



Office of the
Conflict of Interest and
Ethics Commissioner

Commissariat aux
conflits d'intérêts et
à l'éthique

Financial Statements

2023

March 31, 2023



Table of Contents

Statement of Management Responsibility Including Internal Control Over Financial Reporting	1
Independent Auditors' Report	2
Statement of Financial Position	4
Statement of Operations and the Office's Net Financial Position	5
Statement of Change in the Office's Net Debt	6
Statement of Cash Flows	7
Notes to the Financial Statements.....	8
1. Authority and Objectives	8
2. Summary of Significant Accounting Policies	9
3. Parliamentary authorities	12
4. Accounts payable and accrued liabilities	13
5. Employee Future Benefits.....	14
6. Accounts Receivable and Advances	16
7. Risk Management	16
8. Tangible Capital Assets	17
9. Related Party Transactions	18
10. Segmented information	20
11. Comparative information	21

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, 2023 and all information contained in these statements rests with the management of the Office of the Conflict of Interest and Ethics Commissioner (the Office). These financial statements have been prepared by management in accordance with 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 fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Office's financial transactions. Financial information submitted in the preparation of the *Public Accounts of Canada*, and included in the Commissioner's annual reports, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Office 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 the effectiveness of associated key controls, and to make any necessary adjustments.

At the request of management, Ernst & Young LLP has audited these financial statements and has expressed an audit opinion on the fair presentation of the financial statements of the Office, which does not include an audit opinion on the annual assessment of the effectiveness of the Office's ICFR.



Martine Richard
Senior General Counsel
Ottawa, Canada
July 28, 2023



Sandy Tremblay
Chief Financial Officer
Ottawa, Canada
July 28, 2023

Independent auditor's report

To the
Executive Committee

Opinion

We have audited the financial statements of the **Office of the Conflict of Interest and Ethics Commissioner** ["OCIEC"], which comprise the statement of financial position as at March 31, 2023, and the statement of operations and net financial position, the statement of change in net debt and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of OCIEC as at March 31, 2023 and the results of its operations, the change in its net debt and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of OCIEC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information consists of the information included in the OCIEC Annual Report dated June 2023 other than the financial statements and our auditor's report referred to thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing OCIEC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate OCIEC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing OCIEC's financial reporting process.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OCIEC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on OCIEC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause OCIEC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Ottawa, Canada
July 28, 2023

Chartered Professional Accountants
Licensed Public Accountants



Statement of Financial Position

As at March 31

<i>(in dollars)</i>	2023	2022
Liabilities		
Accounts payable and accrued liabilities (<i>note 4</i>)	387,941	497,457
Vacation pay and compensatory leave	325,346	310,629
Employee future benefits (<i>notes 5(b) and 5(c)</i>)	456,286	432,639
<i>Total net liabilities</i>	1,169,573	1,240,725
Financial assets		
Due from Consolidated Revenue Fund	331,713	447,967
Accounts receivable and advances (<i>note 6</i>)	56,228	49,490
<i>Total net financial assets</i>	387,941	497,457
The Office's net debt	781,632	743,268
Non-financial assets		
Prepaid expenses	27,075	26,250
Tangible capital assets (<i>note 8</i>)	680,270	463,019
<i>Total non-financial assets</i>	707,345	489,269
The Office's net financial position	74,287	253,999

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



Martine Richard
Senior General Counsel
Ottawa, Canada
July 28, 2023



Sandy Tremblay
Chief Financial Officer
Ottawa, Canada
July 28, 2023

Statement of Operations and the Office's Net Financial Position

For the Year Ended March 31

	2023 Planned Results	2023	2022
<i>(in dollars)</i>			
Expenses			
Administration of the Act and the Code	6,554,394	5,849,914	5,630,233
Internal Services	2,857,181	2,680,248	2,723,454
<i>Total expenses</i>	9,411,575	8,530,162	8,353,687
Revenues			
Administration of the Act and the Code	-	1,700	4,550
Revenues earned on behalf of the Government	-	(1,700)	(4,550)
<i>Total revenues</i>	-	-	-
Net cost of operations	9,411,575	8,530,162	8,353,687
Government funding and transfers			
Net cash provided by Government of Canada	-	7,693,137	7,188,503
Change in due from the Consolidated Revenue Fund	-	(116,254)	148,892
Services provided without charge by other government departments (<i>note 9(a)</i>)	-	1,132,991	1,141,112
<i>Total government funding and transfers</i>	-	8,709,874	8,478,507
Net cost (surplus) of operations after government funding and transfers	-	(179,712)	(124,820)
The Office's net financial position – beginning of year	-	253,999	378,819
The Office's net financial position – end of year	-	74,287	253,999

