

# **Security Intelligence Review Committee**

## **Departmental Performance Report**

**For the  
Period ending  
March 31, 2007**

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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 2006-2007.

The past six years have witnessed fundamental changes across Canada's security and intelligence community. The attacks of 11 September 2001, the war in Afghanistan, along with other recent terrorist attacks worldwide, stand as stark reminders that terrorism has become a global problem, demanding global solutions. Most Western democratic governments, including Canada, have implemented, or are considering, fundamental legal, policy and program reforms in response to this complex and still-evolving threat environment.

As SIRC's Chair, I am proud of the Committee's commitment to keep abreast of, and adapt to, the changing security intelligence framework as we work to assure Parliament and through it, Canadians, that the Canadian Security Intelligence Service (CSIS) is complying with the law, policy and Ministerial direction in the performance of its duties and functions. As the work of CSIS has increased in volume and complexity, so too has SIRC's review function. In 2006-2007, SIRC undertook nine in-depth reviews, including a s.54 report for the Minister of Public Safety, and issued five complaints decisions. Through this work the Committee gained valuable insight into a broad range of CSIS operations and investigations.

The period under review was an important year for Canada's national security accountability regime. In December 2006, the O'Connor Commission released its policy report on a new review mechanism for the RCMP's national security activities. Several of Justice O'Connor's recommendations would, if implemented, significantly expand SIRC's review function. Although it is the Government's responsibility to respond to the O'Connor report, SIRC has stated previously that it is ready to assume an expanded role, subject to a full assessment of the mandate, workload and resource implications.

The past year also marked the 25<sup>th</sup> anniversary of the *Canadian Charter of Rights and Freedoms*. Whether investigating complaints or conducting reviews, SIRC relies on the *Charter* to ensure that CSIS acts in a fashion that respects the rights and freedoms of Canadians. In its February 2007 ruling that Canada's security certificate system was inconsistent with the *Charter*, the Supreme Court of Canada noted the merits of SIRC's procedure for having independent, security-cleared counsel represent the interests of complainants when they must be excluded from a hearing room for security reasons. In this respect, SIRC strives to ensure the kind of procedural fairness guaranteed under the *Charter*.

The Committee firmly believes that balancing the provision of public safety with fundamental rights and freedoms is a hallmark of Canada's democratic values and aspirations. It is a theme that I am confident will continue to guide SIRC's work as Canada strives to preserve our free and open society while defending itself against threats to its security. I hope that this Performance Report provides insight into SIRC's accomplishments and challenges in carrying out its program activities over the past year. SIRC is proud of its contribution to ensuring that Canada's security intelligence service is effective and accountable, and we look forward to continuing our service to the Canadian public with purpose and commitment.

A handwritten signature in cursive script, reading "Gary Filmon".


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

## Management Representation Statement

I submit for tabling in Parliament, the 2006-2007 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 2006-2007 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the department's approved Strategic Outcome and Program Activity Architecture that was approved by the Treasury Board;
- 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.



Susan Pollak  
Executive Director

## Summary Information

**Reason for Existence** - The Parliament of Canada and through it, Canadians, are assured that the Canadian Security Intelligence Services (CSIS) is complying with the 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>
\$2.9	\$2.9	\$2.6

### Total Human Resources (FTEs)

<b>Planned</b>	<b>Actual</b>	<b>Difference</b>
21	19	-2

## Summary of Performance in Relationship to Departmental Priorities

<b>Strategic Outcome:</b> The Parliament of Canada and through it, Canadians, are assured that the Canadian Security Intelligence Services (CSIS) is complying with the 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>2006-2007</b>	
<b>Status on Performance</b>			<b>Planned Spending</b>	<b>Actual Spending</b>
Annual Report	Complaints; Review - Annual report to Parliament no later than September 30.	successfully met	\$90,000	\$68,275
Outreach	Review - 1. Speaking engagements for SIRC's Chair and Executive Director. 2. Participation in various conferences and symposia.	successfully met	\$100,000	\$54,000
Liaison	Complaints; Review - 1. House Standing Committee on Public Safety and National Security. 2. Review Agencies Forum.	successfully met	\$20,000	\$1,000
Management Accountability	Complaints; Review - 1. Independent financial audit. 2. Human resource management tools.	successfully met	\$75,000	\$112,000
Quality Service	Complaints - Training and sharing of best practices.	ongoing	\$50,000	\$3,000

## **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 activities 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 that the Parliament of Canada and through it, Canadians, are assured that CSIS is complying with the law, 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 secretive organizations.

