



Guideline on Chief Financial Officer Attestation for Cabinet Submissions

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pour les présentations au Cabinet

Guideline on Chief Financial Officer Attestation for Cabinet Submissions

1. Effective Date

This guideline takes effect April 15, 2016.

2. Context

The purpose of this guideline is to provide a framework and practical guidance for Chief Financial Officers (CFOs) in the [due diligence \(see definition\)](#) review and [attestation \(see definition\)](#) they provide on the financial management aspects of Cabinet submissions ([see definition](#)). This review and attestation is to meet the expectations of deputy heads (DHs), ministers, central agencies and cabinet committees; to support informed decision making in the Government of Canada; and to promote a coherent and consistent approach to CFO due diligence review across government. While the level of due diligence and attestation can vary depending on the specific proposal, strategic business decisions must consider the effective, efficient and economical use of government resources, based on the best information currently available.

Given their broad responsibilities under the [Policy on Financial Management Governance](#), CFOs are well positioned to assess the financial information provided in key decision-making documents and to provide expert conclusions on its utility for decision making. This guideline elaborates on the roles and responsibilities of CFOs as set out in the [Policy on Financial Management Governance](#) and in the procedures for submissions.

The CFO's signed Attestation Letter is included as an appendix to Treasury Board (TB) submissions. The appropriate Treasury Board Secretariat (TBS) officer should be consulted early in the process if there is a question as to whether CFO attestation is required. For Memoranda to Cabinet, the Privy Council Office's (PCO) [A Drafter's Guide to Cabinet Documents](#) should be consulted for specific instructions on the CFO's Attestation. Note that the CFO attestation on the financial implications of a submission does not constitute assessment of policy or program effectiveness.

This guideline does not apply to Crown Corporations. CFOs of portfolio departments are not expected to attest to Crown Corporation submissions which are routed through the department for ministerial approval. For additional guidance about Crown Corporations, contact your TBS program sector analyst.

This guideline should also be read in conjunction with the [Policy on Financial Resource Management, Information and Reporting](#) and other [relevant documents](#).

3. Roles of CFOs and Senior Departmental Managers

As the accounting officer for the department, the deputy head is ultimately responsible for the development and preparation of submissions and for obtaining the sponsoring minister's sign-off. Both the CFO and [senior departmental managers \(see definition\)](#) play important roles in developing the submission and in supporting due diligence and attestation.

As the initiative's proponent, senior departmental managers normally define the policy direction. Further, as described in the [Policy on Financial Management Governance](#), they are responsible for exercising financial management authorities, responsibilities and accountabilities; for managing in a prudent manner financial resources entrusted to them; and for complying with legislation, regulations and Treasury Board (TB) policies, directives and standards.

The policy also notes that the CFO's challenge and attestation role is based on corporate financial stewardship and as an objective strategic business adviser on matters such as risk management, the examination of financial options and cost containment. Overall, the CFO is mandated to provide objective and independent advice to the DH as the accounting officer for the department.

There will be interdependencies between the senior departmental managers' role as the proposal's proponent and the CFO's overarching leadership and coordination role in financial management. It is expected that senior departmental managers and the CFO will collaborate early in the proposal's development to manage these interdependencies and allow sufficient time to address any matters or opportunities identified through the due diligence review.

It is also recommended that the CFO and the sponsoring program ADM review and document their respective areas of responsibility to ensure there are no material errors or omissions. As a best practice, CFOs should complete their due diligence after the sponsoring program ADM has completed their review and signed-off on the submission. This practice reflects the fact that a CFO's due diligence is dependent on the program organization's proposal.

4. CFO Attestation

This section details the six assertions used to assess the financial information in a submission, the CFO's attestation conclusions, and the communication of the CFO's expert determinations to decision makers.

4.1. Assertions

Six fundamental assertions have been identified to characterize the elements of attestation and to convey the CFO's attestation conclusions in support of decision making. The assertions in Table 1 and [Annex A](#) are rooted in the CFO's roles and responsibilities as defined by the TB financial management policies. In the CFO's Attestation Letter, the assertions are expressed in plain language so as to be easily understood by decision makers and non-financial experts.