Segmented information (note 10)

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

Statement of Change in the Office's Net Debt

For the Year Ended March 31

<i>(in dollars)</i>	2023	2022
Net cost (surplus) of operations after government funding and transfers	(179,712)	(124,820)
Change due to tangible capital assets		
Acquisition of tangible capital assets	374,323	276,083
Amortization of tangible capital assets and adjustments	(157,072)	(128,131)
<i>Total change due to tangible capital assets</i>	217,251	147,952
Change due to prepaid expenses	825	(4,368)
Net increase in the Office's net debt	38,364	18,764
The Office's net debt – beginning of year	743,268	724,504
The Office's net debt – end of year	781,632	743,268

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

Statement of Cash Flows

For the Year Ended March 31

<i>(in dollars)</i>	2023	2022
Operating activities		
Net cost (surplus) of operations before government funding and transfers	8,530,162	8,353,687
Non-cash items:		
Amortization of tangible capital assets and adjustments	(157,072)	(128,131)
Services provided without charge by other Government departments (<i>note 9(a)</i>)	(1,132,991)	(1,141,112)
	7,240,099	7,084,444
Variations in Statement of Financial Position		
Increase in accounts receivable and advances	6,738	2,562
Increase (decrease) in prepaid expenses	825	(4,368)
Decrease (increase) in accounts payable and accrued liabilities	109,516	(151,454)
Increase in vacation pay and compensatory leave	(14,717)	(6,348)
Increase in employee future benefits	(23,647)	(12,416)
Cash used in operating activities	7,318,814	6,912,420
Capital activities		
Acquisition of tangible capital assets	374,323	276,083
Cash used in capital activities	374,323	276,083
Net cash provided by Government of Canada	7,693,137	7,188,503

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

Notes to the Financial Statements

For the Year Ended March 31

1. Authority and Objectives

These statements provide the financial information related to all the operations controlled by the Office of the Conflict of Interest and Ethics Commissioner (the Office).

The Office began its operations on July 9, 2007, with the coming into force of the *Conflict of Interest Act*. It replaced the Office of the Ethics Commissioner and was given an expanded mandate.

The objective of the Office is to enhance public confidence and trust in the government and parliamentary institutions, and to assure Canadians that public officials, whether appointed or elected, are held to standards that place the public interest above their private interests. The role of the Office is to administer the *Conflict of Interest Act* (Act) and the *Conflict of Interest Code for Members of the House of Commons* (Code). The Commissioner provides confidential advice to public office holders and Members of Parliament on how to comply with the Act and the Code, respectively. They are also mandated to provide confidential advice to the Prime Minister on conflict of interest and ethics issues. The Commissioner conducts examinations or inquiries into alleged contraventions of the Act or Code. The Office receives and maintains on file confidential reports of assets, liabilities and activities and maintains a public registry of publicly declarable information.

The Office's business is defined through two activities:

Administration of the *Conflict of Interest Act* and the *Conflict of Interest Code for Members of the House of Commons*: This encompasses all the activities of the Office, as described above.

Internal Services: This activity supports the business of the Office through internal management services and resources.

Notes to the Financial Statements

For the Year Ended March 31

2. Summary of Significant Accounting Policies

These financial statements have been prepared using the Government of Canada's (the Government) 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 Office is financed by the Government through parliamentary authorities. Financial reporting of authorities provided to the Office does not parallel financial reporting according to Canadian generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Office's 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" section of the Statement of Operations and the Office's Net Financial Position and in the Segmented Information (note 10) are based on the amounts in the Office's Main Estimates and have been adjusted to reflect amortization of tangible capital assets, accommodation expense and health and dental benefits expenses, which are not included in the Main Estimates. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and the Office's Net Financial Position and in the Statement of Change in the Office's Net Debt because these amounts were not included in the Main Estimates.

