



Office of the Superintendent of
Financial Institutions Canada

Bureau du surintendant des
institutions financières Canada

Office of the Superintendent of Financial Institutions

2018–19

Departmental Plan

The Honourable William Francis Morneau, P.C., M.P.
Minister of Finance



Canada 

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Table of contents

Superintendent's message	1
Plans at a glance	3
Planned results: what we want to achieve this year and beyond	5
Core Responsibilities	5
Financial Institution and Pension Plan Regulation and Supervision.....	5
Actuarial Services to Federal Government Organizations	9
Internal Services	11
Spending and human resources	13
Planned spending	13
Planned human resources.....	15
Estimates by vote	15
Future-Oriented Condensed Statement of Operations	16
Supplementary information	17
Corporate information.....	17
Organizational profile	17
Raison d'être, mandate and role	17
Operating context and key risks.....	17
Reporting framework.....	18
Supporting information on the Program Inventory.....	21
Supplementary information tables	21
Federal tax expenditures	21
Organizational contact information.....	21
Appendix: definitions	23
Endnotes	27

Superintendent's message

I am pleased to present the 2018–19 Departmental Plan for the Office of the Superintendent of Financial Institutions (OSFI). This report provides parliamentarians and Canadians with information about what we do and the results we will strive to achieve during the upcoming year.

What we do

The financial services sector plays a critical role in our national life. When our financial institutions are sound, efficient and competitive, we all benefit. Proactive and expert regulation and supervision of financial institutions and private pension plans are essential to a properly functioning financial services sector in which Canadians can place their trust.



As Canada's independent prudential financial regulator, OSFI is focused on financial stability and on the solvency, liquidity, and safety and soundness of some 400 federally regulated financial institutions and 1,200 private pension plans. Our mandate is to protect the interests of depositors, policyholders, creditors and pension plan members, while acknowledging the industry's need to compete effectively and take reasonable risks.

OSFI focuses on current and emerging risks that have the potential to have a material impact on the financial institutions and pension plans we regulate and supervise. While it is not always possible to predict which risks could cause disturbances, we remain vigilant in our assessment of how risks are being managed and mitigated, and that adequate capital and liquidity levels are being maintained.

What we are trying to achieve

OSFI is guided by the five points of its vision statement: we are results-oriented; we are principles-based; we are risk-based; we take a balanced approach; and we set the benchmark for prudential regulation and supervision. Our plans and priorities support this vision, and assist OSFI in achieving our desired strategic outcomes.

Over the coming year, OSFI will focus on the following five broad priorities:

- Tightening the link between effort at OSFI and results in the field
- Strengthening our ability to anticipate and respond to severe but plausible risks to the Canadian financial system
- Reinforcing our principles-based guidance and supervision

- Implementing new international guidance and standards in the context of what is best for Canada
- Setting and meeting high standards for managing our own resources.

Our people and partners

Much of OSFI's success can be attributed to the quality and professionalism of its people. We are fortunate to have such high-performing and talented employees, and we continue to invest in them by providing the training and skills development necessary to help them build their careers at OSFI.

The strong partnerships we have built with our regulatory partners help us to meet our mandate, and increase the confidence Canadians have in their financial system. At the federal level, these partners include the Department of Finance, the Bank of Canada, the Financial Consumer Agency of Canada and the Canada Deposit Insurance Corporation.

I am confident that, guided by our mandate and plans, and supported by our solid relationships with our federal partners, OSFI will continue to contribute to the strength and stability of the Canadian financial system.

Jeremy Rudin
Superintendent

Plans at a glance

Priority A: Tighten the link between effort at OSFI and results in the field

OSFI will continue to enhance its practices and their consistency across like institutions so that supervisory efforts effectively support improvements to the management of risks by federally regulated financial institutions (FRFIs). Key objectives related to this priority include:

- Improving consistency of supervisory decisions across like institutions and the timeliness of follow-up of supervisory recommendations
- Enhancing OSFI's ability to assess how risk culture and other drivers of behaviour support or undermine effective risk management across a range of institutions
- Completing a comprehensive review of OSFI's supervisory processes and implementing the updated supervisory methodology and processes with effective and efficient enabling technology.