Based on their professional judgment and experience, CFOs have flexibility in their Attestation Letter. They can make detailed observations related to a specific assertion in order to appropriately reflect different situations, or an assertion can be noted as "not applicable" when it is not relevant to a proposal. For each assertion, [Annex B](#) provides rationales, criteria, sub-criteria and examples to support CFOs in their due diligence review.

Table 1. Six Fundamental Assertions

CFO Assertions

1. The nature and extent of the proposal is reasonably described and material [assumptions \(see definition\)](#) having a bearing on the associated financial requirements have been disclosed and are supported.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed.
3. Financial resource requirements have been disclosed and are consistent with the assumptions stated in the proposal, and options to contain costs have been considered.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the proposal.
5. The proposal is compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place or are being sought through the proposal.
6. Key financial controls are in place to support the implementation and ongoing operation of the proposal.

4.2. Due diligence review

Before providing attestation, CFOs will conduct a robust due diligence review. It is expected that this review will be based at a minimum on the principles and criteria outline in Annex B of this guideline.

Questions concerning the reasonableness, completeness, reliability, relevancy and other related considerations of the proposal should be asked by CFOs to test the integrity of the financial information, financial resource requirements and overarching financial framework associated with the proposal. CFOs are expected to exercise their professional judgment in determining when the principles and criteria in Annex B have been satisfied, and they must be prepared to justify their decisions accordingly.

When CFOs are unsure as to whether their due diligence review is sufficient, they are encouraged to consult with their deputy head, the program sector analyst or the Office of the Comptroller General.

4.3. CFO Attestation Letter

An Attestation Letter formally communicates the CFO's final assertions, observations and overall conclusions based on the due diligence exercised on the information available as of the date of signature (see Annex A for a model CFO Attestation Letter). The Attestation Letter uses common language approach to readily convey the essential information to non-financial experts and decision makers.

The CFO's signed Attestation Letter is included as an appendix to TB submissions. The TBS [Guide to Preparing Treasury Board Submissions](#) should be consulted for more detailed instructions on positioning the Attestation Letter within a TB Submission. For Memoranda to Cabinet, the PCO's [A Drafter's Guide to Cabinet Documents](#) should be consulted for specific instructions on the CFO's Attestation.

4.3.1. Tailoring for Memoranda to Cabinet and Treasury Board submissions

While the fundamental criteria for a financially sound proposal apply to both Memoranda to Cabinet (MCs) and TB submissions, there are differences in practice and expectations that may have an impact on the CFO's due diligence review. Due to the range of possible scenarios and inherent differences in such [submissions \(see definition\)](#), CFOs will have to strike the appropriate balance in the necessary due diligence process.

Specific characteristics that may influence the CFO's due diligence include the following:

- MCs generally cover strategic-level policy or program approvals, or approvals in principle, and usually present options that have less proposal certainty than in a TB submission and estimates that have greater variability and more limited financial detail.
- Legislative initiatives that are being proposed through an MC should be assessed as part of an attestation and the CFO should assess the estimated financial impact if the legislation was enacted.
- TB submissions generally deal with a specific initiative at the point of its implementation where the level of operational and financial information is usually more certain, which allows for a more in-depth process than at the typical MC stage. In a TB submission, decision makers expect greater evidence and more rigour regarding cost-containment considerations, including options analysis, to inform the detailed operational conclusions.
- For continuity, the CFO's due diligence review activities completed at the MC stage should be leveraged and augmented for the CFO's conclusions at the TB submission stage.

- In all cases a CFO attestation is expected to encompass all options contained in the submission, not just the recommended option.

4.3.2. Formulating assertion statements and observations

It is expected that the Attestation Letter will cover all six fundamental assertions. The standard assertion text should be used for consistency to support the clarity and value of the sign-off for decision makers.

It is recommended that any material observations or concerns regarding a specific assertion be detailed as part of, or directly following, the assertion itself. Such observations are those specific matters deemed by the CFO to be relevant for financial decision-making purposes. The observation's tone and language should also convey its nature and importance. Where criteria are not satisfied by the proposal, where critical information may be missing or inadequate, or where the due diligence has been limited, observations may arise where these elements are significant.

