

SECURITY INTELLIGENCE REVIEW COMMITTEE

Statement of Management Responsibility

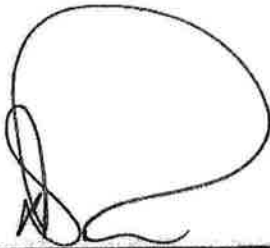
Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2011 and all information contained in these statements rests with the management of the Security Intelligence Review Committee. These financial statements have been prepared by management in accordance with Treasury Board accounting policies, which are based on Canadian generally accepted accounting principles for the public sector.

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 department's financial transactions. Financial information submitted in the preparation of the *Public Accounts of Canada*, and included in the department's *Departmental Performance Report*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting 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 Security Intelligence Review Committee.

The financial statements of the Security Intelligence Review Committee have not been audited.



Hon. Arthur Thomas Porter
Chair

Ottawa, Canada
June 17, 2011



Susan Pollak
Executive Director, Senior Financial Officer

SECURITY INTELLIGENCE REVIEW COMMITTEE

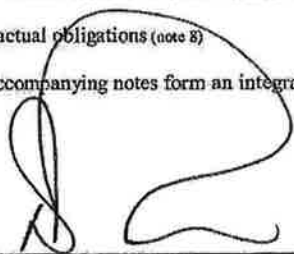
Statement of Financial Position (Unaudited)

As at March 31

(in thousands of dollars)	2011	Restated (Note 11) (Note 12) 2010
Assets		
Financial assets		
Due from the Consolidated Revenue Fund	269	74
Accounts receivable (note 4)	21	47
Total financial assets	290	121
Non-financial assets		
Tangible capital assets (note 5)	31	26
Total non-financial assets	31	26
Total Assets	321	147
Liabilities		
Accounts payable (note 6)	291	191
Vacation pay and compensatory leave	92	101
Employee future benefits (note 7)	318	293
Total liabilities	701	585
Equity of Canada	(380)	(438)
Total Liabilities and Equity of Canada	321	147

Contractual obligations (note 8)

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



Hon. Arthur Thomas Porter
Chair



Susan Pollak
Executive Director, Senior Financial Officer

Ottawa, Canada
June 17, 2011

SECURITY INTELLIGENCE REVIEW COMMITTEE

Statement of Operations (Unaudited)

For the year ended March 31

(in thousands of dollars)	2011	2010
Expenses		
Complaints	552	601
Review	1,102	848
Internal Services	1,459	1,127
Total Expenses	3,113	2,576
Net cost of operations	3,113	2,576

Segmented information (note 10)

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

SECURITY INTELLIGENCE REVIEW COMMITTEE

Statement of Equity of Canada (Unaudited)

For the year ended March 31

		Restated (Note 11) (Note 12) 2010
(in thousands of dollars)	2011	
Equity of Canada, beginning of year	(438)	(487)
Correction of previous years' tangible capital assets (note 12)	-	(67)
Equity of Canada, restated beginning of year	(438)	(554)
Net cost of operations	(3,113)	(2,576)
Net cash provided by Government	2,520	2,599
Change in due from the Consolidated Revenue Fund	195	(282)
Services provided without charge by other government departments (note 9)	456	375
Equity of Canada, end of year	(380)	(438)

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

SECURITY INTELLIGENCE REVIEW COMMITTEE

Statement of Cash Flow (Unaudited)

For the year ended March 31

(in thousands of dollars)	2011	2010
Operating activities		
Net cost of operations	3,113	2,576
Non-cash items:		
Amortization of tangible capital assets (note 5)	(9)	(8)
Services provided without charge by other government departments (note 9)	(456)	(375)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable	(26)	43
Increase (decrease) in prepaid expenses	-	(3)
Decrease (increase) in accounts payable	(100)	225
Increase in vacation pay and compensatory leave	9	47
Decrease (increase) in employee future benefits	(25)	55
Cash used in operating activities	2,506	2,560
Capital investing activities		
Acquisitions of tangible capital assets (note 5)	14	39
Cash used in capital investing activities	14	39
Net cash provided by Government of Canada	2,520	2,599

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

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

1. Authority and objectives

The Security Intelligence Review Committee was created to provide external review 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.

The Security Intelligence Review Committee derives its powers from the Canadian Security Intelligence Service (CSIS) Act promulgated on July 16, 1984. The first Chair and Members were appointed by His Excellency the Governor General on November 30, 1984. Security Intelligence Review Committee is empowered to set its own Rules of Procedures, and to employ an executive director and adequate staff to support its activities. The Act requires Security Intelligence Review Committee, not later than September 30 in each fiscal year, to report the Minister of Public Safety and Emergency Preparedness who 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 the Minister receives it. Security Intelligence Review Committee may also require CSIS or the Inspector General appointed under the CSIS Act to conduct a review of specific activities of the Service and provide Security Intelligence Review Committee with a report of the review.

