

# **Security Intelligence Review Committee**

## **Departmental Performance Report**

**For the  
Period ending  
March 31, 2006**

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The Right Honourable Stephen Harper  
Prime Minister of Canada

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## SECTION I - OVERVIEW

### Chair's Message

I am very pleased to introduce the performance report of the Security Intelligence Review Committee (SIRC) for fiscal year 2005-2006.

As the Chair of SIRC, I take very seriously SIRC's responsibility, as granted in the *CSIS Act*, to provide assurance to Parliament and through it, to Canadians, that CSIS is acting lawfully. Accountability - and the delicate balance between national security and individual rights - is a theme which has been much in evidence over the past year, through the work of Justice O'Connor and the constitutional challenge to the Supreme Court concerning security certificates.

Independent review remains an essential cornerstone of a democratic society, and is as relevant today as when the *CSIS Act* was enacted in 1984. Through both our investigation of complaints and in-depth reviews, SIRC is able to examine a broad range of CSIS's duties and functions. Last year was no exception.

In 2005-06 SIRC met the challenge of a 50% increase in the number of complaints it handled. In addition, the Committee undertook eight reviews, one of which was still being finalized at the end of the review period. The Committee recognizes the challenges faced by national security-intelligence agencies in the post 9/11 environment. However, only by upholding Canada's commitment to rights and freedoms is SIRC able to ensure CSIS's accountability and provide assurance to Parliament that CSIS is acting lawfully.




Honourable Gary Filmon, P.C., O.M.  
Chair

## Management Representation Statement

I submit for tabling in Parliament, the 2005-2006 Departmental Performance Report for the Security Intelligence Review Committee.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2005-2006 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in TBS guidance;
- it is based on the department's approved Program Activity Architecture structure as reflected in its Management, Resources and Results Structure;
- it presents consistent, comprehensive, balanced and reliable information;
- it provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- it reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.



Name: Susan Pollak

Title: Executive Director

## Summary Information

**Reason for Existence** - To provide assurance to the Parliament of Canada and through it, to Canadians, that CSIS is complying with law, policy and Ministerial Direction in the performance of its duties and functions. SIRC's mission is to protect Canadians' rights by ensuring that CSIS acts within the law.

### Total Financial Resources (\$ millions)

<b>Planned Spending</b>	<b>Total Authorities</b>	<b>Actual Spending</b>
\$2.8	\$2.8	\$2.8

### Total Human Resources (FTEs)

<b>Planned</b>	<b>Actual</b>	<b>Difference</b>
21	20	-1

## Summary of Performance in Relationship to Departmental Priorities

<b>Strategic Outcome:</b> To provide assurance to the Parliament of Canada and through it, to Canadians, that CSIS is complying with law, policy and Ministerial Direction in the performance of its duties and functions.				
<b>Alignment to Government of Canada Outcomes:</b> A strong and mutually beneficial North American partnership				
			<b>2005-2006</b>	
<b>Status on Performance</b>			<b>Planned Spending</b>	<b>Actual Spending</b>
Annual Report	Complaints; Review - Annual report to Parliament not later than September 30.	successfully met	\$70,000	\$86,064
Outreach & Liaison	Review - 1. Visits to two CSIS regional offices and one SLO post 2. Co-hosting an international symposium	successfully met	\$135,000	\$77,085
Proposed Committee of Parliamentarians	Review - Establishing a working relationship with new committee	n/a	\$20,000	\$0
Modern Comptrollership	Complaints; Review - 1. Independent financial audit 2. Human resource management tools	successfully met	\$75,000	\$64,500
Best Practices	Complaints - Consultation plan	exceeded expectations	\$50,000	\$0

## **Summary of Departmental Performance**

The Security Intelligence Review Committee (SIRC or the Committee) is a small, independent review body which reports to Parliament on the operations of the Canadian Security Intelligence Service (CSIS or the Service). It was established at the same time that CSIS was created in 1984, and derives its powers from the same legislation, the *CSIS Act*.

The Committee's strategic outcome is to provide assurance to the Parliament of Canada and through it, to Canadians, that CSIS is complying with legislation, policy and Ministerial Direction in the performance of its duties and functions. In doing so, the Committee seeks to ensure that CSIS does not undermine the fundamental rights and freedoms of Canadians. The Committee is the only independent, external body with the legal mandate and expertise to review the Service's activities, and is, therefore, a cornerstone of Canada's democratic tradition as it ensures the accountability of one of the government's most powerful organizations.

To provide this assurance, SIRC has two key program activities related to its strategic outcome. The first program activity is to conduct in-depth reviews of CSIS activities to ensure that they comply with the *CSIS Act*, other statutes policy and Ministerial Direction. The second is to receive and inquire into complaints by any person about any action of the Service.