(b) Net cash provided by the Government – The Office operates within the Consolidated Revenue Fund (the CRF), which is administered by the Receiver General for Canada. All cash received by the Office is deposited to the CRF, and all cash disbursements made by the Office are paid from the CRF. The net cash provided from the CRF is the difference between all cash receipts and all cash disbursements including transactions between departments of the Government.

(c) Amounts Due from the Consolidated Revenue Fund – Amounts due from 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 Office is entitled to draw from the CRF without further appropriations 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 revenues takes place.

Revenues that are non-respendable are not available to discharge the Office's liabilities. While the Commissioner 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 and are therefore presented in reduction of the Office's gross revenues.

Notes to the Financial Statements

For the Year Ended March 31

2. Summary of Significant Accounting Policies (continued)

(e) Expenses – Expenses are recorded on the accrual basis:

- i. Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- ii. Services provided without charge by other government departments for accommodation and the employer's contribution 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 (the Plan), a multi-employer pension plan administered by the Government. The Office's contributions to the Plan are charged to expenses in the year incurred and represent the total obligation of the Office to the Plan. The Office'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: Employees entitled to severance benefits under 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 actual remaining liability for employee severance benefits for the Office as a whole.
- iii. Sick leave: Employees are permitted to accumulate sick leave until termination of employment, which they can only use in the event of an illness. Accumulated unused sick leave upon employee termination is not payable to the employee and may not be used as vacation. All sick leave is an accumulating non-vesting benefit. A liability is recorded for sick leave balances expected to be taken in excess of future allotments. The costs of sick leave as well as the present value of the obligation is determined using an actuarial valuation. Any gains or losses are amortized over the average remaining service period of active employees.

(g) Financial instruments – A contract establishing a financial instrument creates, at its inception, rights, and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The Office recognizes a financial instrument when it becomes a party to a financial instrument contract. Financial instruments consist of accounts receivable, and accounts payable and accrued liabilities. All financial assets and liabilities are recorded at cost. Any associated transaction costs are added to the carrying value upon initial recognition.

(h) Accounts receivable and advances – Accounts receivable and advances are stated at the lower of cost and net recoverable value; a valuation allowance is recorded for receivables where recovery is considered uncertain.

(i) Foreign currency transactions – Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars using the rate of exchange in effect at year-end.

(j) Tangible capital assets – All tangible capital assets and leasehold improvements are recorded at their acquisition cost.

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

Asset class	Amortization period
Machinery and equipment	10 years
Other equipment	5 years
Computer equipment	3 years
Computer software	3 years
Leasehold improvements	over the lease term

(k) 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 liability for employee severance benefits, the liability of employee sick leave 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.

Notes to the Financial Statements

For the Year Ended March 31

3. Parliamentary authorities

The Office receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and the Office's 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 Office 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

<i>(in dollars)</i>	2023	2022
Net cost of operations before government funding and transfers	8,530,162	8,353,687
Adjustments for items affecting net cost of operations, but not affecting authorities:		
Services provided without charge by other government departments	(1,132,991)	(1,141,112)
Amortization of tangible capital assets and adjustments	(157,072)	(128,131)
Vacation pay and compensatory leave	(14,717)	(6,348)
Prepaid expenses consumption	(26,250)	(30,618)
Employee future benefits	(23,647)	(12,416)
Refund of prior years' expenditures	3,647	809
Total items affecting net cost of operations, but not affecting authorities	(1,351,030)	(1,317,816)
Adjustments for items not affecting net cost of operations, but affecting authorities:		
Acquisition of tangible capital assets	374,323	276,083
Prepaid expenses	27,075	26,250
Total items not affecting net cost of operations, but affecting authorities	401,398	302,333
Current year authorities used	7,580,530	7,338,204

Notes to the Financial Statements

For the Year Ended March 31

3. Parliamentary authorities (continued)

(b) Authorities provided and used

<i>(in dollars)</i>	2023	2022
Authorities provided:		
Vote 15 – Operating expenditures	7,276,995	6,852,883
Statutory amounts	811,598	770,535
Less:		
Lapsed: Operating	(508,063)	(285,214)
Current year authorities used	7,580,530	7,338,204

