

# **Human Resources and Skills Development Canada**

## **Consolidated Statement of Administrative Costs Charged to the Canada Pension Plan Account by Human Resources and Skills Development Canada**

**March 31, 2013**  
**(in thousands of dollars)**

# **Human Resources and Skills Development Canada**

Consolidated Statement of Administrative Costs

Charged to the Canada Pension Plan Account by Human Resources and Skills  
Development Canada

**For the year ended March 31, 2013**

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<b>Index</b>	<b>Page</b>
<b>Auditor's Report</b>	<b>1</b>
<b>Consolidated Statement of Administrative Costs Charged to the Canada Pension Plan Account by Human Resources and Skills Development Canada</b>	<b>3</b>
Schedule 1      Notes to the Consolidated Statement of Administrative Costs Charged to the Canada Pension Plan Account	4
Schedule 2      Administrative Costs Charged to the Canada Pension Plan Account by Income Security and Social Development Branch	5
Schedule 3      Administrative Costs Charged to the Canada Pension Plan Account by Pension Appeals Board and Office of the Commissioner of Review Tribunals	5
Schedule 4      Administrative Costs Charged to the Canada Pension Plan Account by Corporate Secretariat	5
Schedule 5      Administrative Costs Charged to the Canada Pension Plan Account by Public Affairs and Stakeholder Relations Branch	6
Schedule 6      Administrative Costs Charged to the Canada Pension Plan Account by Human Resources Services Branch	6
Schedule 7      Administrative Costs Charged to the Canada Pension Plan Account by HRSDC Legal Services Branch	6
Schedule 8      Administrative Costs Charged to the Canada Pension Plan Account by Internal Audit Services Branch	7
Schedule 9      Administrative Costs Charged to the Canada Pension Plan Account by Strategic Policy and Research Branch	7
Schedule 10     Administrative Costs Charged to the Canada Pension Plan Account by Processing and Payment Services Branch	7
Schedule 11     Administrative Costs Charged to the Canada Pension Plan Account by Citizen Service Branch	8
Schedule 12     Administrative Costs Charged to the Canada Pension Plan Account by Integrity Services Branch	8
Schedule 13     Administrative Costs Charged to the Canada Pension Plan Account by Social Insurance Registry	9
Schedule 14     Administrative Costs Charged to the Canada Pension Plan Account by Innovation, Information and Technology Branch	9

## **Human Resources and Skills Development Canada**

Consolidated Statement of Administrative Costs

Charged to the Canada Pension Plan Account by Human Resources and Skills  
Development Canada

**For the year ended March 31, 2013**

---

Schedule 15	Administrative Costs Charged to the Canada Pension Plan Account by Chief Financial Officer Branch	10
Schedule 16	Administrative Costs Charged to the Canada Pension Plan Account by Service Canada Services Management Branch	10
Schedule 17	Administrative Costs Charged to the Canada Pension Plan Account by Strategic Services	11
Schedule 18	Administrative Costs Charged to the Canada Pension Plan Account by Enabling Services Renewal Program	11



July 31, 2013

## **Independent Auditor's Report**

### **To the Internal Audit Services Branch of Human Resources and Skills Development Canada**

We have audited the accompanying Consolidated Statement of Administrative Costs Charged to the Canada Pension Plan (CPP) Account by Human Resources and Skills Development Canada (HRSDC) for the year ended March 31, 2013 and the related schedules (together, "the financial information"). The financial information has been prepared by management of HRSDC based on the financial reporting provisions established in the 2010-2014 Memorandum of Understanding between the CPP and HRSDC dated June 21, 2010 and its amendments dated March 29, 2011, March 30, 2012 and March 11, 2013 respectively (collectively, "the MoU").

#### **Management's responsibility for the financial information**

Management of HRSDC is responsible for the preparation of the financial information in accordance with the financial reporting provisions of the MoU, and for such internal controls as management of HRSDC determines are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial information based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to HRSDC's preparation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HRSDC's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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*PricewaterhouseCoopers LLP*  
99 Bank Street, Suite 800, Ottawa, Ontario, Canada K1P 1E4  
T: +1 613 237 3702, F: +1 613 237 3963

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

**Opinion**

In our opinion, the financial information for the year ended March 31, 2013 is prepared, in all material respects, in accordance with the financial reporting provisions of the MoU.