SIRC is chaired by the Honourable Gary Filmon, P.C., O.M. The other Members are the Honourable Raymond Speaker, P.C., O.C., the Honourable Baljit S. Chadha, P.C., the Honourable Roy Romanow, P.C., O.C., Q.C., and the Honourable Aldéa Landry, P.C., C.M., Q.C. All Members of the Committee are Privy Councillors, who are appointed by the Governor-in-Council after consultation by the Prime Minister with the leaders of the Opposition parties.

### **Priorities**

SIRC identified five priorities in its *2005-2006 Report on Plans and Priorities*. These were: 1) to produce an Annual Report to Parliament and other high quality communications material; 2) to pursue outreach and liaison activities, in particular an International Symposium on Review and Oversight; 3) to establish a constructive, working relationship with the proposed Committee of Parliamentarians on National Security; 4) to undertake further modern comptrollership initiatives; and 5) to consult on best practices related to the complaints process.

### **Annual Report and Communications Material**

SIRC's in-depth reviews of CSIS activities are, by definition, highly classified documents. However, the results of this work, edited to protect national security and privacy, are summarized in an annual report to Parliament which includes findings and recommendations.

Section 53 of the *CSIS Act* requires SIRC to submit this report to the Minister of Public Safety by September 30 of each fiscal year. SIRC's 2004-2005 annual report was submitted to the Minister on September 30, 2005 and tabled in Parliament on October 31, 2005.

During the fiscal year, SIRC undertook also to distribute "Reflections" - a publication commemorating its 20<sup>th</sup> anniversary. This publication, produced in early 2005, was widely distributed via SIRC's website, in public fora such as the International Symposium or other Committee events, by targeted mailings or in response to enquiries.

### **Outreach and Liaison**

The Committee's work involves both domestic and foreign travel. In 2005-2006 SIRC Committee Members and senior staff visited two CSIS regional offices. This provided the Committee with an opportunity to explore the day-to-day work of investigators in the field. Committee Members met with senior CSIS staff, received briefings on regional issues and communicated the Committee's focus and concerns.

In addition, the Committee undertook a review of one Security Liaison Officer (SLO) post. CSIS maintains a number of these posts outside Canada. The primary focus of SIRC's review of SLO posts is to monitor the Service's information-sharing with foreign agencies.

On May 18-19, 2005, to commemorate SIRC's 20<sup>th</sup> anniversary, the Committee co-hosted an International Symposium with the Canadian Centre of Intelligence and Security Studies of Carleton University, entitled "Making National Security Accountable: International Perspectives on Intelligence Review and Oversight". The symposium attracted over 200 registered delegates and featured a range of speakers from both Canada and abroad. Guest speakers included Federal Court Chief Justice Allan Lutfy and senior counsel Alan Borovoy of the Canadian Civil Liberties Association.

In April 2006 the Committee Chair addressed the Associates of the I.H. Asper School of Business at the University of Manitoba on the subject of national security and economic prosperity. The Executive Director and senior staff met with representatives of the United Kingdom Joint Parliamentary Committee on Human Rights. SIRC senior staff also met with Parliamentarians from the Permanent Commission for Oversight from the Czech Republic.

In addition, the Associate Executive Director and Senior Counsel addressed the Special House Committee reviewing the *Anti-Terrorism Act*. The Executive Director was a guest lecturer at a Canadian Centre of Intelligence and Security Studies graduate seminar on intelligence, statecraft and international affairs; a Carleton University political science course entitled "Oversight and Access"; and a Dalhousie University (Halifax) graduate seminar, entitled "Parliamentary Oversight of the Canadian Security Intelligence Service". The Associate Executive Director made a presentation to an international seminar in Brazil on intelligence and the democratic state.

Finally, SIRC hosted the second Review Agencies Forum, attended by representatives of the Office of the Commissioner of the Communications Security Establishment, the Inspector General of CSIS, and the Commission of Public Complaints Against the RCMP.

### **Proposed Committee of Parliamentarians**

SIRC identified the proposed statutory Committee of Parliamentarians as one of its priorities for 2005-2006. Anticipated expenditures for Committee travel and preparation of briefing notes and other material were not realized as the legislation to establish a National Security Committee of Parliamentarians, introduced in April 2005, died on the order paper in November 2005. The proposed Committee will continue to be a priority for SIRC in 2006-2007 as Prime Minister Harper's election platform, included a pledge to create a National Security Review Committee.