4. Accounts payable and accrued liabilities

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

<i>(in dollars)</i>	2023	2022
Accounts payable – Other government departments and agencies	1,990	128,194
Accounts payable – External parties	23,714	22,907
Total accounts payable	25,704	151,101
Accrued liabilities	362,237	346,356
Total accounts payable and accrued liabilities	387,941	497,457

Notes to the Financial Statements

For the Year Ended March 31

5. Employee Future Benefits

(a) Pension Benefits

The Office's employees participate in the Plan, which is sponsored and administered by the Government. Pension benefits accrue up to a maximum period of 35 years at a rate of 2% 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 Office contribute to the cost of the Plan. Due to the amendment of the Public Service Superannuation Act following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into two groups. Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2022-2023 expense amounts to \$530,217 (\$520,573 in 2021-2022). For Group 1 members, the expense represents approximately 1.02 times (1.01 times in 2021-2022) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2021-2022) the employee contributions.

The Office'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

The Office provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Information about the severance benefits, measured as at March 31, is as follows:

<i>(in dollars)</i>	2023	2022
Accrued severance benefit obligation – beginning of year	86,597	83,485
Expense for the year	6,086	3,112
Benefits paid during the year	-	-
Accrued severance benefit obligation – end of year	92,683	86,597

As a result of changes to conditions of employment for all employees of the Office, the accumulation of severance benefits under the employee severance pay program ceased in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

Notes to the Financial Statements

For the Year Ended March 31

5. Employee Future Benefits (continued)

(c) Sick leave benefits

The Office provides benefits for sick leave to its eligible employees consisting of one and one-quarter days of sick leave per calendar month. Sick leave can only be used for paid time off at the employee's normal rate of pay when the employee is unable to perform their duties because of illness or injury. Unused sick leave benefits accumulate during the employee's period of service and no payment is due to employees upon termination of employment for unused days. Information about the sick leave benefits, measured as at March 31, is as follows:

<i>(in dollars)</i>	2023	2022
Accrued sick leave benefit obligation – beginning of year	346,042	336,738
Expense for the year:		
Current period benefit cost	33,219	32,980
Interest accrued	7,786	5,036
Amortization of actuarial gain (loss)	2,913	(2,935)
Benefits paid during the year	(26,357)	(25,777)
Accrued sick leave benefit obligation – end of year	363,603	346,042

At the end of fiscal year 2023, an actuarial valuation of the Office's accrued sick leave benefit obligation was completed using the projected benefit method prorated on services. The significant actuarial assumptions adopted in measuring the accrued sick leave benefit obligation are as follows:

	2023	2022
Discount rate	2.90%	2,40%
Rate of compensation increase per year:		
2023	4.0%	4.0%
2024 and thereafter	2.0%	2.0%
Average remaining service period of active employees	14.4 years	13.4 years

Notes to the Financial Statements

For the Year Ended March 31

6. Accounts Receivable and Advances

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

<i>(in dollars)</i>	2023	2022
Receivables – Other government departments and agencies	56,076	49,305
Receivables – External	152	185
Employee advances	-	-
Net accounts receivable and advances	56,228	49,490

7. Risk Management

The Office has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. The Office's maximum exposure to credit risk at March 31, 2022 and March 31, 2023 is the carrying amount of its financial assets.

The Office has determined that there is no significant concentration of credit risk related to accounts receivable from external parties.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Due to nature of the Office's financial instruments, the Office has determined that there is no significant market risk.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities.

As the funding for the Department's financial liabilities is drawn from the Consolidated Revenue Fund, its exposure to liquidity risk is fully mitigated.

