

Annex to the Statement of Management Responsibility Including Internal Control Over Financial Reporting of the NATIONAL FILM BOARD for Fiscal Year 2012-2013 (unaudited)

1. Introduction

In support of an effective system of internal control, the National Film Board (the "Board") annually assesses the performance of its financial controls to ensure:

- financial arrangements or contracts are entered into only when sufficient funding is available;
- payments for goods and services are made only when the goods or services are received or the conditions of contracts or other arrangements have been satisfied; and
- payments have been properly authorized.

Below is a summary of the results of the assessment conducted during fiscal year 2012-2013.

2. Assessment results during fiscal year 2012-2013

For the most part, controls related to payment for goods and services and payment authority were functioning well and form an adequate basis for the Board's system of internal control. The following adjustments were identified and implemented during the current fiscal year:

- Changes were made to financial system accesses in order to reinforce segregation of duties.
- A monthly control was implemented to validate changes made to the delegation of financial signing authorities.
- A new form for supplier creation and modification requests was implemented. This form must be approved by a person with delegation of financial signing authority under section 32 or 34 of the *Financial Administration Act*.
- A report which allows the validation of new suppliers created was implemented. This report is reviewed daily by an employee that does not have access to the creation of suppliers and invoices.
- The report for invoices without purchase orders is now reviewed daily by an employee that does not have access to the creation of suppliers and invoices.
- A report which allows the validation of manually released invoices was implemented. This report is reviewed daily by an employee that does not have access to the creation of suppliers and invoices.

3. Assessment Plan

The Board will continue to monitor the performance of its system of internal control with a focus on the core controls related to financial transactions.

The Board will leverage the results of the periodic Core Control Audit which will be performed by the Office of the Controller General.