### **Modern Comptrollership**

SIRC identified a number of modern comptrollership initiatives for action in 2005-2006. SIRC contracted for an independent audit of its policy framework to establish that its policies and procedures were consistent with Treasury Board requirements. In addition to modernizing its policy framework, SIRC committed to undertaking an independent financial audit. The audit was started in 2005-2006 and will examine how the Committee used additional resources approved by Parliament in December 2004. Finally, SIRC developed competency profiles for all its staff and completed position descriptions for its researchers and counsel during the fiscal year.

### **Best Practices**

The fifth priority was to undertake consultations to identify and ultimately implement best practices to improve the efficiency of SIRC's quasi-judicial complaints program. SIRC undertook consultations with CSIS, the Department of Justice, the Federal Court of Canada and the Canadian Human Rights Commission on ways to improve its complaints program. During 2005-2006, SIRC successfully developed and implemented new processes regarding its investigation of complaints.

A pre-hearing conference has been introduced, to allow for early discussion of issues such as scope of the complaint, the number of witnesses, the schedule, the disclosure of documents and any other matters. Preliminary indications suggest that this will greatly improve the timeliness of investigations, since these pre-hearings can normally be conducted by telephone conferencing. SIRC and CSIS have also agreed to the principle of "continuous" disclosure throughout an investigation.

### **Highlights of Performance**

The Committee has one strategic outcome namely, to provide assurance to the Parliament of Canada and through it, to Canadians, that CSIS is complying with law, policy and Ministerial Direction in the performance of its duties and functions. This strategic outcome is achieved

through the performance of two program activities: reviews and complaints. These will be discussed in detail in *Section II - Analysis of Program Activities by Strategic Outcome*. A summary is provided below for your convenience.

## **Reviews**

The Committee undertook eight reviews, one of which was still being finalized at the end of the review period:

- Review of a counter-terrorism investigation
- CSIS liaison with foreign agencies: review of a security liaison post
- Review of the Integrated Threat Assessment Centre
- Review of a counter-intelligence investigation
- Review of foreign arrangements with countries suspected of human rights violations
- CSIS electronic-surveillance and information-gathering techniques
- Review of activities and investigations in a CSIS region
- In addition, SIRC reviewed 13 arrangements with foreign agencies, CSIS's procedures for domestic arrangements, the CSIS Director's annual report for 2004-2005 and the Inspector General's 2005 certificate.

## **Complaints**

- Dealt with 63 complaints, of which 18 were carried over and 45 were new. Thirty-nine were closed by fiscal year end, and 24 were carried forward
- Issued one s. 41 report, dealing with the actions of CSIS in relation to a former employee
- Issued two s. 42 reports dealing with denials of security clearances
- Issued a report on a complaint referred by the Canadian Human Rights Commission under s. 45 of the *Canadian Human Rights Act*
- Responded to 17 requests under the *Access to Information Act*
- Responded to 5 requests under the *Privacy Act*

## **Other Activities**

- Co-hosted an international symposium with the Canadian Centre of Intelligence and Security Studies of Carleton University entitled, “Making National Security Accountable: International Perspectives on Intelligence Review and Oversight”
- Completed an independent audit of SIRC’s policy framework, developed competency profiles for all staff, completed position descriptions for its researchers and counsel and contracted for an independent financial audit, as required under modern comptrollership (management practices)
- Addressed the Special Senate and House Committees reviewing the *Anti-Terrorism Act*
- Appeared at a public hearing of the O’Connor Commission, concerning its policy review (Part II)

## **Operating Environment and Context**

Several factors influenced SIRC’s performance during the year under review. While most were anticipated, some initiatives did not evolve as predicted, which had an impact on the attainment of some of SIRC’s program activities.

### **Proposed Committee of Parliamentarians on National Security**

In December 2003, then Prime Minister Paul Martin proposed the establishment of a Committee of Parliamentarians on National Security. He called for its members to be sworn in as Privy Councillors so that they could be briefed on national security issues. This was followed, in March 2004, by a Consultation Paper issued by the Deputy Prime Minister. This paper envisaged the creation of a mechanism through which Parliament could provide more active scrutiny of security and intelligence. On May 13, 2004, the Government House Leader announced the creation of an Interim Committee with representatives from both Houses of Parliament, tasked with making recommendations on the preferred model for a Committee of Parliamentarians on National Security.

In September 2004 SIRC appeared before the Interim Committee. This was a new priority identified in SIRC’s *Report on Plans and Priorities for 2004-2005*. The report and recommendations of the Interim Committee were released on October 4, 2004 and called for the creation of a Parliamentary Intelligence Committee in the form of a joint committee of Parliament. Existing independent of the Executive (Cabinet), this Committee was to provide scrutiny of all existing and future agencies, departments and review bodies in the intelligence community. The intention was to have these agencies, departments and review bodies report to Parliament through the proposed structure.