**Basis of accounting and restriction on distribution and use**

Without modifying our opinion, we draw attention to the fact that the financial information has been prepared in accordance with the financial reporting provisions of the above-noted MoU. The financial information has been prepared to assist HRSDC to meet the requirements of Part A of the MoU. As a result, the financial information may not be suitable for another purpose. Our report is intended solely for HRSDC and the CPP and should not be distributed to or used by parties other than HRSDC and the CPP.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants, Licensed Public Accountants**

**Human Resources and Skills Development Canada**  
Consolidated Statement of Administrative Costs  
Charged to the Canada Pension Plan Account by Human Resources and Skills  
Development Canada  
**For the year ended March 31, 2013**

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(in thousands of dollars)

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Income Security and Social Development Branch (Schedule 2)	20,709	21,001
Pension Appeals Board and Office of the Commissioner of Review Tribunals (Schedule 3)	18,163	22,131
Corporate Secretariat (Schedule 4)	1,842	2,268
Public Affairs and Stakeholder Relations Branch (Schedule 5)	4,602	3,743
Human Resources Services Branch (Schedule 6)	11,061	13,895
HRSDC Legal Services Branch (Schedule 7)	4,815	4,874
Internal Audit Services Branch (Schedule 8)	27	26
Strategic Policy and Research Branch (Schedule 9)	149	120
Processing and Payment Services Branch (Schedule 10)	323,218	187,972
Citizen Service Branch (Schedule 11)	15,291	18,475
Integrity Services Branch (Schedule 12)	3,144	3,861
Social Insurance Registry (Schedule 13)	4,594	5,236
Innovation, Information and Technology Branch (Schedule 14)	75,406	61,478
Chief Financial Officer Branch (Schedule 15)	43,715	39,638
Service Canada Services Management Branch (Schedule 16)	8,596	9,044
Strategic Services (Schedule 17)	2,184	2,248
Enabling Services Renewal Program (Schedule 18)	3,512	2,953
<b>Total Administrative Costs</b>	<b>541,028</b>	<b>398,963</b>

# **Human Resources and Skills Development Canada**

## **Consolidated Statement of Administrative Costs**

Charged to the Canada Pension Plan Account by Human Resources and Skills  
Development Canada

**For the year ended March 31, 2013**

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### **Schedule 1 - Notes to Consolidated Statement of Administrative Costs Charged to the Canada Pension Plan Account**

#### **1 Introduction**

Under the *Canada Pension Plan (CPP)* Legislation, the Minister of Human Resources and Skills Development Canada (HRSDC) has the responsibility for the administration of Parts II and III (except for some sections of Part III), which concern the general administration of the CPP. The CPP is administered by HRSDC, with support from the Income Security and Social Development Branch (ISSDB), the Department of Finance, the Canada Revenue Agency, Public Works and Government Services Canada, the Office of the Superintendent of Financial Institutions, the Royal Canadian Mounted Police and the CPP Investment Board.

The 2010-2014 Memorandum of Understanding (MOU) is comprised of two parts: the first part (Part A) sets out the framework and basic principles regarding the services to be provided by HRSDC to the CPP. The second part (Part B) specifies the cost allocation methodologies used by HRSDC to calculate the charges for its services to the CPP, in accordance with the costing principles approved by Treasury Board in January 1988.

The Consolidated Statement of Administrative Costs Charged to the CPP focuses on authority for payments in a fiscal year and is prepared on a near-cash basis.

#### **2 Legal settlement**

Total consolidated administrative costs of \$541.0 million for the fiscal year ended March 31, 2013 includes \$151.6 million related to a settlement of human rights complaints from medical adjudicators reached in July 2012. Additional payments estimated at \$47.7 million regarding this settlement are expected to be reported in the 2013-2014 Consolidated Statement of Administrative Costs.

#### **3 Comparative figures**

Note that certain of the comparative figures have been reclassified to conform to the current year's presentation.

