

Employment and Social Development Canada

Consolidated Statement of Administrative Costs Charged to the Canada Pension Plan Account by Employment and Social Development Canada

March 31, 2014
(in thousands of dollars)

Employment and Social Development Canada

Consolidated Statement of Administrative Costs

Charged to the Canada Pension Plan Account by Employment and Social Development Canada

For the year ended March 31, 2014

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Canada****For the year ended March 31, 2014**

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August 13, 2014

Independent Auditor's Report

To the Internal Audit Services Branch of Employment Services and Social Development Canada

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

Management's responsibility for the financial information

Management of ESDC is responsible for the preparation of the financial information in accordance with the financial reporting provisions of the MoU, and for such internal control as management of ESDC determines is necessary to enable the preparation of the 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 ESDC'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 ESDC'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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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

**Opinion**

In our opinion, the financial information for the year ended March 31, 2014 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 ESDC 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 ESDC and the CPP and should not be distributed to or used by parties other than ESDC and the CPP.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Employment and Social Development Canada
Consolidated Statement of Administrative Costs
Charged to the Canada Pension Plan Account by Employment and Social Development
Canada
For the year ended March 31, 2014

(in thousands of dollars)

	2014	2013
	\$	\$
Income Security and Social Development Branch (Schedule 2)	16,785	20,709
Social Security Tribunal, Pension Appeals Board and Office of the Commissioner of Review Tribunals (Schedule 3)	15,544	18,163
Corporate Secretariat (Schedule 4)	1,574	1,842
Public Affairs and Stakeholder Relations Branch (Schedule 5)	2,848	4,602
Human Resources Services Branch (Schedule 6)	8,513	11,061
ESDC Legal Services Branch (Schedule 7)	4,371	4,815
Internal Audit Services Branch (Schedule 8)	28	27
Strategic Policy and Research Branch (Schedule 9)	167	149
Processing and Payment Services Branch (Schedule 10)	183,073	323,218
Citizen Service Branch (Schedule 11)	16,896	15,291
Integrity Services Branch (Schedule 12)	3,267	3,144
Social Insurance Registry (Schedule 13)	4,664	4,594
Innovation, Information and Technology Branch (Schedule 14)	77,715	75,406
Chief Financial Officer Branch (Schedule 15)	40,209	43,715
Service Canada Services Management Branch (Schedule 16)	8,340	8,596
Strategic Services (Schedule 17)	2,590	2,184
Enabling Services Renewal Program (Schedule 18)	4,140	3,512
Total Administrative Costs	390,724	541,028

Employment and Social Development Canada

Consolidated Statement of Administrative Costs

Charged to the Canada Pension Plan Account by Employment and Social Development Canada

For the year ended March 31, 2014

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 Employment and Social Development Canada (ESDC) 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 ESDC, 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 ESDC to the CPP. The second part (Part B) specifies the cost allocation methodologies used by ESDC 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 for on a near-cash basis.

2 Social Security Tribunal

The Social Security Tribunal (SST) is an independent administrative tribunal that provides independent appeal processes for Employment Insurance (EI), the Canada Pension Plan (CPP), and Old Age Security (OAS) decisions. As of April 1, 2013, the SST replaced the Pension Appeals Board (PAB) and the Office of the Commissioner of Review Tribunals (OCRT) which previously handled appeals. The three organizations have been combined in Schedule 3 for comparative purposes.

Employment and Social Development Canada**Consolidated Statement of Administrative Costs****Charged to the Canada Pension Plan Account by Employment and Social Development Canada****For the year ended March 31, 2014**

(in thousands of dollars)

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

	2014	2013
	\$	\$
Income Security and Social Development Branch:	13,650	16,851
Contributions to Employee Benefit Plans	2,072	2,426
Medical Insurance Premium	1,063	1,432
	16,785	20,709

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

	2014	2013
	\$	\$
Social Security Tribunal, Pension Appeals Board and Office of the Commissioner of Review Tribunals	12,780	16,261
Contributions to Employee Benefit Plans	1,826	1,196
Medical Insurance Premium	938	706
	15,544	18,163

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

	2014	2013
	\$	\$
ESDC Corporate Secretariat	1,280	1,496
Contributions to Employee Benefit Plans	194	218
Medical Insurance Premium	100	128
	1,574	1,842