In April 2005 the Government announced its proposed model for the new Committee of Parliamentarians. However, legislation to establish a Committee, introduced in April 2005, died on the order paper in November 2005.

Prime Minister Harper's election platform, *Stand up for Security*, included a pledge to "Create a National Security Review Committee to ensure effective oversight and a greater degree of accountability and transparency regarding Canada's national security efforts." MPs and Senators serving on the Committee would be cleared to receive confidential briefings and to request information from Canada's security agencies. As of the writing of this report, the Committee has yet to be established.

Should the current Government choose to proceed with the creation of a Committee of Parliamentarians, SIRC looks forward to the establishment of a positive and constructive relationship with the new Committee. In light of the Conservative Government's election promise to establish a Committee, this item will continue to be a priority for SIRC in 2006-2007.

### **O'Connor Commission**

The work of the Commission of Inquiry into the Actions of Canadian Officials in Relation to Maher Arar (the O'Connor Commission) has been of much interest to SIRC. Under his policy review, Mr. Justice O'Connor has been directed to make recommendations on an independent, arm's length review mechanism for the activities of the RCMP with respect to national security. SIRC's Executive Director and senior staff met several times during the fiscal year with representatives of the O'Connor Commission concerning its policy review. In addition, on November 17, 2005 SIRC's Chair and Executive Director appeared at a public hearing of the O'Connor Commission, concerning its policy review.

Although the O'Connor Commission is not scheduled to release its recommendations until September 2006, the report is likely to stimulate public debate and focus attention on the adequacy of Canada's security intelligence review mechanisms.

### **Public Confidence**

The work of the O'Connor Commission has focussed considerable media and public attention on the actions of government agencies responsible for collecting and using security intelligence. This, in turn, has drawn attention to the public complaints and review bodies currently in existence. The Commission's examination of cooperation between domestic and foreign organizations has focussed attention on the delicate balance between protecting civil liberties and privacy versus intelligence gathering in the interests of national security.

While opinion research indicates low public awareness of review bodies, a significant percentage of Canadians believe it is very important that there be a review body to monitor the activities of CSIS. SIRC maintains a website that is continually updated with information relevant to the security and intelligence community. Since the website was first launched, traffic has increased significantly, with the number of "total successful requests" more than doubling, to 539,789 in April 2006, from 201,267 a year ago.

## **Resources**

In December, 2004 Parliament approved Supplementary Estimates which increased SIRC's budget by \$344,000 in 2004-2005 and future years. Most of the new funding has been used to hire more staff in SIRC's review program. During the fiscal year, three vacancies in the research unit were staffed - one at the PM-05 level and two at PM-04. Staffing at SIRC poses challenges as all staff must be security cleared to the Top Secret level. This can create a delay of several months from the time a vacancy first becomes available, to the actual starting date for a new employee. At year end, SIRC had one vacancy in the research unit.

## **Modern Comptrollership**

SIRC continues to make progress on its implementation of modern comptrollership following its development of a Management Action Plan, Risk Assessment, Audit Plan and performance indicators in 2004-2005. In 2005-2006, SIRC contracted for an independent audit of its policy framework to establish that its policies and procedures were consistent with Treasury Board requirements. It also aimed to identify gaps or omissions requiring attention. As a result of this audit, several new SIRC policies were introduced during the fiscal year.

Moreover, SIRC developed competency profiles for all its staff and completed generic position descriptions for its researchers and counsel. Also of note, SIRC has contracted for an independent financial audit, which will examine how the Committee has used additional resources that were approved by Parliament in December 2004.

Like other small agencies, SIRC continues to struggle with central agency reporting requirements, given its small staff complement. While SIRC continues to be fully supportive of modern comptrollership, it does not have the luxury of dedicated functional specialists available in larger departments. Consequently, SIRC must often rely on contracted resources to deliver the reports required by the central agencies.

## **Government of Canada Outcomes**

The whole of government framework used for whole of government reporting has identified 13 long-term benefits for Canadians referred to as "Government of Canada Outcomes". These outcomes are divided into three categories, namely economic, social and international. SIRC's strategic outcome and program activities are aligned with the whole of government outcome in support of a strong and mutually beneficial North American partnership.

CSIS's investigation of threats to the security of Canada and cooperation with foreign intelligence agencies contribute to both a strong and mutually beneficial North American partnership and the safety and security of citizens across the continent. With virtually unlimited access to CSIS documents and information, SIRC assures Parliament and Canadians that the Service is carrying out its duties and functions in compliance with law, policy and Ministerial Direction. SIRC ensures that CSIS's contribution to a strong and mutually beneficial North

American partnership respects Canadian law and policy.

