

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, 2015
(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, 2015

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August 14, 2015

Independent Auditor's Report

To the Internal Audit Services Branch of Employment 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) for the year ended March 31, 2015 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 2014-2015 Memorandum of Understanding between the CPP and ESDC dated April 8, 2015 (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 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.

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

Opinion

In our opinion, the financial information for the year ended March 31, 2015 is prepared, in all material respects, in accordance with the financial reporting provisions of the MoU.

Basis of accounting and restriction on use

Without modifying our opinion, we draw attention to Schedule 1 - Note 1 of the financial information, which describes the basis of accounting. The financial information has been prepared to assist ESDC to comply with the financial reporting requirements of the MoU between ESDC and the CPP. 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 used by parties other than ESDC and the CPP.

Chartered Professional Accountants, Licensed Public Accountants

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	2015	2014
	\$	(Schedule 1 - Note 3)
		\$
Deputy Minister's Office (Schedule 2)	293	-
Chief Operating Officer (Schedule 3)	214	-
Income Security and Social Development Branch (Schedule 4)	14,418	16,785
Social Security Tribunal (Schedule 1 - Note 2 and Schedule 5)	12,877	15,544
ESDC Corporate Secretariat (Schedule 6)	1,699	1,574
Public Affairs and Stakeholder Relations Branch (Schedule 7)	3,149	2,848
Human Resources Services Branch (Schedule 8)	10,811	15,357
ESDC Legal Services Branch (Schedule 9)	4,777	4,371
Internal Audit Services Branch (Schedule 10)	683	28
Strategic and Service Policy Branch (Schedule 11)	3,168	1,663
Processing and Payment Services Branch (Schedule 12)	173,666	183,073
Citizen Service Branch (Schedule 13)	12,894	16,896
Integrity Services Branch (Schedule 14)	7,447	3,267
Social Insurance Registry (Schedule 15)	5,065	4,664
Innovation, Information and Technology Branch (Schedule 16)	57,154	77,715
Chief Financial Officer Branch (Schedule 17)	37,885	40,209
Strategic Services Bureau and Regional Assistant Deputy Ministers (Schedule 18)	2,967	2,590
Enabling Services Renewal Program (Schedule 19)	2,572	4,140
Total Administrative Costs	351,739	390,724

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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 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 2014-2015 Memorandum of Understanding (MoU) between the CPP and ESDC was approved in April 2015. This 2014-2015 MoU is comprised of two parts: the first part (Part A) sets out the framework and basic principles regarding the services to be provided 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 (SST)

The Social Security Tribunal (SST) is an independent administrative tribunal that provided independent appeal processes for Employment Insurance (EI), the Canada Pension Plan (CPP), and Old Age Security (OAS) decisions. Following passage of Bill C-51, the Economic Action Plan 2014 Act, effective November 1st, 2014 the SST is now part of the Administrative Tribunals Support Service of Canada (ATSSC) under the Department of Justice portfolio. However, ESDC has provided internal support services to the ATSSC on behalf of the SST for fiscal year 2014-2015 and will continue doing so for two more transitional years as required.

3 Comparative Information

Comparative figures have been reclassified to conform to the current year's presentation. The costs for 2014 reflect the amalgamation of the Service Canada Services Management Branch within the Strategic and Service Policy Branch and the Human Resources Services Branch.

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**Schedule 2 - Administrative Costs Charged to the Canada Pension Plan Account by Deputy
 Minister's Office**

	2015	2014
	\$	\$
Deputy Minister's Office	237	-
Contributions to Employee Benefit Plan	36	-
Management Insurance Plan	20	-
	<hr/>	<hr/>
	293	-
	<hr/>	<hr/>

**Schedule 3 - Administrative Costs Charged to the Canada Pension Plan Account by Chief
 Operating Officer**

	2015	2014
	\$	\$
Chief Operating Officer	174	-
Contributions to Employee Benefit Plans	26	-
Management Insurance Plan	14	-
	<hr/>	<hr/>
	214	-
	<hr/>	<hr/>

**Schedule 4 - Administrative Costs Charged to the Canada Pension Plan Account by Income
 Security and Social Development Branch**

	2015	2014
	\$	\$
Income Security and Social Development Branch	11,680	13,650
Contributions to Employee Benefit Plans	1,789	2,072
Management Insurance Plan	949	1,063
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	14,418	16,785
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Schedule 5 - Administrative Costs Charged to the Canada Pension Plan Account by Social Security Tribunal

	2015	2014
	\$	\$
Social Security Tribunal	10,667	12,780
Contributions to Employee Benefit Plans	1,444	1,826
Management Insurance Plan	766	938
	<hr/>	<hr/>
	12,877	15,544
	<hr/>	<hr/>

Schedule 6 - Administrative Costs Charged to the Canada Pension Plan Account by ESDC Corporate Secretariat

	2015	2014
	\$	\$
ESDC Corporate Secretariat	1,392	1,280
Contributions to Employee Benefit Plans	201	194
Management Insurance Plan	106	100
	<hr/>	<hr/>
	1,699	1,574
	<hr/>	<hr/>

Schedule 7 - Administrative Costs Charged to the Canada Pension Plan Account by Public Affairs and Stakeholder Relations Branch