**Human Resources and Skills Development Canada**  
Consolidated Statement of Administrative Costs  
Charged to the Canada Pension Plan Account by Human Resources and Skills  
Development Canada  
**For the year ended March 31, 2013**

---

(in thousands of dollars)

**Schedule 2 - Administrative Costs Charged to the Canada Pension Plan Account by Income Security and Social Development Branch**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Income Security and Social Development Branch	16,851	17,193
Contributions to Employee Benefit Plans	2,426	2,439
Medical Insurance Premium	1,432	1,369
	<b>20,709</b>	<b>21,001</b>

**Schedule 3 - Administrative Costs Charged to the Canada Pension Plan Account by Pension Appeals Board and Office of the Commissioner of Review Tribunals**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Pension Appeals Board and Office of the Commissioner of Review Tribunals	16,261	19,997
Contributions to Employee Benefit Plans	1,196	1,367
Medical Insurance Premium	706	767
	<b>18,163</b>	<b>22,131</b>

**Schedule 4 - Administrative Costs Charged to the Canada Pension Plan Account by Corporate Secretariat**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Corporate Secretariat	1,496	1,853
Contributions to Employee Benefit Plans	218	266
Medical Insurance Premium	128	149
	<b>1,842</b>	<b>2,268</b>



**Human Resources and Skills Development Canada**  
Consolidated Statement of Administrative Costs  
Charged to the Canada Pension Plan Account by Human Resources and Skills  
Development Canada  
**For the year ended March 31, 2013**

---

(in thousands of dollars)

**Schedule 5 - Administrative Costs Charged to the Canada Pension Plan Account by Public Affairs and Stakeholder Relations Branch**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Public Affairs and Stakeholder Relations Branch	4,071	3,107
Contributions to Employee Benefit Plans	334	407
Medical Insurance Premium	197	229
	<b>4,602</b>	<b>3,743</b>

**Schedule 6 - Administrative Costs Charged to the Canada Pension Plan Account by Human Resources Services Branch**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Human Resources Services Branch	9,031	11,436
Contributions to Employee Benefit Plans	1,277	1,575
Medical Insurance Premium	753	884
	<b>11,061</b>	<b>13,895</b>

**Schedule 7 - Administrative Costs Charged to the Canada Pension Plan Account by HRSDC Legal Services Branch**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
HRSDC Legal Services Branch	4,434	4,553
Contributions to Employee Benefit Plans	240	206
Medical Insurance Premium	141	115
	<b>4,815</b>	<b>4,874</b>

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### **Consolidated Statement of Administrative Costs**

Charged to the Canada Pension Plan Account by Human Resources and Skills  
Development Canada

**For the year ended March 31, 2013**

---

(in thousands of dollars)

#### **Schedule 8 - Administrative Costs Charged to the Canada Pension Plan Account by Internal Audit Services Branch**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Internal Audit Services Branch	27	26
Contributions to Employee Benefit Plans	-	-
Medical Insurance Premium	-	-
	<hr/>	<hr/>
	<b>27</b>	<b>26</b>

#### **Schedule 9 - Administrative Costs Charged to the Canada Pension Plan Account by Strategic Policy and Research Branch**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Strategic Policy and Research Branch	123	105
Contributions to Employee Benefit Plans	16	10
Medical Insurance Premium	10	5
	<hr/>	<hr/>
	<b>149</b>	<b>120</b>

#### **Schedule 10 - Administrative Costs Charged to the Canada Pension Plan Account by Processing and Payment Services Branch**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Processing and Payment – Regions	87,343	93,859
Processing and Payment – NHQ	170,348	46,893
Call Centers (Regions and NHQ)	12,414	14,481
Contributions to Employee Benefit Plans	33,401	20,972
Medical Insurance Premium	19,712	11,767
	<hr/>	<hr/>
	<b>323,218</b>	<b>187,972</b>

## **Human Resources and Skills Development Canada**

### **Consolidated Statement of Administrative Costs**

Charged to the Canada Pension Plan Account by Human Resources and Skills  
Development Canada

**For the year ended March 31, 2013**

---

(in thousands of dollars)