To achieve its strategic outcome and to deliver results for Canadians, the Security Intelligence Review Committee articulates its plans and priorities based on core program activities included below:

1.1 Reviews

The Purpose of the Review Program is to conduct reviews of CSIS activities to ensure that CSIS performs its duties and functions appropriately and effectively, and in accordance with legislation, policy and Ministerial Direction. Through a comprehensive and multifaceted program of research, Security Intelligence Review Committee staff examine various aspects of CSIS's operations and activities to prepare a retrospective analysis for the Committee's approval.

1.2 Complaints

The purpose of the Complaints Program is to receive and investigate complaints about CSIS brought forward by individuals or groups. When doing so, the Security Intelligence Review Committee acts as an independent, quasi-judicial administrative tribunal pursuant to the *CSIS Act*. The Security Intelligence Review Committee conducts investigations in relation to: complaints "with respect to any act or thing done by the Service" as described in the *CSIS Act*; complaints about denials of security clearances to federal government employees and contractors; referrals from the Canadian Human Rights Commission in cases where the complaint relates to the security of Canada; and, reports made pursuant to S.19 of the *Citizenship Act*.

1.3 Internal Services

This activity captures all of the corporate costs associated with the day to day operations of the organization (e.g. informatics, asset management, accommodations, security, corporate reporting, information management, etc.). Also, the administration of meetings attended by Committee Members, are captured within this Program Activity.

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with the Treasury Board accounting policies stated below, which are based on Canadian generally accepted accounting principles for the public sector. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

(a) Parliamentary authorities

The Security Intelligence Review Committee is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Security Intelligence Review Committee 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 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.

(b) Net Cash Provided by Government

The Security Intelligence Review Committee operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Security Intelligence Review Committee is deposited to the CRF and all cash disbursements made by the Security Intelligence Review Committee 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) Due from the CRF

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 Security Intelligence Review Committee is entitled to draw from the CRF without further appropriations to discharge its liabilities.

(d) 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.

(e) Employee future benefits

- ✓ Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer pension plan administered by the Government. The Security Intelligence Review Committee's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Current legislation does not require the Security Intelligence Review Committee to make contributions for any actuarial deficiencies of the Plan.
- ✓ Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. 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.

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 receivables

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

(g) Tangible capital assets

Tangible capital assets having an initial cost of \$3,000 or more are recorded at their acquisition cost. The Security Intelligence Review Committee does not capitalize intangibles assets, works of art and historical treasures that have cultural, aesthetic or historical value. 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

(h) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities 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 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

The Security Intelligence Review Committee receives its funding through annual Parliamentary authorities. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the Security Intelligence Review Committee 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 thousands of dollars)</i>	2011	2010
Net cost of operations	3,113	2,576
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
<i>Add (Less):</i>		
Amortization of tangible capital assets (note 5)	(9)	(8)
Services provided without charge by other government departments (note 9)	(456)	(375)
Prepaid expenses previously charged to appropriation	-	(3)
Decrease in vacation pay and compensatory leave	9	47
(Increase) decrease in employee future benefits	(25)	55
Refund of prior years' expenditures	37	24
	(444)	(260)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
<i>Add (Less):</i>		
Acquisition of tangible capital assets (note 5)	14	39
Current year authorities used	2,683	2,355

(b) Authorities provided and used

<i>(in thousands of dollars)</i>	2011	2010
Authorities provided:		
Vote - Program expenditures	2,856	2,900
Statutory amounts - Contributions to employee benefits plan	283	232
Less:		
Lapsed authorities	(456)	(777)
Current year authorities used	2,683	2,355

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

4. Accounts receivable

The following table presents details of the Security Intelligence Review Committee accounts receivable balances:

(in thousands of dollars)	2011	2010
Receivables from other government departments and agencies	20	47
Receivables from external parties	1	-
	21	47

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

5. Tangible capital assets

Cost (in thousands of dollars)	Cost			Accumulated Amortization			Net Book Value	
	Restated (Note 12) Opening Balance	Disposals and write-offs	Closing Balance	Restated (Note 12) Opening Balance	Disposals and write-offs	Closing Balance	2011	2010
Machinery and equipment	-	-	-	-	-	-	-	-
Informatics hardware	37	8	45	37	-	37	8	-
Informatics software	-	6	6	-	-	-	6	-
Other equipment	50	-	50	24	9	33	17	26
Motor vehicles	-	-	-	-	-	-	-	-
Work-in-progress - software	-	-	-	-	-	-	-	-
Work-in-progress - other	-	-	-	-	-	-	-	-
	87	14	101	61	9	70	31	26