## SECTION II - ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

SIRC has only one strategic outcome, described below. In realizing this outcome, the Committee seeks to ensure that at all times, CSIS acts within the law.

This outcome is important to Canadians because it helps to protect their fundamental rights and freedoms. In effect, SIRC is a cornerstone for ensuring the democratic accountability of one of the Government of Canada's most powerful organizations.

### Strategic Outcome

SIRC has one strategic outcome for both of its program activities namely, to provide assurance to the Parliament of Canada and through it, to Canadians, that CSIS is complying with law, policy and Ministerial Direction in the performance of its duties and functions.

### Program Activity #1: Reviews of CSIS Activities

#### Financial Resources

Planned Spending	Authorities	Actual Spending
\$1,887,000	\$1,887,000	\$1,700,000

#### Human Resources (FTEs)

Planned	Authorities	Actuals
15	15	14

The purpose of the Review Program is to conduct reviews of CSIS activities to ensure compliance with law, policy and Ministerial Direction. The expected result is improvements to CSIS operational policy and procedures, based on the findings and recommendations which SIRC makes in its reviews.

The *CSIS Act* grants SIRC virtually unlimited power to review CSIS's performance of its duties and functions. The only exception to this power is Cabinet confidences. SIRC has absolute authority to examine all information concerning CSIS's activities, no matter how highly classified that information may be.

The Committee examines CSIS's performance on a retrospective basis, that is to say, it examines the past activities of the Service. The Service continues at all times to be accountable for current

operations through the existing apparatus of government, specifically the Minister of Public Safety and Emergency Preparedness, the Inspector General of CSIS, central agencies, the Auditor General, Information Commissioner and Privacy Commissioner of Canada.

The review process begins with the Committee's approval of a research plan for the year. The subject matters outlined in the plan and the allocation of resources remain flexible so that the Committee can respond to unforeseen events. Once the plan is approved, resources are allocated for each review. A typical review involves hundreds of staff hours dedicated over several months. Staff review thousands of pages of hard copy and electronic documentation from CSIS. Briefings from and interviews with CSIS staff form part of the review, as do field visits whenever a review involves a CSIS regional office or SLO post abroad.

A report on the results of the review, always a classified document, is presented to the Committee at one of its monthly meetings. Follow-up work on the study may be undertaken in accordance with direction from the Committee. The reviews can include findings and recommendations. Copies of the finalized report are provided to the Director of CSIS. Finally, a summary with all classified material removed, is included in the Committee's annual report to Parliament.

SIRC's research program is designed to address a broad range of CSIS's duties and functions. This approach allows the Committee to manage the inherent risk of being able to review only a small percentage of CSIS activities in any single year. Over the course of several years, SIRC is then able to examine a significant number of CSIS's investigations and functions. The Committee must always be prepared to adjust the research program to address unforeseen events.

As a result of additional resources received through Supplementary Estimates in December 2004, SIRC was able to expand its research program. In selecting reviews for this fiscal year, SIRC took into consideration domestic and world events; issues, priorities and concerns identified by Canadians and Parliament; past reviews; issues identified by our Committee; matters of interest identified in complaints investigations; and existing and emerging CSIS activities.

SIRC's review of CSIS activities is an ongoing activity which includes salary costs and training for staff, the annual report to Parliament, monthly meetings attended by Committee Members, their travel expenses and per diems. It also includes ground transportation on a nearly daily basis between SIRC's offices in the Jackson Building and CSIS headquarters.

Several performance measurements have been developed to measure the effectiveness of this activity. One measure is whether the research plan approved by the Committee at the beginning of the fiscal year is completed in its entirety. In fiscal 2005-2006, SIRC completed seven studies in its research plan, with one still being finalized. Another measure is follow-up with CSIS to identify whether CSIS has acted on the recommendations contained in SIRC's reviews.

Other measures include the number and scope of reviews relative to resources; how frequently different aspects of CSIS operations are reviewed, given that SIRC cannot review each on an

annual basis; and feedback on the quality of reviews from those who receive them.

## **Program Activity #2 : Complaints**

### **Financial Resources**

<b>Planned Spending</b>	<b>Authorities</b>	<b>Actual Spending</b>
\$909,000	\$909,000	1,100,000

### **Human Resources (FTEs)**

<b>Planned</b>	<b>Authorities</b>	<b>Actuals</b>
6	6	6

The purpose of the Complaints Program is to investigate complaints and conduct 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
- Minister’s reports in respect of the *Citizenship Act*.