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

	2014	2013
	\$	\$
Public Affairs and Stakeholder Relations Branch	2,340	4,071
Contributions to Employee Benefit Plans	336	334
Medical Insurance Premium	172	197
	<hr/>	<hr/>
	2,848	4,602

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

	2014	2013
	\$	\$
Human Resources Services Branch	6,938	9,031
Contributions to Employee Benefit Plans	1,041	1,277
Medical Insurance Premium	534	753
	<hr/>	<hr/>
	8,513	11,061

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

	2014	2013
	\$	\$
ESDC Legal Services Branch	4,097	4,434
Contributions to Employee Benefit Plans	181	240
Medical Insurance Premium	93	141
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	4,371	4,815

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

	2014	2013
	\$	\$
Internal Audit Services Branch	28	27
Contributions to Employee Benefit Plans	-	-
Medical Insurance Premium	-	-
	<hr/>	<hr/>
	28	27

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

	2014	2013
	\$	\$
Strategic Policy and Research Branch	138	123
Contributions to Employee Benefit Plans	19	16
Medical Insurance Premium	10	10
	<hr/>	<hr/>
	167	149

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

	2014	2013
	\$	\$
Processing and Payment - Regions	88,072	87,343
Processing and Payment – NHQ (National Headquarters)	52,318	170,348
Call Centers (Regions and NHQ)	13,337	12,414
Contributions to Employee Benefit Plans	19,392	33,401
Medical Insurance Premium	9,954	19,712
	<hr/>	<hr/>
	183,073	323,218

Employment and Social Development Canada**Consolidated Statement of Administrative Costs****Charged to the Canada Pension Plan Account by Employment and Social Development Canada****For the year ended March 31, 2014**

(in thousands of dollars)

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

	2014	2013
	\$	\$
Service Offerings and Implementation	72	185
Web Channel Office	290	262
In-Person	10,955	9,708
Office of Client Satisfaction	14	53
Marketing	421	567
Provincial Outreach	1,123	657
Interdepartmental Partnerships and Assistant Deputy Minister's Office	692	896
Local Offices	284	233
Contributions to Employee Benefit Plans	2,012	1,717
Medical Insurance Premium	1,033	1,013
	16,896	15,291

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

	2014	2013
	\$	\$
Integrity Services Branch	2,677	2,573
Contributions to Employee Benefit Plans	390	359
Medical Insurance Premium	200	212
	3,267	3,144

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Canada

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

	2014	2013
	\$	\$
Personnel Costs	3,566	3,413
Indirect Expenses	507	753
Transportation and Communication	678	604
Central Government Services	703	596
Professional and Special Services	347	496
Information	25	29
Utilities, Material and Supplies	20	29
Rental, Repairs and Maintenance	4	2
Construction or Acquisition of Machinery and Equipment	2	8
Contributions to Employee Benefit Plan	577	514
Medical Insurance Premium	296	304
Total Administrative Costs	6,725	6,748
Less: Funding from Treasury Board	(1,642)	(1,658)
Less: Revenue from Replacement SIN (Social Insurance Number) Cards	(419)	(496)
	4,664	4,594

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

	2014	2013
	\$	\$
Innovation, Information and Technology Branch	68,685	67,323
Contributions to Employee Benefit Plans	5,967	5,083
Medical Insurance Premium	3,063	3,000
	77,715	75,406

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

	2014	2013
	\$	\$
Accounting Services	964	734
Financial Management Services	1,057	1,135
Financial Policy, Internal Control and Business Services	279	566
Tenant Services and Gatineau Tower	1,640	3,070
Material Management	86	121
National Accommodation Plan	32,288	33,001
Regional Shared Services	2,700	3,692
Contributions to Employee Benefit Plans	790	878
Medical Insurance Premium	405	518
	40,209	43,715

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

	2014	2013
	\$	\$
Service Canada Services Management Branch	7,149	7,300
Contributions to Employee Benefit Plans	787	815
Medical Insurance Premium	404	481
	8,340	8,596

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

	2014	2013
	\$	\$
Strategic Services	2,157	1,826
Contributions to Employee Benefit Plans	286	225
Medical Insurance Premium	147	133
	<hr/>	<hr/>
	2,590	2,184

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

	2014	2013
	\$	\$
Enabling Services Renewal Program	3,815	3,205
Contributions to Employee Benefit Plans	215	193
Medical Insurance Premium	110	114
	<hr/>	<hr/>
	4,140	3,512