Priority B: Strengthen our ability to anticipate and respond to severe but plausible risks to the Canadian financial system

OSFI will emphasize the early identification of the risks stemming from the economy, financial system and the broader environment to proactively enhance its prudential guidance and ensure that financial institutions are well positioned to operate through periods of stress and in a rapidly changing environment. Key objectives related to this priority include:

- Enhancing OSFI's prudential guidance so that it will encourage financial institutions to position themselves to operate through periods of stress (e.g., guidance on encumbrance limits, capital buffers, solo capital, reinsurance review, and the implementation of "bail-in" requirements)
- Deepening OSFI's understanding of risk factors arising outside of OSFI's direct responsibilities (e.g., financial technologies, reinsurance) and adjusting OSFI's prudential expectations accordingly
- Articulating OSFI's tolerance for risk and how the allocation of regulatory and supervisory resources will be guided by that tolerance
- Enhancing OSFI's ability to identify, analyze and respond to macroeconomic and geopolitical uncertainty
- Re-examining OSFI's role in, and approach to, enhancing cyber security at Canadian financial institutions.

Priority C: Reinforce our principles-based guidance and supervision

OSFI will continue to reinforce principles rather than rules-based guidance and supervision. This will provide FRFIs and private pension plans with flexibility to meet expectations in ways that are commensurate with their complexity, size and business model, thereby contributing to

effective prudential regulation while optimizing compliance costs for institutions and plans. A key objective related to this priority is:

- Reviewing OSFI’s supervisory approach to ensure that prudential expectations and guidance are principles-based wherever possible and do not inadvertently encourage a rules-based approach to implementation.

Priority D: Influence international guidance, standards and reforms with a view to implementing them in the context of what is best for Canada

OSFI will continue to actively participate in the development of international guidance and standards and ensure that proposed reforms support the stability of Canada’s financial system while allowing Canadian financial institutions of varying size and complexity to compete and to take reasonable risks. Key objectives related to this priority include:

- Actively participating in the development of international prudential and accounting standards and implementing those standards in Canada in a way that promotes financial stability in Canada and takes account of Canadian business models
- Enhancing OSFI’s ability to scale expectations to the size and complexity of the institutions.

Priority E: Set and meet high standards for managing our own resources

OSFI will continue to set high standards for the management of its employees, systems, information and financial resources and will closely monitor its performance to ensure that those standards are met. Key objectives related to this priority include:

- Supporting employee effectiveness and career development through the provision of high quality training opportunities and a talent management program
- Enhancing OSFI’s ability to effectively plan and prioritize work and allocate and track resource utilization through the selection of new planning and resource management tools
- Strengthening OSFI’s ability to implement internal organizational and system changes and to respond to new priorities while minimizing disruption and maintaining fiscal discipline.

For more information on OSFI’s plans, priorities and planned results, see the “Planned results” section of this report.

Planned results: what we want to achieve this year and beyond

Core Responsibilities

Financial Institution and Pension Plan Regulation and Supervision

Description

The Office of the Superintendent of Financial Institutions advances a regulatory framework designed to control and manage risk to federally regulated financial institutions and private pension plans and evaluates system-wide or sectoral developments that may have a negative impact on their financial condition. It also supervises financial institutions and pension plans to determine whether they are in sound financial condition and meeting regulatory and supervisory requirements. The Office promptly advises financial institutions and pension plan administrators if there are material deficiencies, and takes corrective measures or requires that they be taken to expeditiously address the situation. It acts to protect the rights and interests of depositors, policyholders, financial institution creditors and pension plan beneficiaries, while having due regard for the need to allow financial institutions to compete effectively and take reasonable risks.

Planning highlights

In line with its mandate, OSFI will be leading initiatives in four key areas over the planning period: capital, reinsurance, accounting and corporate governance.

Capital rule-making initiatives will be focused on asset encumbrance, capital buffers for deposit-taking institutions, Basel III implementation, and a stand-alone capital framework for banks and insurance companies. OSFI will also continue to assess the implementation of the new capital standard for life insurers (LICAT) that became effective on January 1, 2018 and of the capital framework for mortgage default insurance implemented in 2017 to determine whether any additional refinements are warranted.