During the 2005-2006 fiscal year SIRC developed, in consultation with CSIS, new practices to streamline the complaints investigation process and ensure procedural fairness. Revisions were made to the way in which documents are disclosed to SIRC by the Service. This new approach is based on the principle of “continuing disclosure”, as described in subsection 226(1) of the *Federal Court Rules*, as well as on “ongoing disclosure and production” in subsection 6(5) of the *Canadian Human Rights Tribunal’s Rules*.

Another new practice introduced during this fiscal year was the implementation of a “pre-hearing conference” for complaints. Introduced in January 2006, this conference is conducted by a presiding Member of SIRC with all parties in attendance to resolve preliminary procedural matters. As of March 31, 2006, four pre-hearing conferences had been held by SIRC.

The Committee has no control over the number of complaints it receives in any given year. It also has a statutory responsibility to respond promptly to every complaint. The volume, complexity and sensitivity can have a significant impact on SIRC’s capacity to fulfill its mandate. Small changes in the number of complaints can significantly affect the Committee’s

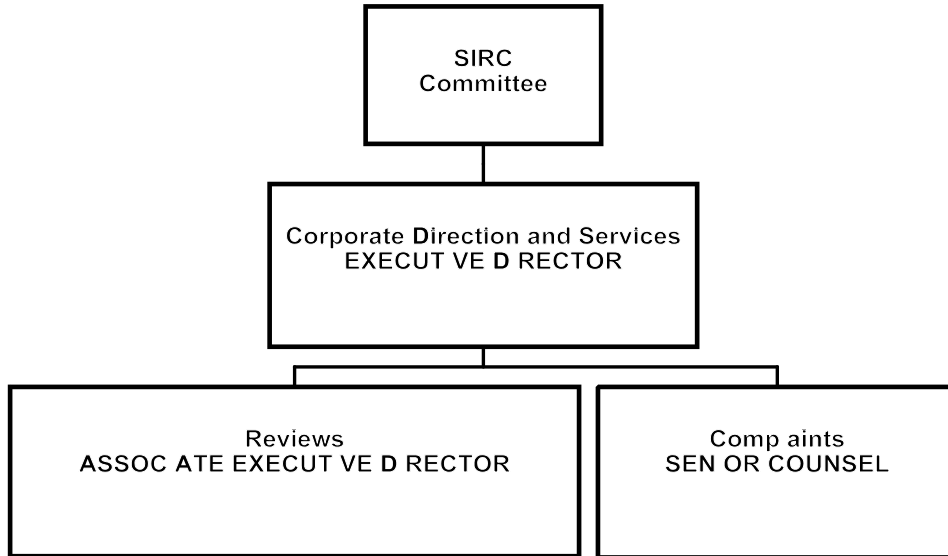
budget and operations. The number of complaints rose significantly in this fiscal year (45 new complaints in 2005-2006 versus 30 new complaints in 2004-2005). To meet the demands of this significant increase SIRC contracted with a number of private counsel. This accounted for the increased spending in this program activity.

The complaints program activity includes salary costs and training for staff, complaints hearings presided over by Members, their travel expenses and per diems, as well as costs for simultaneous translation, court reporters, plus funding to obtain outside legal advice.

One measure of its effectiveness is whether or not the Committee's investigation decisions are subsequently appealed to the Federal Court. No complaints decisions were appealed to the Federal Court in 2005-2006. SIRC has also adopted a standard that all written complaints are formally acknowledged within seven days of their receipt and that within 60 days, all formal complaints should either be resolved to the complainant's satisfaction, determined to be without foundation and closed, or elevated to the status of an in-depth Committee investigation.

# SECTION III - SUPPLEMENTARY INFORMATION

## Organizational Information



**Table 1: Comparison of Planned to Actual Spending (incl. FTE)**

(\$ millions)	2003-04 Actual	2004-05 Actual	2005-2006			Actual
			Main Estimates	Planned Spending	Total Authorities	
Reviews				1.9	1.9	1.7
Complaints				0.9	0.9	1.1
<b>Total</b>	<b>2.1</b>	<b>2.1</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>
Net cost of Department	2.1	2.1	2.8	2.8	2.8	2.8
Full Time Equivalents	14	14	21	21	21	20