SIRC has two key program activities related to its strategic outcome. The first 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 *2006-2007 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 activities, such as speaking engagements for SIRC's Chair and participation in the International Intelligence Review Agencies Conference; 3) to pursue liaison opportunities to maintain productive working relationships with Parliamentarians, commissions of inquiry and other review agencies; 4) to undertake management accountability initiatives; and 5) to provide quality service to interested parties involved in the complaints process, through the provision of training and the sharing of best practices with Committee Members.

### **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 2005-2006 annual report was submitted to the Minister of Public Safety on September 30, 2006 and tabled in Parliament on October 26, 2006.

SIRC's website also constitutes an important element of its communications strategy. It is continually updated with information relevant to the security and intelligence community. All of SIRC's annual reports since its creation are available, plus copies of speeches, backgrounders and other publications, and descriptions of who we are and what we do.

## **Outreach**

The second priority was to participate in various outreach activities. In 2006-2007, the Committee's Chair participated in several speaking engagements. In April 2006 the Chair addressed the Associates of the I.H. Asper School of Business at the University of Manitoba. In September 2006 the Chair spoke about national security and economic prosperity at the Global Business Forum in Banff, Alberta. Finally, in October 2006, the Chair delivered a speech on "Country Experiences: Oversight Mechanisms, Challenges and Opportunities" at the International Review Agencies Conference in Cape Town, South Africa. The Executive Director and another Committee Member were also in attendance.

During the period under review, SIRC staff participated in various meetings and conferences and delivered presentations. The Executive Director and senior staff met with Sir Peter Gibson, UK Intelligence Services Commissioner, Parliamentarians from the Permanent Commission for Oversight from the Czech Republic and a delegation from a Norwegian Parliamentary Committee. In addition, the Executive Director and several staff attended the annual Canadian Association of Security and Intelligence Studies conference in Ottawa. The Executive Director was also a guest lecturer at a Canadian Centre of Intelligence and Security Studies graduate seminar on intelligence, statecraft and international affairs and a Carleton University course entitled, "National Security and Intelligence in the Modern State."

As part of its outreach activities, the Committee also maintains a modest communications program, involving media interviews such as Chair Gary Filmon's appearance on CTV's *Question Period* in December 2006, and the posting of speeches and other material on SIRC's website.

## **Liaison**

SIRC had multiple exchanges with Parliamentarians and other review bodies during the period under review. In November 2006, the Chair, several Committee Members, the Executive Director, the Associate Executive Director and the Senior Counsel appeared before the House of Commons Standing Committee on Public Safety and National Security.

In May 2006, the Chair and Executive Director spoke to Federal Court Judges regarding SIRC's role in reviewing CSIS warrants. In addition, SIRC continued its participation in the Review Agencies Forum, which brings together 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. The Forum met twice during the period under review.

### **Management Accountability**

SIRC responded to several reporting requests from central agencies, such as those associated with expenditure management reforms and the *Federal Accountability Act*. In addition, it developed a financial management framework to improve further the allocation and monitoring of expenditures. The latter initiative has been delayed, however, by technical problems related to software transition, preventing SIRC from realizing the full benefits of a modernized and automated monitoring of its expenditures.

In June 2006, SIRC received the results of an independent financial audit that examined how additional resources approved by Parliament were used by the Committee. The audit determined that "SIRC's internal processes are reasonably well-controlled, thus enabling SIRC to properly manage the expenditure of public funds with prudence and probity." SIRC also completed a threat and risk assessment by an accredited security officer from the Privy Council Office, to ensure compliance with the Management of Information Technology Security. Finally, SIRC enhanced physical security by upgrading its alarm system and further shielding its hearing room.

### **Quality Service**

The fifth priority was to provide quality service to interested parties involved in the complaints process. As a quasi-judicial administrative tribunal, the Committee seeks to serve all interested parties, that is, complainants, the respondent, the Canadian Human Rights Commission and other federal departments, in a timely and fair manner and in accordance with the rules of natural justice. The Committee pursues this objective by studying and receiving information on the best practices of other tribunals and adopting measures to improve the timely and efficient completion of SIRC's investigations.

