	970	-
	131	970	179	-	1,280	130	1	-	131	1,149	1

(1) Adjustment reflects inventory of \$179,000 that was transferred to capital assets once in service.

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the year ended March 31

9. Contractual obligations

The nature of SIRC's activities may result in some large multi-year contracts and obligations whereby SIRC will be obligated to make future payments when the goods or services are received. These obligations include:

(in thousands of dollars)	2019	2020	2021	2022	2023	2024 and thereafter	Total
Professional and special services	402	-	-	-	-	-	402
Acquisition of machinery and equipment	198	8	-	-	-	-	206
Transportation and communications	90	37	-	-	-	-	127
Information	77	-	-	-	-	-	77
Utilities, materials and supplies	36	-	-	-	-	-	36
Rentals	9	6	-	-	-	-	15
Total	812	51	-	-	-	-	863

10. Related party transactions

SIRC is related as a result of common ownership to all government departments, agencies, and Crown Corporations. SIRC enters into transactions with these entities in the normal course of business and on normal trade terms.

In addition, SIRC has an agreement with Privy Council Office related to the provision of finance and administration services which is included in section b). During the year, SIRC 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, SIRC 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 SIRC's Statement of Operations and Departmental Net Financial Position as follows:

(in thousands of dollars)	2018	2017
Accommodation	374	241
Employer's contribution to the health and dental	288	247
Total	662	488

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the year ended March 31

10. Related party transactions (continued)

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada are not included in SIRC's Statement of Operations and Departmental Net Financial Position. The costs of information technology infrastructure services provided by Shared Services Canada, following the transfer of responsibilities in November 2011 are also not included in SIRC's Statement of Operations and Departmental Net Financial Position.

b) Other transactions with other government departments and agencies

(in thousands of dollars)

	2018	2017
Expenses	1,288	1,047

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the year ended March 31

11. Segmented information

Presentation by segment is based on SIRC'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 for the main program alignments by major object of expense. The segment results for the period are as follows:

(in thousands of dollars)	<i>Reviews</i>	<i>Investigations</i>	<i>Internal Services</i>	2018	2017
Expenses					
Salaries and employee benefits	1,479	1,040	1,191	3,710	3,456
Professional and special services	83	124	407	614	558
Acquisition of machinery and equipment	-	-	515	515	377
Accommodation	-	-	374	374	241
Transportation and communications	62	22	245	329	278
Other	23	-	162	185	(223)
Rentals	-	-	111	111	51
Utilities, materials and supplies	-	18	17	35	34
Information	25	1	7	33	19
Amortization of tangible capital assets	-	-	1	1	2
Repair and Maintenance	-	-	-	-	2
Total Expenses	1,672	1,205	3,030	5,907	4,795
Net cost of operations before government funding and transfers	1,672	1,205	3,030	5,907	4,795

Security Intelligence Review Committee

Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting for Fiscal Year 2017-18

1. Introduction

This document provides summary information on measures taken by the Security Intelligence Review Committee (SIRC or the Committee) to maintain an effective system of internal control over financial reporting (ICFR) including information on internal control management, assessment results and related action plans.

Detailed information on SIRC authority, mandate, and programs can be found in our Departmental Plan and Departmental Results Report:

<http://www.sirc-csars.gc.ca/opbapb/dppm/2017-2018/index-eng.html>

<http://www.sirc-csars.gc.ca/opbapb/drrrm/index-eng.html>

2. Departmental system of internal control over financial reporting

2.1 Internal Control Management

SIRC recognizes the importance of setting the tone from the top to help ensure that staff at all levels understand their roles in maintaining effective financial systems of ICFR and are well equipped to exercise these responsibilities effectively. In accordance with a Memorandum of Understanding, SIRC's financial transactions are processed by the Privy Council Office (PCO) within their financial system and are for the most part subject to the same control environment.

SIRC relies on PCO control measures to a large extent; but, also recognizes the importance of ensuring that it implements its own complementary measures. To this end, SIRC ensures that all managers with financial delegation have completed the appropriate training course prior to exercising their delegation. SIRC has implemented a rigorous governance and accountability structure to support the oversight of its system of internal control, which includes:

- Values and ethics framework;
- Organizational accountability structures as they relate to internal control management to support sound financial management including roles and responsibilities for senior managers in their areas of responsibility;
- Evidence of effective planning and reporting activities which includes multiple financial reviews and regular financial reporting to all managers including senior management;
- Integrated risk management and on-going quality assurance and monitoring activities;
- On-going communication and training on statutory requirements, policies, and procedures for sound financial management and control; and
- Monitoring and regular updates as needed on internal control management plus assessment results and action plan.

In the third quarter of fiscal year 2015–16, an audit was completed by the Office of the Comptroller General of Canada, to ensure that core controls over financial management within SIRC result in compliance with key requirements contained in the corresponding legislation, Treasury Board (TB) policies, and directives. SIRC has completed and reported on a comprehensive management action plan and received the Committee's approval of the plan, and has duly implemented it.

2.2 Service Arrangements relevant to financial statements

SIRC relies on other organizations for the processing of certain transactions that are recorded in its financial statements, and relies on these service providers to ensure an adequate system of ICFR is maintained over services provided to SIRC.

Security Intelligence Review Committee

Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting for Fiscal Year 2017-18

Common Arrangements:

- Public Works and Government Services Canada (PWGSC) centrally administers the payments of salaries and the procurement of certain goods and services and provides accommodation services;
- On behalf of the employer, the Treasury Board Secretariat (TBS) provides SIRC with information used to calculate various accruals and allowances, such as the accrued severance liability; and
- Shared Services Canada (SSC) provides IT infrastructure services to SIRC in the areas of network services. SSC also provides the service for the acquisition and provision of hardware and software for workplace technology devices to SIRC. The scope and responsibilities are addressed in the interdepartmental arrangement between SSC and SIRC.

Specific Arrangements:

As aforementioned, SIRC's financial transactions are processed by PCO within their financial system and are for the most part subject to the same control environment. These services are the subject of a MOU between the two organizations.

3. Departmental assessment results during fiscal year 2017–18

SIRC continued to enhance its capacity to review CSIS activities by adopting its newly developed risk-based planning matrix to ensure coverage of high risk issues. SIRC also began a systematic approach towards its reviews (methodology).

New or significantly amended key controls - SIRC has fully implemented new and improved business processes and ensured their consistency with Treasury Board guidelines in terms of human resources and financial delegations, signing authorities, contracts, travel, and hospitality.

On-going monitoring program - SIRC continues to ensure its compliance with Treasury Board Guidelines.

4. Departmental action plan

4.1 Progress during fiscal year 2017–18

All financial operations for SIRC have been faithfully calculated and reported. SIRC has ensured that its books are in order, complete, adequate and accurate. SIRC's management team has developed, implemented and maintained a financial system and an internal control mechanism that ensures that financial information is reliable and responsible, in concert with the Privy Council Office's financial section as per our MOU.

4.2 Action plan for the next fiscal year and subsequent years

We understand our responsibility in terms of appropriate financial comptrollership and communication with the public, and we will continue to ensure that financial controls are in place and dutiful reporting for SIRC in the future, as in the past.