#### **Schedule 11 - Administrative Costs Charged to the Canada Pension Plan Account by Citizen Service Branch**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Service Offerings and Implementation	185	223
Web Channel Office	262	327
In-Person	9,708	10,960
Office of Client Satisfaction	53	42
Marketing	567	577
Provincial Outreach	657	1,814
Interdepartmental Partnerships and ADMO	896	981
Local Offices	233	285
Contributions to Employee Benefit Plans	1,717	2,092
Medical Insurance Premium	1,013	1,174
	<hr/>	<hr/>
	<b>15,291</b>	<b>18,475</b>

#### **Schedule 12 - Administrative Costs Charged to the Canada Pension Plan Account by Integrity Services Branch**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Integrity Services Branch	2,573	3,171
Contributions to Employee Benefit Plans	359	442
Medical Insurance Premium	212	248
	<hr/>	<hr/>
	<b>3,144</b>	<b>3,861</b>

**Human Resources and Skills Development Canada**

Consolidated Statement of Administrative Costs

Charged to the Canada Pension Plan Account by Human Resources and Skills

Development Canada

**For the year ended March 31, 2013**

(in thousands of dollars)

**Schedule 13 - Administrative Costs Charged to the Canada Pension Plan Account by Social Insurance Registry**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Personnel Costs	3,413	4,014
Indirect Expenses	753	883
Transportation and Communication	604	631
Central Government Services	596	566
Professional and Special Services	496	390
Information	29	29
Utilities, Material and Supplies	29	36
Rental, Repairs and Maintenance	2	1
Construction or Acquisition of Machinery and Equipment	8	10
Contributions to Employee Benefit Plan	514	608
Medical Insurance Premium	304	342
<b>Total Administrative Costs</b>	<b>6,748</b>	<b>7,510</b>
Less: Funding from Treasury Board	(1,658)	(1,667)
Less: Revenue from Replacement SIN Cards	(496)	(607)
	<b>4,594</b>	<b>5,236</b>

**Schedule 14 - Administrative Costs Charged to the Canada Pension Plan Account by Innovation, Information and Technology Branch**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Innovation, Information and Technology Branch	67,323	53,695
Contributions to Employee Benefit Plans	5,083	4,985
Medical Insurance Premium	3,000	2,798
	<b>75,406</b>	<b>61,478</b>

## **Human Resources and Skills Development Canada**

### **Consolidated Statement of Administrative Costs**

Charged to the Canada Pension Plan Account by Human Resources and Skills  
Development Canada

**For the year ended March 31, 2013**

---

(in thousands of dollars)

#### **Schedule 15 - Administrative Costs Charged to the Canada Pension Plan Account by Chief Financial Officer Branch**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Accounting Services	734	626
Financial Management Services	1,135	905
Financial Policy, Internal Control and Business Services	566	254
Tenant Services and Gatineau Tower Accommodation Services	3,070	410
Material Management	121	267
National Accommodation Plan	33,001	31,563
Regional Shared Services	3,692	4,192
Contributions to Employee Benefit Plans	878	910
Medical Insurance Premium	518	511
	<b>43,715</b>	<b>39,638</b>

#### **Schedule 16 - Administrative Costs Charged to the Canada Pension Plan Account by Service Canada Services Management Branch**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Service Canada Services Management Branch	7,300	7,766
Contributions to Employee Benefit Plans	815	819
Medical Insurance Premium	481	459
	<b>8,596</b>	<b>9,044</b>

## **Human Resources and Skills Development Canada**

Consolidated Statement of Administrative Costs

Charged to the Canada Pension Plan Account by Human Resources and Skills

Development Canada

**For the year ended March 31, 2013**

---

(in thousands of dollars)

### **Schedule 17 - Administrative Costs Charged to the Canada Pension Plan Account by Strategic Services**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Strategic Services	1,826	1,877
Contributions to Employee Benefit Plans	225	238
Medical Insurance Premium	133	133
	<hr/>	<hr/>
	<b>2,184</b>	<b>2,248</b>

### **Schedule 18 - Administrative Costs Charged to the Canada Pension Plan Account by Enabling Services Renewal Program**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Enabling Services Renewal Program	3,205	2,682
Contributions to Employee Benefit Plans	193	174
Medical Insurance Premium	114	97
	<hr/>	<hr/>
	<b>3,512</b>	<b>2,953</b>