In January 2007, SIRC's Senior Counsel received training on how administrative tribunals should conduct a fair hearing, and on rules of evidence before an administrative tribunal. Subsequently, Senior Counsel provided Committee Members with a legal awareness session concerning these issues. In addition, Committee Members recently participated in a legal awareness session on security intelligence issues and the *Canadian Charter of Rights and Freedoms*. In September 2007, Committee Members will receive further training in administrative law and evidence and opportunities to learn new techniques for conducting a fair hearing.

## **Highlights of Performance**

The Committee has one strategic outcome namely, the Parliament of Canada and through it, Canadians, are assured that the Canadian Security Intelligence Services (CSIS) is complying with the 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 nine reviews, two of which were still being finalized at the end of the review period:

- Review of a security liaison post
- Review of activities and investigations in a CSIS regional office
- Review of a counter terrorism investigation
- Review of a Section 16 activity
- Review of a counter terrorism investigation
- Review of CSIS's collaboration and exchanges of intelligence post 9/11
- Review of security screening outside of the federal government
- Review of the CSIS counter espionage investigations desk
- Review of the case of Mohammed Mansour Jabarah, a s.54 Report for the Minister of Public Safety
- In addition, SIRC reviewed 19 arrangements with foreign agencies, CSIS's domestic arrangements, the CSIS Director's annual report for 2006-2007 and the Inspector General's 2006 certificate.

### **Complaints**

- SIRC dealt with 61 complaints, of which 24 were carried over and 37 were new. Forty-one were closed by fiscal year end, and 20 were carried forward

- SIRC issued three s. 41 reports, dealing with: alleged actions by CSIS during a citizenship interview; alleged false statements by CSIS and; alleged delay caused by CSIS in processing a citizenship application.
- SIRC issued one s. 42 report concerning the revocation of a security clearance of a CSIS employee.
- SIRC issued one report on a complaint referred by the Canadian Human Rights Commission under s. 45 of the *Canadian Human Rights Act*
- SIRC responded to 12 requests under the *Access to Information Act*
- SIRC responded to two requests under the *Privacy Act*

## **Operating Environment and Context**

Several factors influenced SIRC's performance during the year under review. While most were anticipated, some issues and initiatives did not evolve as predicted, providing challenges for SIRC in realizing some of its program objectives.

### **Changes to the Security Intelligence Environment**

In recent years, the security intelligence community has undergone several legal, policy and program reforms in response to the evolving threat environment. In various ways these changes have influenced the nature and scope of SIRC's reviews and complaints investigations. Two examples are instructive in this regard. First, following the terrorist attacks of 9/11, most western democratic governments sought greater integration and cooperation amongst the various agencies and departments responsible for ensuring public safety and security. In response, the Canadian Government introduced several initiatives that draw together different sources of intelligence information, including, for example, the Integrated Threat Assessment Centre, Terrorist Entity Listing and Passenger Protect (the so-called "no-fly" list).

Second, to streamline its operations and respond better to the contemporary intelligence context, CSIS recently underwent a significant organizational realignment. During the period under review, SIRC received a formal briefing from CSIS about the reorganization and followed up with a series of questions to further understand the changes and their implications for the Service's investigations.

In both instances SIRC has adjusted, and will continue to adjust, its focus to account for CSIS's involvement in this new operating environment.

### **Government Initiatives**

SIRC also continued to monitor discussion and debate about potential and ongoing Government initiatives. For example, the Government continues to examine the merits of creating a Committee of Parliamentarians to oversee Canada's national security efforts. This has been a priority for SIRC since its *Report on Plans and Priorities for 2004-2005*, following SIRC's appearance before an Interim Committee with representatives from both Houses of Parliament, tasked with recommending the preferred model for a Committee of Parliamentarians on National Security. As of the writing of this report, the Committee has yet to be established. As a result, the Committee's mandate and powers, as well as its possible relationship with SIRC, remain unclear.

SIRC has also followed the ongoing debate as to whether CSIS's mandate should be expanded to include foreign intelligence gathering abroad. Such an expansion of CSIS's role would have major implications for SIRC, as it would introduce an entirely new type of activity for the Committee to monitor. In addition, SIRC has followed the continuing discussion concerning

new legislation to modernize the way in which law enforcement and security agencies intercept communications.

Examining these and other issues is an ongoing activity. In addition to liaising with other review agencies, both domestically and internationally, SIRC continues to examine academic materials, Parliamentary debates, committee hearings, media reports, and government and non-government documents to gather a range of perspectives into these still-evolving initiatives.

