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**Results of the Review Engagement of
the Consolidated Financial Statements
of Human Resources and Social
Development Canada for the 2005-06
Fiscal Year**

January 2007

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Results of the Review Engagement of the Consolidated Financial Statements of Human Resources and Social Development Canada for the 2005-06 Fiscal Year

January 2007

Project No: 09010

Project Team

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Background

Since the introduction of the Financial Information Strategy in 2001 by Treasury Board Secretariat (TBS), all departments have to produce annual financial statements. The current TBS initiative is to have annual financial statements of all departments audited by the end of 2008-09. Prior to the 2005-06 fiscal year, these financial statements were only for internal use by the department and TBS. Starting this fiscal year, all departments are to include their unaudited financial statements in their Departmental Performance Report.

Objective

The objective of the review engagement of Human Resources and Social Development (HRSD) consolidated financial statements for the year ended 31 March 2006 is:

- to report to the Chief Financial Officer and to the Deputy Minister that nothing came to our attention that causes us to believe that the consolidated financial statements have not been prepared, in all material respects, in accordance with Treasury Board accounting standards (TBAS), consistent with Canadian generally accepted accounting principles for the public sector.

It is important to note that a review does not constitute an audit and, consequently, an audit opinion cannot be expressed on these consolidated financial statements.

Methodology

General review procedures were performed on the HRSD 2005-06 consolidated financial statements. The main ones are:

- Making enquiries concerning the business activities of the department;
- Comparing the current year consolidated financial statements with TBAS 1.2 and identifying inconsistencies;
- Ensuring completeness of financial information included in the consolidated financial statements and reviewing updated comparative figures for consistency due to reorganization;
- Performing analytical procedures comparing the consolidated financial statements with those of the preceding period and obtaining explanations for relationships and individual items that appear unusual;
- Considering the results of previous audit work;
- Discussing with Corporate Accounting new accounting elements for the year (i.e. severance pay, contingencies);
- Evaluating that notes to the consolidated financial statements adequately inform the readers;
- Reconciling Employment Insurance and Canada Pension Plan separate financial statements with the departmental consolidated financial statements.

Internal Auditor's conclusion on the review engagement of the consolidated financial statements of HRSD for 2005-06 fiscal year

Internal Audit Branch (IAB) has reviewed the consolidated statement of financial position of HRSD at 31 March 2006 and the consolidated statements of operations, equity of Canada and cash flow for the year then ended. These consolidated financial statements have been prepared in accordance with Treasury Board accounting standards which are consistent with Canadian generally accepted accounting principles for the public sector, as described in Note 2 to the consolidated financial statements. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussions related to information supplied to us by Corporate Accounting.

A review does not constitute an audit and, consequently, IAB does not express an audit opinion on these consolidated financial statements.

Based on the IAB review, nothing has come to the internal auditors' attention that causes us to believe that these consolidated financial statements are not, in all material respects, in accordance with Treasury Board accounting standards which are consistent with Canadian generally accepted accounting principles for the public sector.

For more information see:

http://www.tbs-sct.gc.ca/dpr-rmr/0506/HRSDC-RHDSC/hrsdcrhdsc11_e.asp