Notes to the Financial Statements

for the Year Ended March 31

8. Tangible Capital Assets

(in dollars)

(in dollars)	Cost					Accumulated amortization				Net book value	
	Opening balance	Acqui- sitions	Disposals and adjustments	Transfers of assets under development	Closing balance	Opening balance	Amorti- zation	Disposals and adjustments	Closing balance	2023	2022
Machinery and equipment	26,330	-	-	-	26,330	(15,310)	(1,836)	(9,184)	(26,330)	-	11,020
Other equipment	624,820	-	-	-	624,820	(624,820)	-	-	(624,820)	-	-
Computer equipment	179,784	-	-	-	179,784	(144,080)	(7,625)	(23,282)	(174,987)	4,797	35,704
Computer software	949,556	-	-	-	949,556	(758,771)	(115,145)	-	(873,916)	75,640	190,785
Leasehold improvements	120,523	-	-	-	120,523	(120,523)	-	-	(120,523)	-	-
Assets under development	225,510	374,323	-	-	599,833	-	-	-	-	599,833	225,510
	2,126,523	374,323	-	-	2,500,846	(1,663,504)	(124,606)	(32,466)	(1,820,576)	680,270	463,019

Notes to the Financial Statements

for the Year Ended March 31

9. Related Party Transactions

The Office is related, as a result of common ownership, to all Government departments, agencies, and Crown corporations. The Office enters into transactions with these entities in the normal course of business and on normal trade terms. In addition, the Office has agreements with the House of Commons related to the provision of information technology and security services, and Public Service and Procurement Canada related to the provision of compensation services. During the year, the Office received common services that were provided without charge from other Government departments as presented in part (a) below.

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

During the year, the Office 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 recognized in the Statement of Operations and the Office's Net Financial Position as follows:

<i>(in dollars)</i>	2023	2022
Accommodation	692,965	690,576
Employer's contribution to health and dental insurance plan	440,026	450,536
Total	1,132,991	1,141,112

The cost related to accommodation includes taxes and operational and maintenance fees. 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, cheque issuance and translation services provided by Public Service and Procurement Canada (PSPC), are not included in the Statement of Operations and the Office's Net Financial Position. In addition, the costs of maintenance, identity cards, transportation and messenger services provided by the House of Commons are also not included in the Statement of Operations and the Office's Net Financial Position.

Notes to the Financial Statements

for the Year Ended March 31

9. Related Party Transactions (continued)

(b) Other transactions with related parties

<i>(in dollars)</i>	2023	2022
Accounts receivable – Other government departments and agencies	56,076	49,305
Accounts payable – Other government departments and agencies	1,990	128,194
Expenses – Other government departments and agencies	1,316,473	1,448,635

Expenses disclosed in note 9(b) exclude common services provided without charge, which are already disclosed in note 9(a).

Notes to the Financial Statements

For the Year Ended March 31

10. Segmented information

Presentation by segment is based on the Office's program activity structure. 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 main program activities, by major object of expense and by major type of revenue. The segment results for the period are as follows:

				2023	2022
	Planned Results	Administration of the Act and the Code	Internal Services	Total	Total
<i>(in dollars)</i>					
Expenses					
Salaries and employee benefits	7,090,208	4,818,958	1,893,059	6,712,017	6,526,033
Professional and special services	1,143,532	163,970	422,735	586,705	744,969
Accommodation	693,000	493,072	199,893	692,965	690,576
Amortization of tangible capital assets and adjustments	125,000	111,762	45,310	157,072	128,131
Rental	49,120	266	46,750	47,016	38,415
Repairs and maintenance	2,500	-	-	-	820
Materials and supplies	137,250	110,213	34,127	144,340	95,860
Communications, information, travel and relocation	170,965	151,673	38,374	190,047	128,883
Total expenses	9,411,575	5,849,914	2,680,248	8,530,162	8,353,687
Revenues					
Administrative monetary penalties	-	1,700	-	1,700	4,550
Revenues earned on behalf of the Government	-	(1,700)	-	(1,700)	(4,550)
Total revenues	-	-	-	-	-
Net cost from continuing operations	9,411,575	5,849,914	2,680,248	8,530,162	8,353,687

Notes to the Financial Statements

for the Year Ended March 31

10. Segmented information (continued)

Reconciliation of planned results to current year authorities provided

<i>(in dollars)</i>	2023
Planned results	9,411,575
Less:	
Adjustment to statutory amounts	54,446
Employer's contribution to health and dental insurance plan	450,536
Accommodation	693,000
Amortization of tangible capital assets	125,000
Current year authorities provided	8,088,593

11. Comparative information

Certain comparative figures have been reclassified to conform to the current year's presentation. Specifically, the 2021-2022 rental expenses disclosed in note 10, have been reclassified.