	2015	2014
	\$	\$
Public Affairs and Stakeholder Relations Branch	2,587	2,340
Contributions to Employee Benefit Plans	367	336
Management Insurance Plan	195	172
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	3,149	2,848
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Schedule 8 - Administrative Costs Charged to the Canada Pension Plan Account by Human Resources Services Branch

	2015	2014
	\$	\$
Human Resources Services Branch	9,017	12,857
Contributions to Employee Benefit Plans	1,172	1,652
Management Insurance Plan	622	848
	<hr/>	<hr/>
	10,811	15,357
	<hr/>	<hr/>

Schedule 9 - Administrative Costs Charged to the Canada Pension Plan Account by ESDC Legal Services Branch

	2015	2014
	\$	\$
ESDC Legal Services Branch	4,415	4,097
Contributions to Employee Benefit Plans	236	181
Management Insurance Plan	126	93
	<hr/>	<hr/>
	4,777	4,371
	<hr/>	<hr/>

Schedule 10 - Administrative Costs Charged to the Canada Pension Plan Account by Internal Audit Services Branch

	2015	2014
	\$	\$
Internal Audit Services Branch	580	28
Contributions to Employee Benefit Plans	67	-
Management Insurance Plan	36	-
	<hr/>	<hr/>
	683	28
	<hr/>	<hr/>

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**Schedule 11 - Administrative Costs Charged to the Canada Pension Plan Account by
 Strategic and Service Policy Branch**

	2015	2014
	\$	\$
Strategic and Service Policy Branch	2,858	1,368
Contributions to Employee Benefit Plans	203	195
Management Insurance Plan	107	100
	<hr/>	<hr/>
	3,168	1,663
	<hr/>	<hr/>

**Schedule 12 - Administrative Costs Charged to the Canada Pension Plan Account by
 Processing and Payment Services Branch**

	2015	2014
	\$	\$
Processing and Payment - Regions	88,941	88,072
Processing and Payment – NHQ	41,443	52,318
Call Centers (Regions and NHQ)	13,143	13,337
Contributions to Employee Benefit Plans	19,685	19,392
Management Insurance Plan	10,454	9,954
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	173,666	183,073
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**Schedule 13 - Administrative Costs Charged to the Canada Pension Plan Account by
Citizen Service Branch**

	2015	2014
	\$	\$
Service Offerings and Implementation	76	72
Web Channel Office	260	290
In-Person	8,540	10,955
Office of Client Satisfaction	13	14
Marketing	215	421
Provincial Outreach	780	1,123
Interdepartmental Partnerships and ADMO	395	692
Local Offices	226	284
Contributions to Employee Benefit Plans	1,560	2,012
Management Insurance Plan	829	1,033
	<hr/> 12,894	<hr/> 16,896

**Schedule 14 - Administrative Costs Charged to the Canada Pension Plan Account by
Integrity Services Branch**

	2015	2014
	\$	\$
Integrity Services Branch	6,123	2,677
Contributions to Employee Benefit Plans	865	390
Management Insurance Plan	459	200
	<hr/> 7,447	<hr/> 3,267

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Schedule 15 - Administrative Costs Charged to the Canada Pension Plan Account by Social Insurance Registry

	2015	2014
	\$	\$
Personnel cost	4,166	3,566
Indirect Expenses	126	507
Travel	1	-
Transportation and Communication	415	678
Central Government Services	667	703
Professional and special services	327	347
Information	-	25
Training and Educational Service	2	-
Utilities, Material and Supplies	2	20
Rental, Repairs and Maintenance	1	4
Construction or Acquisition of Machinery and Equipment	2	2
Contributions to Employee Benefit Plan	651	577
Management Insurance Plan	346	296
Total Administrative Costs	6,706	6,725
Less: Funding from Treasury Board	(1,641)	(1,642)
Less: Revenue from replacement SIN cards	-	(419)
	5,065	4,664

Schedule 16 - Administrative Costs Charged to the Canada Pension Plan Account by Innovation, Information and Technology Branch

	2015	2014
	\$	\$
Innovation, Information and Technology Branch	51,994	68,685
Contributions to Employee Benefit Plans	3,370	5,967
Management Insurance Plan	1,790	3,063
	57,154	77,715

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Schedule 17 - Administrative Costs Charged to the Canada Pension Plan Account by Chief Financial Officer Branch

	2015	2014
	\$	\$
Regular Operating	9,253	6,726
National Accommodation Plan	26,770	32,288
Contributions to Employee Benefit Plans	1,216	790
Management Insurance Plan	646	405
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	37,885	40,209
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Schedule 18 - Administrative Costs Charged to the Canada Pension Plan Account by Strategic Services Bureau and Regional Assistant Deputy Minister

	2015	2014
	\$	\$
Strategic Services Bureau & Regional Assistant Deputy Minister	2,452	2,157
Contributions to Employee Benefit Plans	336	286
Management Insurance Plan	179	147
	<hr/>	<hr/>
	2,967	2,590
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Schedule 19 - Administrative Costs Charged to the Canada Pension Plan Account by Enabling Services Renewal Program

	2015	2014
	\$	\$
Enabling Services Renewal Program	2,341	3,815
Contributions to Employee Benefit Plans	151	215
Management Insurance Plan	80	110
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	2,572	4,140
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