### **Commissions of Inquiries**

Commissions of inquiry constitute an important development for Canada's national security accountability regime. Chief amongst these, during this performance cycle, was the work of the Commission of Inquiry into the Actions of Canadian Officials in Relation to Maher Arar (the O'Connor Commission). Mr. Justice O'Connor, under his policy review, was directed to make recommendations regarding an independent, arm's-length review mechanism for the activities of the RCMP with respect to national security. SIRC's Committee Members met with Justice O'Connor and his staff, and on several occasions the Executive Director and senior staff attended meetings with representatives of the O'Connor Commission. In addition, SIRC made a submission to, and the Chair and Executive Director appeared at a public hearing of, the O'Connor Commission's policy review.

Published in December 2006, Mr. Justice O'Connor's policy report offered a series of recommendations that could dramatically alter Canada's review function. Of particular importance for SIRC, Justice O'Connor recommended that the Committee assume an expanded role by reviewing the national security activities of Citizenship and Immigration Canada, Transport Canada, the Financial Transactions and Reports Analysis Centre of Canada and Foreign Affairs and International Trade Canada. It is now up to the Government to respond to Mr. Justice O'Connor's recommendations. SIRC has stated previously that it would be ready to assume an expanded role, subject to a full assessment of the mandate, workload and resource implications.

In addition to the O'Connor Commission, in May 2006 the Government appointed Mr. Justice John Major to lead an independent judicial inquiry into certain aspects of the 1985 Air India bombing. Seven months later, in response to the findings of the O'Connor Commission, the Government announced a second, internal inquiry under the guidance of Mr. Justice Frank Iacobucci to examine allegations by three Canadian citizens that information provided by Canadian officials resulted in their detention and torture abroad. Recently, SIRC responded to a request for information from the Iacobucci inquiry in relation to a previous SIRC study.

Both of these inquiries have the potential to affect SIRC's work in two distinct ways. First, the internal resources of CSIS to respond to these inquiries are the same resources used by SIRC, which could have an adverse effect on the Service's capacity to respond in a timely fashion to SIRC's requirements for information. Second, although SIRC has not officially participated in

either inquiry (unlike the O'Connor Commission), we would be pleased to offer our full cooperation. That said, depending on workload considerations and owing to SIRC's small size, this could have an impact on our capacity to deliver our own program activities.

## **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 was used to hire more staff in SIRC's review program. During the past fiscal year, SIRC staffed an indeterminate PM-06 position in the research unit and hired new counsel for the complaints unit. 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.

## **Management Accountability**

SIRC continues to make progress regarding its implementation of a modern management accountability action plan. 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, which, during the past year, included completion of a financial management policy and development of a new security policy.

In June 2006, SIRC received the results of an independent, external audit, which was a condition of receiving the additional funding approved by Parliament in 2004. In addition, SIRC completed a threat and risk assessment as part of the Management of Information Technology Security plan. The Treasury Board Secretariat also initiated an audit of hospitality and travel expenses of small federal agencies, which included SIRC.

Like other small agencies, SIRC struggles with central agency reporting requirements, given its small staff complement. While SIRC continues to be fully supportive of modern management accountability, due to the lack of dedicated functional specialists, SIRC must often rely on a combination of internal staff and contracted resources to deliver the required reports.

## **Links to Government of Canada Outcomes**

The whole of government framework used for government reporting has identified 13 long-term benefits for Canadians referred to as "Government of Canada Outcomes." These outcomes are divided into four broad categories, namely economic, social, international and government affairs. 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 a strong and mutually beneficial North American partnership. 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 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 secretive organizations.

### Strategic Outcome

SIRC has one strategic outcome for both of its program activities, namely that the Parliament of Canada and through it, Canadians, are assured that the Canadian Security Intelligence Services (CSIS) is complying with the 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
\$1.9	\$1.9	\$1.8

#### Human Resources (FTEs)

Planned	Authorities	Actuals
14	14	13

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 and to the Inspector General of CSIS, who works inside the Minister of Public Safety's department, Public Safety Canada. Finally, a summary with all classified information 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. Thus, over the course of several years, SIRC is 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.

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 previously by the 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 for reviews. 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 2006-2007, SIRC undertook nine reviews, two of which were being finalized at year's end, including a s.54 report to the Minister of Public Safety of Public Safety.