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

6. Accounts payable

The following table presents details of the Security Intelligence Review Committee accounts payable:

(in thousands of dollars)	2011	2010
Payables to external parties	247	185
Payables to other government departments and agencies	44	6
	291	191

7. Employee future benefits

(a) Pension benefits

The Security Intelligence Review Committee's employees participate in the Public Service Pension 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 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Security Intelligence Review Committee contribute to the cost of the Plan. The 2010-11 expense amounts to \$254,860 (\$210,457 in 2009-10), which represents approximately 1.9 times (1.9 times in 2009-10) the contributions by employees.

The Security Intelligence Review Committee'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 Security Intelligence Review Committee provides severance benefits to its employees based on eligibility, years of service and final salary. 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:

(in thousands of dollars)	2011	2010
Accrued benefit obligation, beginning of year	293	348
Expense for the year	91	(55)
Benefits paid during the year	(66)	-
Accrued benefit obligation, end of year	318	293

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

8. Contractual obligations

The nature of the Security Intelligence Review Committee's activities can result in some large multi-year contracts and obligations whereby the Security Intelligence Review Committee will be obligated to make future payments when the goods or services are received. These obligations include service contracts and equipment rental. Contractual obligations are summarized as follows:

Security Intelligence Review Committee

(in thousands of dollars)	2012	2013	2014	2015	2016 and thereafter	Total
Transport and telecommunications	11	12	12	12	12	59
Information	31	31	31	31	31	155
Professional and special services	411	224	204	204	204	1,247
Rental	13	13	13	13	13	65
Purchased repair and maintenance	5	5	5	5	5	25
Total	471	285	265	265	265	1,551

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

9. Related party transactions

The Security Intelligence Review Committee is related as a result of common ownership to all Government departments, agencies, and Crown Corporations. The Security Intelligence Review Committee enters into transactions with these entities in the normal course of business and on normal trade terms.

In addition, the Security Intelligence Review Committee has an agreement with Privy Council Office related to the provision of finance and administration services. During the year, the Security Intelligence Review Committee 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 Security Intelligence Review Committee 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 Security Intelligence Review Committee's Statement of Operations as follows:

(in thousands of dollars)	2011	2010
Accommodation	306	253
Employer's contribution to the health and dental insurance plans	150	122
	456	375

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 Works and Government Services Canada are not included in the Security Intelligence Review Committee's Statement of Operations.

b) Other transactions with related parties

(in thousands of dollars)	2011	2010
Expenses - Other Government departments and agencies	411	1,297

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

10. Segmented Information

Presentation by segment is based on the Security Intelligence Review Committee's program activity 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 activities, by major object of expenses. The segment results for the period are as follows:

(in thousands of dollars)	Complaints	Reviews	Internal Services	2011	2010
Expenses					
Salaries and employee benefits	426	990	762	2,178	1,727
Professional and special services	104	28	112	244	284
Accommodation	-	-	306	306	253
Transportation and telecommunications	19	44	107	170	245
Acquisition of machinery and equipment	3	-	98	101	8
Purchased repair and maintenance	-	-	24	24	9
Information	-	40	3	43	49
Amortization of tangible capital assets	-	-	9	9	8
Rentals	-	-	17	17	17
Utilities, materials and supplies	-	-	20	20	19
Other	-	-	1	1	(43)
Total Expenses	552	1,102	1,459	3,113	2,576
Net cost of operations	552	1,102	1,459	3,113	2,576

SECURITY INTELLIGENCE REVIEW COMMITTEE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

11. Adoption of new accounting policies

During the year, the Security Intelligence Review Committee adopted the revised Treasury Board accounting policy TBAS 1.2: Departmental and Agency Financial Statements which is effective for the Security Intelligence Review Committee for the 2010-11 fiscal year. The major change in the accounting policies of the Security Intelligence Review Committee required by the adoption of the revised TBAS 1.2 is the recording of amounts due from the Consolidated Revenue Fund as an asset on the Statement of Financial Position.

The adoption of the new Treasury Board accounting policies have been accounted for retroactively with the following impact on the comparative figures for 2009-10:

(in thousands of dollars)	2010 As previously stated	Effect of the adjustment	2010 Revised amount
Statement of Financial Position			
Assets	73	74	147
Equity of Canada	(512)	74	(438)

12. Restatement of Previous Year's Balances

In 2010-2011, the Security Intelligence Review Committee continued to review its tangible capital assets balances. The review highlighted an overstatement of tangible capital assets in our balance sheet. As a result, an adjustment to equity for \$67 was made.

13. Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.