If, for example, the CFO has reservations about one or more of the options presented, the CFO should discuss these reservations with the departmental proponent.

CFOs may need to involve other functional heads in the department, such as the Chief Audit Executive (CAE), Chief Information Officer (CIO) and the Chief of Human Resources to explore statements and assumptions that have financial implications.

4.3.3. Overall conclusion

The Attestation Letter includes the CFO's overarching opinion on the sufficiency of the proposal's information for decision making on financial resource implications. This opinion takes into account the six assertion statements and any observations made. The CFO should be prepared to justify the final conclusion based on the due diligence and professional judgment applied.

At the earlier approval-in-principle, conceptual phases of an initiative, decisions may need to be made on the basis of preliminary information and estimates resulting in a high degree of cost uncertainty, and the attendant financial implications. The cost uncertainty decreases as more information about the initiative or program is developed.

Where a CFO is unable to assess or has identified a substantial financial risk (conclusions 2 and 3 below), in addition to consulting departmental managers and the DH, it is recommended that the CFO consult with the TBS Program Sector and the Office of the Comptroller General, Financial Management Sector in order to understand the central agency perspective. One of the objectives of the additional consultation is to ensure Central Agencies have advanced awareness of any uncertainty or increased risk associated with a Cabinet submission.

The following types of opinions are drawn based on the CFO's due diligence, professional judgment and knowledge:

1. Sufficient information for decision making

Where no concerns or observations have been noted, CFOs use their professional judgment to conclude that the financial information is sufficient overall to support decision making.

If limited concerns or observations have been noted, the CFO may still conclude that there is sufficient information for decision making on financial resource implications. The CFO may wish to highlight an observation or observations that warrant additional focus by decision makers.

Standard text:

"In my opinion, the financial information contained in this proposal is sufficient overall to support decision making."

2. Unable to assess

Where the CFO judges that there is insufficient time to gather additional information or perform due diligence on the information that supports decision making, the CFO may conclude that he or she is unable to assess the financial aspects of the proposal. This could occur in circumstances such as when the time frame is exceedingly tight for the CFO's due diligence, when the CFO is engaged too late in the process, or when significant changes to the financial information have been made just before the CFO's attestation.

An "unable to assess" conclusion may not necessarily preclude a proposal from going forward. However, it is likely to be perceived that there is a high degree of uncertainty in the financial aspects of the proposal which may have implications on the decision making process.

Where the degree of uncertainty is significant and the submission goes forward, the CFO may recommend to the program ADM that they implement supplementary monitoring of the initiative to ensure risks identified and mitigation strategies are implemented on a timely basis. In consultation with the program ADM, the CFO and ADM may also decide to provide the deputy head with periodic updates. The CFO should be disclosing the nature and extent of the uncertainty and the associated mitigation strategy in the attestation letter if it is not adequately covered in the submission.

Standard text:

"In my opinion, I am unable to assess the financial implications of this proposal."

3. Substantial financial issues or risks

In situations where the CFO judges that the information contained in the proposal is insufficient to support decision making on financial implications, a positive overall conclusion is not possible. This could result from limitations on the due diligence exercised, the level or completeness of supporting information or concerns arising from a CFO's professional judgment that the proposal could result in undue financial or control risks. The CFO may base this decision on one particularly critical observation or on the collective impact of a number of observations. The tone and language of the observations should be sufficiently clear to underscore and substantiate the conclusion.

An overall "substantial issues" conclusion may not necessarily preclude a proposal from going forward; however, it is likely to be perceived that a high degree of risk exists in the financial aspects of the proposal, which may affect the decision making process. It is expected that the CFO would have engaged the relevant senior departmental managers and the DH in a timely manner, with a view to effectively resolving the issues or obtaining the necessary information. If substantial issues could not be resolved, the CFO will not be in a position to provide a positive attestation conclusion.

Standard text:

"In my opinion, the proposal has substantial financial and/or risk issues, as noted above."