In addition, 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 and to better understand the priorities and challenges of regional offices. Committee Members met with senior CSIS staff, received briefings on regional issues and communicated the Committee’s focus and concerns. The Committee also reviewed one Security Liaison Officer (SLO) post abroad. 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.

Other performance measures include follow-up with CSIS to identify whether they have acted on the recommendations contained in SIRC’s reviews; 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>
\$1.0	\$1.0	\$0.8

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

<b>Planned</b>	<b>Authorities</b>	<b>Actuals</b>
7	7	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 of Public Safety’s reports in respect of the *Citizenship Act*.

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

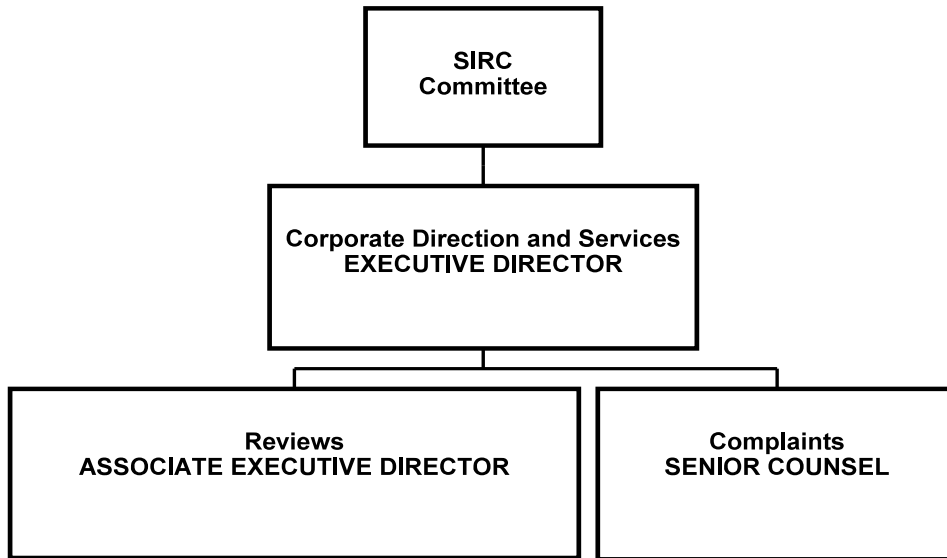
operations. In 2006-2007, there were 37 new complaints, compared to 45 in 2005-2006.

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 the program's effectiveness is whether or not the Committee's decisions are subsequently appealed to the Federal Court. No decisions were appealed to the Federal Court in 2006-2007. 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)	2004-05 Actual	2005-06 Actual	2006-2007			Actual
			Main Estimates	Planned Spending	Total Authorities	
Reviews			1.9	1.9	1.9	1.8
Complaints			1.0	1.0	1.0	0.8
<b>Total</b>	<b>2.1</b>	<b>2.1</b>	<b>2.9</b>	<b>2.9</b>	<b>2.9</b>	<b>2.6</b>
Cost of services without charge					0.5	0.5
Net cost of Department	2.1	2.1	2.9	2.9	3.4	3.1
Full Time Equivalents	14	21	21	21	21	19

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

<i>Business Lines – BL(or Program Activity –PA)</i>	2006-2007							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>2.9</b>	<b>NIL</b>	<b>NIL</b>	<b>2.9</b>	<b>NIL</b>	<b>2.9</b>	<b>NIL</b>	<b>2.9</b>
<b>Planned Spending</b>	<b>2.9</b>	<b>NIL</b>	<b>NIL</b>	<b>2.9</b>	<b>NIL</b>	<b>2.9</b>	<b>NIL</b>	<b>2.9</b>
<b>Total Authorities</b>	<b>2.9</b>	<b>NIL</b>	<b>NIL</b>	<b>2.9</b>	<b>NIL</b>	<b>2.9</b>	<b>NIL</b>	<b>2.9</b>
<b>Actuals</b>	<b>2.6</b>	<b>NIL</b>	<b>NIL</b>	<b>2.6</b>	<b>NIL</b>	<b>2.6</b>	<b>NIL</b>	<b>2.6</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>1.9</b>	<b>NIL</b>	<b>NIL</b>	<b>1.9</b>	<b>NIL</b>	<b>1.9</b>	<b>NIL</b>	<b>1.8</b>
<b><u>Complaints</u></b>								
<b>Planned Spending</b>	<b>1.0</b>	<b>NIL</b>	<b>NIL</b>	<b>1.0</b>	<b>NIL</b>	<b>1.0</b>	<b>NIL</b>	<b>1.0</b>
<b>Actual Spending</b>	<b>0.8</b>	<b>NIL</b>	<b>NIL</b>	<b>0.8</b>	<b>NIL</b>	<b>0.8</b>	<b>NIL</b>	<b>0.8</b>