**Table 2: Use of Resources by Business Lines (or Program Activities)**

<i>Business Lines – BL (or Program Activity –PA)</i>	2005-2006							Total
	Budgetary			Total: Gross Budgetary Expenditures	Less: Respendable Revenue	Total: Net Budgetary Expenditures	Plus: Non- Budgetary Loans, Investments and Advances	
	Operating	Capital	Grants and Contributions					
<b><u>SIRC</u></b>								
<b>Main Estimates</b>	<b>2.8</b>	<b>NIL</b>	<b>NIL</b>	<b>2.8</b>	<b>NIL</b>	<b>2.8</b>	<b>NIL</b>	<b>2.8</b>
<b>Planned Spending</b>	<b>2.8</b>	<b>NIL</b>	<b>NIL</b>	<b>2.8</b>	<b>NIL</b>	<b>2.8</b>	<b>NIL</b>	<b>2.8</b>
<b>Total Authorities</b>	<b>2.8</b>	<b>NIL</b>	<b>NIL</b>	<b>2.8</b>	<b>NIL</b>	<b>2.8</b>	<b>NIL</b>	<b>2.8</b>
<b><u>Reviews</u></b>								
<b>Planned Spending</b>	<b>1.9</b>	<b>NIL</b>	<b>NIL</b>	<b>1.9</b>	<b>NIL</b>	<b>1.9</b>	<b>NIL</b>	<b>1.9</b>
<b>Actual Spending</b>	<b>1.7</b>	<b>NIL</b>	<b>NIL</b>	<b>1.7</b>	<b>NIL</b>	<b>1.7</b>	<b>NIL</b>	<b>1.7</b>
<b><u>Complaints</u></b>								
<b>Planned Spending</b>	<b>0.9</b>	<b>NIL</b>	<b>NIL</b>	<b>0.9</b>	<b>NIL</b>	<b>0.9</b>	<b>NIL</b>	<b>0.9</b>
<b>Actual Spending</b>	<b>1.1</b>	<b>NIL</b>	<b>NIL</b>	<b>1.1</b>	<b>NIL</b>	<b>1.1</b>	<b>NIL</b>	<b>1.1</b>

**Table 3: Voted and Statutory Items**

Vote or Statutory Item	Truncated Vote or Statutory Wording	2005–2006			
		Main Estimates	Planned Spending	Total Authorities	Actual
30	Operating expenditures	2.5	2.5	2.5	2.5
(S)	Contributions to employee benefit plans	.3	.3	.3	.3
	<b>Total</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>

**Table 4: Net Cost of Department**

(\$ millions)	2005–2006
<b>Total Actual Spending</b>	<b>2.5</b>
Accommodation provided by Public Works and Government Services Canada (PWGSC)	.2
Contributions covering employers' share of employees' insurance premiums and expenditures paid by TBS (excluding revolving funds)	.3
<b>2005–2006 Net cost of Department</b>	<b>3.0</b>

**Table 22: Travel Policies****Comparison to the TBS Travel Directive, Rates and Allowances**

<p><b>Travel Policy for the Security Intelligence Review Committee:</b>  <b>The Security Intelligence Review Committee follows the TBS Travel Directive, Rates and Allowances.</b></p>
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## **SECTION IV - OTHER ITEMS OF INTEREST**

### **Contact Information**

Security Intelligence Review Committee  
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K1P 5W5

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### **Legislation Administered:**

*Canadian Security Intelligence Service Act*

# Statement of Management Responsibility

## SECURITY INTELLIGENCE REVIEW COMMITTEE

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2006 and all information contained in these statements rests with management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with 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 fulfil 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 to the Public Accounts of Canada and included in the Committee's Departmental Performance Report is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the Financial Administration Act, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the department.

The financial statements of the department have not been audited.



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**Gary Filmon**  
Chair



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**Susan Pollak**  
Executive Director, Senior Financial Officer

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Date

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Date

# Notes to the Financial Statements (Unaudited)

## SECURITY INTELLIGENCE REVIEW COMMITTEE

### 1. Authority and Purpose

The Security Intelligence Review Committee (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 Ministers related to security clearances and the national security of Canada.

The 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 the Governor General on November 30, 1984. The Committee is empowered to set its own Rules of Procedure, and to employ an executive director and adequate staff to support its activities. The *Act* requires the Committee to report annually to the Solicitor General of Canada 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. The 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 the Committee with a report of the review.

### 2. Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

**(a) Parliamentary appropriations**

The Committee is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the Committee do not parallel financial reporting according to generally accepted accounting principles since appropriations 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 appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

**(b) Net Cash Provided by Government**

The Committee operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the committee is deposited to the CRF and all cash disbursements made by the 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 federal government.

**(c) Change in net position in the Consolidated Revenue Fund**

The change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non spendable revenue recorded by the Committee. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

## 2. Significant Accounting Policies (continued)

### *(d) Expenses*

Expenses are recorded when the underlying transaction or expense occurred subject to the following:

- ✓ Vacation pay is expensed as the benefits accrue to employees under their respective terms of employment.
- ✓ 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.