4.3.4. Documenting the CFO's due diligence review

A management record needs to be appropriately maintained to document the due diligence review that supports the CFO's analysis, conclusions and Attestation Letter. The record should include the version of the proposal, the relevant supporting documentation, or links to it, and any key sources of information used or professional judgments made in reaching the conclusions in the due diligence process. The documentation should be sufficiently detailed for a third party to understand the scope of the due diligence and testing of the assertions and see how the CFO's conclusions and observations in the Attestation Letter are supported.

4.4. Joint and horizontal Treasury Board submissions

The CFO of each department that is participating in a joint or horizontal submission must exercise due diligence. The scope of each CFO's due diligence should cover the financial implications of the submission proposals for their department.

In addition to completing their due diligence, the CFO of the lead department is responsible for ensuring they have a copy of the signed CFO attestations from every participating department. An original signed copy of the attestation for each department that is a signatory to the submission should be appended to the submission. A copy of all other attestations should be retained by the lead CFO as part of their working-paper files.

5. References

5.1. Relevant legislation

- [Financial Administration Act](#)

5.2. Policy instruments

- [Policy on Financial Management Governance](#)
- [Policy on Financial Resource Management, Information and Reporting](#)
- [Policy on Internal Control](#)
- [Policy on Investment Planning – Assets and Acquired Services](#)

5.3. Other relevant documents

- [A Drafter's Guide to Cabinet Documents](#)
- [A Guide to Preparing Treasury Board Submissions](#)
- [Framework for the Management of Risk](#)
- [Guide to Corporate Risk Profiles](#)
- [Guide to Costing](#)

6. Enquiries

For interpretations of this policy instrument, please contact your departmental financial policy group.

Financial policy directors or equivalent may contact [Financial Management Enquiries](#) for policy interpretations.

For public enquiries regarding this policy instrument, please contact [TBS Public Enquiries](#).

7. Definitions

Attestation

A formal confirmation or authentication. For the purposes of this guideline, the CFO, as a financial management expert, provides an independent and professional opinion on the financial and related information prepared by a government department.

Assumptions

For the purposes of this guideline, the underpinning hypotheses upon which a proposal is built and from which the financial requirements are drawn.

Due diligence

For the purposes of this guideline, the reasonable examination of a TB submission or an MC proposal undertaken or overseen by CFOs in support of their role as objective strategic advisors to DHs for business and financial management. In providing due diligence, it is expected that CFOs will question the reasonableness, completeness, reliability, relevancy and other related considerations of the proposal that could affect the integrity of the financial information or the financial management framework of the department.

Senior departmental managers

Managers reporting directly to a deputy head. See *Policy on Financial Management Governance*.

Submission

For the purposes of this guideline, a submission is a Cabinet document that supports informed discussion or decision making at Cabinet or in a Cabinet committee. This includes, but is not limited to, Memoranda to Cabinet (see *A Drafter's Guide to Cabinet Documents*) and Treasury Board submissions (see *A Guide to Preparing Treasury Board Submissions*).

Annex A: Sample Text for CFO Attestation Letter

The following text may be customized to reflect the unique circumstances of a given proposal and the due diligence review exercised in the [attestation \(see definition\)](#) process.

Sample CFO Attestation Letter:

In my capacity as Chief Financial Officer of (*department name*), I have reviewed the (*Memorandum to Cabinet / Treasury Board submission*) and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the proposal is reasonably described and assumptions having a significant bearing on the associated financial requirements have been identified and are supported, with the following observations (*add as applicable*):
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed, with the following observations (*add as applicable*):
3. Financial resource requirements have been disclosed and are consistent with the assumptions stated in the proposal, and options to contain costs have been considered, with the following observations (*add as applicable*):
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the proposal, with the following observations (*add as applicable*):
5. The proposal is compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place or are being sought through the proposal, with the following observations (*add as applicable*):
6. Key financial controls are in place to support the implementation and ongoing operation of the proposal, with the following observations (*add as applicable*):

In my opinion, the financial information contained in this proposal is sufficient overall to support decision making;

Or

I am unable to assess the financial implications of this proposal, as noted above;

Or

In my opinion, the proposal has substantial financial and/or risk issues, as noted above.