**Table 3: Voted and Statutory Items**

Vote or Statutory Item	Truncated Vote or Statutory Wording	2006–2007			
		Main Estimates	Planned Spending	Total Authorities	Actual
30	Operating expenditures	2.6	2.6	2.6	2.3
(S)	Contributions to employee benefit plans	0.3	0.3	0.3	0.3
	<b>Total</b>	<b>2.9</b>	<b>2.9</b>	<b>2.9</b>	<b>2.6</b>

**Table 4: Net Cost of Department**

(\$ millions)	2006–2007
<b>Total Actual Spending</b>	<b>2.6</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>2006–2007 Net cost of Department</b>	<b>3.1</b>

**Table 22: Travel Policies**

Comparison to the TBS Travel Directive, Rates and Allowances

Travel Policy for the Security Intelligence Review Committee:  
The Security Intelligence Review Committee follows the TBS Travel Directive, Rates and Allowances.

## **SECTION IV - OTHER ITEMS OF INTEREST**

### **Contact Information**

Security Intelligence Review Committee  
P.O. Box 2430 Station "D"  
Ottawa, Ontario  
K1P 5W5

Telephone: (613) 990-8441  
Facsimile: (613) 990-5230  
Internet: [www.sirc-csars.gc.ca](http://www.sirc-csars.gc.ca)  
E-Mail: [ellardm@sirc-csars.gc.ca](mailto:ellardm@sirc-csars.gc.ca)

### **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, 2007 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 Committee.

The financial statements of the Committee 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

# Statement of Operations (Unaudited)

## SECURITY INTELLIGENCE REVIEW COMMITTEE

for the year ended March 31

2007

2006

(in dollars)

### Expenses

Salaries and employee benefits	1,958,053	1,955,036
Professional and special services	389,487	365,263
Accommodation	220,000	221,780
Travel and relocation	191,615	204,529
Equipment	65,026	54,512
Information	64,355	127,753
Communication	47,950	55,835
Utilities, material and supplies	15,900	27,490
Equipment rentals	14,766	14,981
Repairs	10,983	14,243
Amortization of capital assets	7,730	8,254
Miscellaneous	2,507	61
Allowance for vacation pay	(37,576)	22,531
<b>Total Operating Expenses</b>	<b>2,950,796</b>	<b>3,072,268</b>

### Revenues

Miscellaneous revenues	5	20
<b>Total Revenues</b>	<b>5</b>	<b>20</b>

<b>Net Cost of Operations</b>	<b>2,950,791</b>	<b>3,072,248</b>
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The accompanying notes are an integral part of these financial statements

# Statement of Financial Position (Unaudited)

## SECURITY INTELLIGENCE REVIEW COMMITTEE

as at March 31  
(in dollars)

2007

2006

## Assets

<i>Financial assets</i>		
Advances	700	700
Accounts receivable	88,040	0
<b>Total financial assets</b>	<b>88,740</b>	<b>700</b>
<i>Non-financial assets</i>		
Prepaid expenses	0	75,398
Tangible capital assets (Note 4)	69,423	77,153
<b>Total non-financial assets</b>	<b>69,423</b>	<b>152,551</b>
<b>Total assets</b>	<b>158,163</b>	<b>153,251</b>

## Liabilities and equity of Canada

<i>Liabilities</i>		
Accounts payable and accrued liabilities	239,779	78,684
Vacation pay	80,845	118,422
Employee severance benefits (Note 5)	321,042	307,056
<b>Total liabilities</b>	<b>641,666</b>	<b>504,162</b>
<i>Equity of Canada</i>	<b>(483,503)</b>	<b>(350,911)</b>
<b>Total liabilities and equity of Canada</b>	<b>158,163</b>	<b>153,251</b>