### *(e) Employee future benefits*

- i **Pension benefits:** Eligible employees participate in the Public Service Pension Plan, a multiemployer administered by the Government of Canada. The Committee's contributions to the Plan are charged to expenses in the year incurred and represent the total obligation to the Plan by the Committee. Current legislation does not require the Committee to make contributions for any actuarial deficiencies of the Plan.
- ii **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.

### *(f) Tangible capital assets*

All tangible capital assets having an initial cost of \$3,000 or more are recorded at their acquisition cost. The Committee does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections.

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

<b>Asset class</b>	<b>Amortization period</b>
Informatics	3 years
Other equipment	3 years

### *(g) Measurement uncertainty*

The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector 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 and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

### 3. Parliamentary Appropriations

The Committee receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the 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 appropriations used:**

(in dollars)	2006	2005
Net cost of operations	3,072,248	3,131,833
<i>Adjustments for items affecting net cost of operations but not affecting appropriations:</i>		
Services received without charge from other government depa	(345,878)	(330,036)
Vacation pay	(22,531)	(92,599)
Amortization of tangible capital assets	(8,254)	(62,506)
Employee Severance Benefits	(34,760)	0
Adjustment to prior year PAYE's	76,174	0
Reversal of expenditures related to Justice Canada		(4,702)
Other	885	4,150
	<b>(334,364)</b>	<b>(485,693)</b>
<i>Adjustments for items not affecting net cost of operations but affecting appropriations:</i>		
Acquisitions of tangible capital assets	0	7,012
	<b>0</b>	<b>7,012</b>
Current year appropriations used	<b>2,737,884</b>	<b>2,653,152</b>

**(b) Appropriations provided and used**

(in dollars)	2006	2005
Operating expenditures - Vote 30	2,500,000	2,206,000
Supplementary Vote 30a	0	293,600
Transfer from TB - Vote 15	0	10,000
	<b>2,500,000</b>	<b>2,509,600</b>
Lapsed	29,514	111,145
	<b>2,470,486</b>	<b>2,398,455</b>
Contributions to employee benefits plan	267,398	254,697
Current year appropriations used	<b>2,737,884</b>	<b>2,653,152</b>

### 3. Parliamentary Appropriations (continued)

#### c) Reconciliation of net cash provided by Government to current year appropriations used

(in dollars)	2006	2005
Net cash provided by Government	2,922,799	2,566,997
Revenue not available for spending	20	40
Change in net position in the Consolidated Revenue Fund		
Adjustment to prior year PAYE's	76,172	0
Variation in accounts payables	(261,321)	158,999
Other	214	(72,884)
<b>Current year appropriations used</b>	<b>2,737,884</b>	<b>2,653,152</b>

### 4. Tangible Capital Assets

<b>Cost</b>	<b>Opening Balance</b>	<b>Acquisitions</b>	<b>Disposals and write-offs</b>	<b>Closing Balance</b>
(in dollars)				
Informatics	447,850	0	0	447,850
Other equipment	105,482	0	0	105,482
	553,332	0	0	553,332
<b>Accumulated amortization</b>	<b>Opening Balance</b>	<b>Amortization</b>	<b>Disposals and write-offs</b>	<b>Closing Balance</b>
(in dollars)				
Informatics	426,036	427	0	426,463
Other equipment	41,889	7,827	0	49,716
	467,925	8,254	0	476,179
<b>Net book value</b>	<b>85,407</b>			<b>77,153</b>

## 5. Employee Benefits

### *(a) Pension benefits*

The Committee's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Committee contribute to the cost of the Plan. The expense presented below represents approximately 2.6 times the contributions by employees.

(in dollars)	2006	2005
Pension expense	197,875	194,245

The 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 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 appropriations. Information about the severance benefits, measured as at March 31, is as follows:

(in dollars)	2006	2005
Accrued benefit obligation, beginning of year	272,296	213,228
Expense for the year	34,760	59,068
Accrued benefit obligation, end of year	307,056	272,296

## 6. Related Party Transactions

The Committee is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Committee enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the Committee received services which were obtained without charge from other Government departments as presented in part (a).

### *(a) Services received without charge from other government departments*

During the year the Committee received service without charge from other departments. These services have been recognized in the Committee's Statement of Operations as follows:

(in dollars)	2006	2005
Accommodation provided by PWGSC	221,780	138,734
Contributions covering employer's share of employee benefits provided by TB	124,098	191,302
	<b>345,878</b>	<b>330,036</b>

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada and audit services provided by the Office of the Auditor General, are not included as an expense in the Committee's Statement of Operations.

### *(b) Payables outstanding at year-end with related parties:*

(in dollars)	2006	2005
Accounts payable to other government departments and agencies	0	4,139

## 7. Comparative information

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