CFO signature:

Date:

Annex B: Assertions and Details

Assertion 1.

The nature and extent of the proposal is reasonably described and material [assumptions \(see definition\)](#) having a bearing on the associated financial requirements have been disclosed and are supported.

Rationale:

In signing off on this assertion, the CFO has undertaken reasonable due diligence to ensure that the proposal is suitably described and that the material assumptions and estimates (usually developed under the authority of the [Senior departmental manager \(see definition\)](#)) having a significant impact on the associated financial requirements have been disclosed appropriately and are supported by documentation.

The assumptions are the underpinning hypotheses of the proposal on which the financial requirements are based. They are foundational to understanding and reviewing the proposal's financial implications. They may pertain to the scope, timeline, departmental capacity or program design of the proposal, as well as to assumptions regarding client eligibility and uptake, future market conditions, environmental context and other factors specific to the proposal.

Criterion 1.1 Key financial assumptions are clearly documented.

Sub-Criteria

For illustrative purposes, as applicable: **Are you comfortable your sign-off is supported by the following:**

1.1.1 All key assumptions have been documented and have been clearly disclosed in a manner that is understandable.

- Documentation related to key assumptions, such as projections, economic and market conditions, client uptake, plans and contingencies.
- Documentation through which a future reader/reviewer would be able to follow the rationale for the various assumptions.
- Documentation linking the key assumptions to the impacts on the financial requirements.

1.1.2 The impact of key assumptions on the financial requirements is explained.

Criterion 1.2 Key financial assumptions are reliable.

Sub-Criteria

For illustrative purposes, as applicable: **Are you comfortable your sign-off is supported by:**

1.2.1 Given the current environment and information available, assumptions are reliable, and those that have a high potential to change have been disclosed.

- Assumptions that are timely, objective, consistent and based on the best available information at the time and the resources available.
- The identification and disclosure of assumptions that have the highest potential to change prior to, and during, the initiative.
- A consideration of the possible material financial impacts for those assumptions.

1.2.2 Consideration has been given to potential future events and to changes that may have material financial impact on the initiative.

Assertion 2.

Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed.

Rationale:

In signing off on this assertion, the CFO has undertaken reasonable due diligence to ensure that significant project and initiative risks have been identified and considered, and where there are significant financial implications as a result, that there are risk mitigation and response strategies. The correlation and sensitivity of the financial requirements to the potential risk of the financial assumptions and related information changing is an important aspect of the analysis.

The sound assessment and disclosure of the proposal's financial risks are fundamental to informed decision making. This also includes risk mitigation and risk response, which may include exit strategies and the resulting financial impacts. The correlation and sensitivity of the financial requirements to the potential risk of the financial assumptions and related information changing is an important aspect of clarity.

Criterion 2.1 Key risks have been considered.

Sub-Criteria

For illustrative purposes, as applicable: **Are you comfortable your sign-off is supported by:**

2.1.1 Given the current environment and information available, key risks having financial impact are identified, clearly described and disclosed as appropriate.

- The identification and disclosure of key risks that have a material financial impact.
- Due consideration of risk information sources across the department, such as

2.1.2 Risks have been considered in the context of the departmental Corporate Risk Profile.

the Corporate Risk Profile; risk register(s); branch, project and program risk profiles, reviews, evaluation reports and program audits, as applicable.

Criterion 2.2 Likelihood and impact of key risks has been considered.

Sub-Criteria

2.2.1 The likelihood and impact of the key risks on the financial requirements, should the risks materialize or the assumptions change, has been considered, assessed and articulated.

For illustrative purposes, as applicable: **Are you comfortable your sign-off is supported by:**

- Assessment, analysis and articulation of changes in financial requirements, should certain risks materialize or the assumptions change.
- Consideration of the magnitude of change, including timing, to the financial requirements for the initiative or department should a key risk materialize.

2.2.2 The sensitivity of the financial requirements to change, should a key risk materialize, has been considered.

Criterion 2.3 Risk response and mitigation strategies are clear.