The accompanying notes are an integral part of these financial statements

# Statement of Equity of Canada (Unaudited)

## SECURITY INTELLIGENCE REVIEW COMMITTEE

as at March 31 (in dollars)	2007	2006
<b>Equity of Canada, beginning of year</b>	<b>(350,911)</b>	(547,340)
Net cost of operations	<b>(2,950,791)</b>	(3,072,248)
Current year appropriations used (Note 3)	<b>2,626,834</b>	2,737,884
Revenue not available for spending	<b>(5)</b>	(20)
Change in net position in the Consolidated Revenue Fund (Note 3)	<b>(150,711)</b>	184,935
Services received without charge from other government departments (Note 6)	<b>342,081</b>	345,878
<b>Equity of Canada, end of year</b>	<b>(483,503)</b>	(350,911)

The accompanying notes are an integral part of these financial statements

# Statement of Cash Flow (Unaudited)

## SECURITY INTELLIGENCE REVIEW COMMITTEE

for the year ended March 31

2007

2006

(in dollars)

### Operating activities

Net cost of operations	2,950,791	3,072,248
<i>Non cash items:</i>		
Amortization of tangible capital assets	(7,730)	(8,254)
Services received without charge from other government departments	(342,081)	(345,878)
<i>Variations in Statement of Financial Position:</i>		
Increase (decrease) in advances	0	300
Increase in accounts receivable	88,040	0
Increase (decrease) in prepaid expenses	(75,398)	75,398
Decrease (increase) in liabilities	(137,504)	128,985
<b>Cash used by operating activities</b>	<b>2,476,118</b>	<b>2,922,799</b>

### Financing activities

Net cash provided by Government of Canada	(2,476,118)	(2,922,799)
	<b>(2,476,118)</b>	<b>(2,922,799)</b>

The accompanying notes are an integral part of these financial statements

# 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 His Excellency 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)	2007	2006
Net cost of operations	2,950,791	3,072,248
<i>Adjustments for items affecting net cost of operations but not affecting appropriations:</i>		
Services received without charge from other government departments	(342,081)	(345,878)
Vacation pay	37,576	(22,531)
Amortization of tangible capital assets	(7,730)	(8,254)
Employee severance benefits	(13,986)	(34,760)
Adjustment to prior year PAYE's	2,228	76,172
Other	36	887
	<b>(323,957)</b>	<b>(334,364)</b>
Current year appropriations used	<b>2,626,834</b>	<b>2,737,884</b>

**(b) Appropriations provided and used**

(in dollars)	2007	2006
Operating expenditures - Vote 30	2,600,000	2,500,000
Supplementary Vote 30a	0	0
Transfer from TB - Vote 15	15,000	0
	<b>2,615,000</b>	<b>2,500,000</b>
Lapsed	246,560	29,514
	<b>2,368,440</b>	<b>2,470,486</b>
Contributions to employee benefits plan	258,394	267,398
Current year appropriations used	<b>2,626,834</b>	<b>2,737,884</b>



### 3. Parliamentary Appropriations (continued)

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

(in dollars)	2007	2006
Net cash provided by Government	2,476,118	2,922,799
Revenue not available for spending	5	20
Change in net position in the Consolidated Revenue Fund		
Adjustment to prior year PAYE's	2,228	76,172
Variation in accounts receivable	(88,040)	0
Variation in accounts payable	236,141	(261,321)
Other	382	214
	150,711	(184,935)
Current year appropriations used	2,626,834	2,737,884

### 4. Tangible Capital Assets

Cost	Opening Balance	Acquisitions	Disposals and write-offs	Closing Balance
(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	426,463	3,082	0	429,545
Other equipment	49,716	4,648	0	54,364
	476,179	7,730	0	483,909
<b>Net book value</b>	<b>77,153</b>			<b>69,423</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 2006-07 expense amounts to \$190,436 (\$197,875 in 2005-06), which represents approximately 2.2 times (2.6 times in 2005-06) the contribution by

<small>(in dollars)</small>	2007	2006
Pension expense	190,436	197,875

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:

<small>(in dollars)</small>	2007	2006
Accrued benefit obligation, beginning of year	307,056	272,296
Expense for the year	13,986	34,760
Accrued benefit obligation, end of year	321,042	307,056

## 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)	2007	2006
Accommodation provided by PWGSC	220,000	221,780
Contributions covering employer's share of employee benefits provided by TB	122,081	124,098
	<b>342,081</b>	<b>345,878</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)	2007	2006
Accounts payable to other government departments and agencies	13,550	0

## 7. Comparative information

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