Sub-Criteria

2.3.1 The mitigation strategies for key risks with financial impacts are clear and reasonable.

For illustrative purposes, as applicable: **Are you comfortable your sign-off is supported by:**

- Clear and reasonable mitigation strategies for key risks with financial impacts.
- Risk response and mitigation strategies for key risks with financial impacts that are scaled to the likelihood and impact of the risks.
- Accountabilities that have been established for the implementation of key risk response and mitigation strategies.

2.3.2 The risk response and mitigation strategies for key risks with financial impacts are scaled to the likelihood and impact of the risks.

Assertion 3.

Financial resource requirements have been disclosed and are consistent with the assumptions stated in the proposal, and options to contain costs have been considered.

Rationale:

In signing off on this assertion, the CFO has undertaken reasonable due diligence to ensure that the costing methodologies are appropriate, given the type of initiative (i.e., legislative, strategic policy, procurement, project, transfer payment) and the stage in the initiative's development. Due diligence also considers whether the future requirements for financial resources have been assessed and communicated with the commensurate level of detail.

Given that over the life of a project or initiative uncertainties will diminish, the CFO considers whether the costing information is consistent with the type of initiative or project, its definition level and the approval authorities being sought. This includes consideration of potential associated costs on other stakeholders (e.g., other federal departments, other levels of government, private sector organizations, recipients of transfer payments), as appropriate. As a strategic business advisor with financial management expertise, the CFO also plays a corporate challenge role to ensure that the containment of costs that complement or augment such considerations are applied; that the proposal reflects effective, efficient and economical resource use; and that other alternatives have been considered. CFOs review the formulation of the proposal's expenditures, revenues and cost reduction strategies to ensure that all relevant financial requirements have been assessed and communicated with the commensurate level of detail.

Criterion 3.1 A costing methodology has been established and used.

Sub-Criteria

3.1.1 The costing methodology has been established and is consistent with the principles and concepts in the *TBS Guide to Costing* and relevant TB policies, such as the *Policy on Investment Planning – Assets and Acquired Services*.

For illustrative purposes, as applicable: **Are you comfortable your sign-off is supported by the following:**

- A costing methodology, appropriate for the initiative, that is consistent with the *TBS Guide to Costing* and relevant TB policies, such as the *Policy on Investment Planning – Assets and Acquired Services* and the *Policy on the Management of Projects*.
- A methodology that is appropriate for the initiative at this stage of development and for the type of decision being made, which is used and understood by all parties. It should be clear whether indicative or substantive costs, as

3.1.2 The costing methodology used is

consistent with the stage of the initiative's development and with the methodology used in prior proposals. Where this is not the case, the costing methodology has been documented and rationalized.

3.1.3 All major costs (e.g., life-cycle or incremental costs, as appropriate) have been considered, incorporated and disclosed in a clear and understandable manner, and broken down.

3.1.4 Departmental delivery and administrative or overhead costs have been separated from direct program costs and have been disclosed as necessary.

appropriate, were developed and are being proposed. Note that more than one set of costing and forecasting figures may be required, such as the contract cost as well as the life-cycle cost.

- A costing methodology that has been documented and rationalized, where it is different from the costing methodology used in prior proposals.
- Consideration of all major costs (life-cycle or incremental costs, as appropriate, and direct and indirect costs), which have been incorporated and disclosed in a clear and understandable manner and broken down (e.g., fiscal year, cash and accrual, major components, operating versus capital, transfer payments). The necessary tables in the submission have been completed and numbers can be traced back to assumptions.
- The use of an appropriate methodology to calculate and disclose departmental delivery and administrative or overhead costs separately from direct program costs.
- An appropriate methodology for estimation of Full-Time-Equivalent (FTE) requirements in the department.

Criterion 3.2 Financial requirements are clear, accurate, complete and consistent with assumptions.

Sub-Criteria

3.2.1 The financial requirements analysis considers all of the proposal's assumptions and risks articulated in assertions 1 and 2.

3.2.2 Calculations that affect financial resource requirements have been reviewed and validated, resulting in accurate financial information.

3.2.3 For procurements and contracts, taxes have been correctly considered.

For illustrative purposes, as applicable: **Are you comfortable your sign-off is supported by the following:**

- Financial requirements analysis that considers all of the proposal's assumptions and key risks articulated in the assertions 1 and 2.
- Calculations, spreadsheet data, spreadsheet formulae or calculations, and financial models that have been reviewed and validated. Further, there are no material errors and omissions in the data or calculations.
- Correct exclusion of GST/HST for budgeting and expenditure purposes, and appropriate inclusion of GST/HST for contract limits and approvals. Correct handling of QST, as applicable, and consideration of any import or other duties.

Criterion 3.3 Sensitivity of resource requirements is reflected.

Sub-Criterion

3.3.1 Financial sensitivity analysis, for cost drivers that have a material impact on resource requirements, has been documented.

For illustrative purposes, as applicable: **Are you comfortable your sign-off is supported by the following:**

- A documented financial sensitivity analysis, for cost drivers that have a material impact on resource requirements.

Criterion 3.4 The proposal reflects the effective, efficient and economical use of the Government of Canada's resources.

Sub-Criteria

3.4.1 Costs have been challenged, and other options to contain costs have been considered and documented.

3.4.2 Strategic partnerships, alternative delivery mechanisms and other efficiency approaches have been considered.

3.4.3 Efforts have been made to self-fund or re-allocate funding.

3.4.4 The proposal is financially sustainable and will not cause undue pressure on the department, now or in the future.

For illustrative purposes, as applicable: **Are you comfortable your sign-off is supported by the following:**

- Costs that have been challenged based on available information, and consideration and documentation of other options to contain costs. This includes innovative options and the status quo scenario.
- Consideration of strategic partnerships, alternative delivery mechanisms and other efficiency approaches. Partnerships and alternative delivery agents could include other government departments, provinces, universities, for-profit corporations and not-for-profit corporations. Public-Private Partnerships (PPPs), lease purchase, long-term lease, contracting out and use of grants and contributions could be considered.
- Consideration of self-funding or re-allocation of funding and resources within the department or government.
- A financially sustainable proposal, based on the available information, and not expected to cause undue pressure on the department, now or in the future.

Assertion 4.

Funding has been identified and is sufficient to address the financial requirements for the expected duration of the proposal.

Rationale:

In signing off on this assertion, the CFO has undertaken reasonable due diligence to ensure that the financial requirements for the government as well as for the department are supported by an appropriate funding and financing strategy.

Sound decision making requires an understanding of the proposal's financial commitment implications for the government as well as for the department. An indication of the sustainability of the financing strategy is fundamental to this understanding. While CFOs are not expected to confirm the source of funds where external to the organization, they do play a key role in ensuring that the financial requirements are supported by an appropriate funding and financing strategy. Further, leveraging the CFO's insights on the sustainability of internal funds is of particular relevance for cost-containment considerations.

Criterion 4.1 A robust financing strategy has been developed.

Sub-Criteria

For illustrative purposes, as applicable: **Are you comfortable your sign-off is supported by the following:**

4.1.1 The funding has been disclosed, and all of the financial requirements have been associated with a source of funds.

- Disclosure and documentation of the funding, including the source.
- Sufficient funding for all of the financial requirements necessary for the initiative.
- Consideration of applicable financial contributions from strategic partners, and a level of confidence that the partner has obtained or can obtain this funding, and that the appropriate transfer or spending authorities are in place.

4.1.2 As appropriate, applicable financial contributions from strategic partners have been considered, giving a full and complete picture.

Criterion 4.2 Strategies have been considered in the case of contingencies.

Sub-Criterion

For illustrative purposes, as applicable: **Are you comfortable your sign-off is supported by the following:**

4.2.1 Reasonable funding strategies have been developed to deal with major contingencies or changes arising.

- Reasonable funding strategies (e.g., cancellation, reducing project scope or complexity, internal re-allocation, re-profiling, seeking additional funding) to deal with major contingencies or changes arising.

Criterion 4.3 Funding is sustainable.

For illustrative purposes, as applicable: **Are you comfortable your sign-off is supported by the following:**

Sub-Criteria

4.3.1 The human resources and capital assets strategy associated with the proposal is consistent with the funding profile.

- Reasonable human resources and capital asset strategies and plans. The ramp-up of hiring, contracting, acquisition and systems is achievable and consistent with the funding profile. The exit strategy and provision for winding down activities is appropriate, if the initiative has a planned wind-down or is to sunset. These could include plans and funds for reducing staff levels, disposing or selling assets, and restoring and decontaminating sites.
- The identification of strategies for alternate funding to sustain operations if the initiative is to continue past the period where funding is provided.
- A plan for the department to manage future enquiries, records management and outstanding accounting and for activities such as winding up outstanding legal issues, conducting final audits and program evaluations, issuing a final report and conducting lessons-learned exercises after the termination date, as applicable.

4.3.2 Should a proposal's funding sunset in the future, there are appropriate strategies for completing, winding down or sustaining operations.

Assertion 5

The proposal is compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place or are being sought through the proposal.

Rationale:

In signing off on this assertion, the CFO has undertaken reasonable due diligence to ensure that proposals have the necessary legislative and policy authorities when being brought forward and are compliant. Non-compliance has been identified, and any financial management exemptions will be brought forward or identified.

The CFO, as the key steward with respect to financial management legislation, policies and authorities, is well positioned to ensure

that proposals are compliant and have, or will have, the necessary authorities when being brought forward, or are contingent on having authorities in the future. The CFO will also confirm any financial management authority policy exemptions necessary to support the proposal.

Criterion 5.1 The proposal is compliant with relevant financial management legislation and policies.

Sub-Criteria	For illustrative purposes, as applicable: Are you comfortable your sign-off is supported by the following:
5.1.1 The proposal is compliant with relevant financial management legislation and policies, and non-compliance areas have been identified.	<ul style="list-style-type: none">• The identification of any areas of financial non-compliance. This includes consideration of relevant financial legislation and regulations and financial policies, directives and standards.• Full disclosure of finance-related exemptions that have been obtained in the past or are being sought.• The identification and disclosure of future legislative amendments, policy changes or other actions that will bring non-compliant financial activities into compliance.
5.1.2 In situations of non-compliance, the department already has an exemption, or is seeking or will seek an exemption.	

Criterion 5.2 The proposal includes the necessary spending or expenditure authorities.

Sub-Criterion	For illustrative purposes, as applicable: Are you comfortable your sign-off is supported by the following:
5.2.1 The proposal includes the necessary spending or expenditure authorities, or alternatively they are being identified.	<ul style="list-style-type: none">• Clear description of the necessary spending or expenditure authorities that are being requested.• Identification of necessary spending or expenditure authorities from other sources or means.

Assertion 6.

Key financial controls are in place to support the implementation and ongoing operation of the proposal.

Rationale:

In signing off on this assertion, the CFO has undertaken reasonable due diligence to ensure that the system of financial controls critical to an initiative's success and oversight are, or will be, in place.

Effective financial controls, which include or are embedded within appropriate governance, business processes, financial systems and reporting mechanisms, are critical to an initiative's success and oversight. The system of financial controls needs to accommodate the implementation and monitoring of the new proposal. The *Policy on Internal Control* requires an annual risk-based assessment of the system of internal controls over financial reporting.

Criterion 6.1 The internal system of financial controls will continue to operate effectively.

Sub-Criteria	For illustrative purposes, as applicable: Are you comfortable your sign-off is supported by the following:
6.1.1 There is, or will be, an effective system of internal financial controls, consistent with the TB <i>Policy on Internal Control</i> .	<ul style="list-style-type: none">• An effective system of internal financial controls, consistent with the TB <i>Policy on Internal Control</i>, currently in place to support the implementation and operations of the initiative, or for a new initiative, that will be in place at the appropriate time.• A plan to manage and correct any relevant concerns in the design, development and operation of this initiative where previous reviews, audits, evaluations and internal control assessments have been conducted on similar programs.• A plan for the preparation of meaningful financial management information and reports, containing timely and reliable information in order to meet management oversight needs at all levels.
6.1.2 Relevant concerns from reviews, audits, evaluations and internal control assessments have been considered.	
6.1.3 Financial reporting and monitoring will provide reliable financial information to meet oversight needs.	