OSFI's review of reinsurance practices remains in progress, and related communication with industry and individual institutions is ongoing. A discussion paper will be released in 2018 to describe issues, discuss proposed reforms, and seek industry feedback.

In the accounting area, OSFI will devote significant efforts to assessing the prudential implications of the implementation of International Financial Reporting Standard (IFRS) 17 Insurance Contracts.

Corporate governance work will enhance OSFI's ability to assess and address issues related to risk governance and culture. In line with its principle-based approach, OSFI will release revised guidance that rationalizes and clarifies its expectations for Boards of Directors. The revised

guidance will allow boards to focus on issues that are critical to the safety and soundness of the FRFI, notably risk governance and culture. In support of this initiative, OSFI will strengthen internal guidance for lead supervisors to assess risk culture and behaviour, as well as develop the complementary tools to address these issues.

In addition to the four work streams above, OSFI will pursue its ongoing efforts to manage risks related to fragmentation in the financial services industry due to increased digitization of the sector. It will continue to assess options, within the scope of its mandate, for overseeing the management of cyber risk by financial institutions. Work in this area will be advanced within the broader context of the Government of Canada's overall cyber strategy. OSFI will also devote efforts on deepening its understanding of risk factors arising outside of its direct responsibilities (e.g., financial technologies) and adjusting OSFI's prudential expectations if warranted.

As part of its supervisory work, OSFI will closely monitor FRFIs' implementation of major guidance initiatives, including the revised Guideline B-20 – Residential Mortgage Underwriting Practices and Procedures that came into force on January 1, 2018. It will also pay particular attention to liquidity in institutions with vulnerable funding models.

OSFI will enhance its crisis preparedness framework, in partnership with Financial Institution Supervisory Committee (FISC) agencies as appropriate, to ensure its readiness to manage crisis situations. It will continue to foster the application of a risk tolerance perspective to guide its level of regulatory and supervisory intensity. Finally, OSFI will continue to focus efforts on enhancing supervisory processes, tools and enabling technology as well as on implementing training initiatives.

In the federally regulated private pension plans (PPPs) area, OSFI will review how it supervises PPPs' investments. The review will consider the investment information that OSFI collects as well as the analysis it conducts and the supervisory procedures it follows in order to ensure that potential risks are appropriately identified. The review is intended to further strengthen OSFI's principles-based and risk-based approach to pension plan supervision.

Collectively, these efforts will continue to contribute to reaching or exceeding established performance targets.

Planned results

Departmental Results	Departmental Result Indicators	Target	Date to achieve target	2014–15 Actual results	2015–16 Actual results	2016–17 Actual results
Federally regulated financial institutions and private pensions plans are in sound financial condition	% of financial institutions with a Composite Risk Rating of low or moderate.	80%	March 31, 2019	91%	94%	94.6%
	Number of financial institutions for which the supervisory rating ¹ (i.e., risk level) has increased by two or more levels within a three month period.	1	March 31, 2019	0	1	0
	Number of pension plans for which the supervisory rating ² (i.e., risk level) has increased by two or more levels within a three month period.	1	March 31, 2019	1	1	1
Regulatory and supervisory frameworks	The Office of the Superintendent of Financial	100%	March 31, 2019	100%	100% ³	100% ⁴

¹ Supervisory ratings are aligned with the risk profile of institutions and range from 0 (normal) to 4 (non-viable/insolvency imminent). Significant increases in ratings, as opposed to progressive ones, can signal issues with the timelines or effectiveness of OSFI supervisory efforts.

² Supervisory ratings are aligned with the risk profile of pension plans and range from 0 (normal) to 4 (non-viable/insolvency imminent). Significant increases in ratings, as opposed to progressive ones, can signal issues with the timelines or effectiveness of OSFI supervisory efforts.

³ The Financial Sector Assessment Program (FSAP) review is conducted every five years therefore the result is calculated once every five years. The result is carried forward in the years that an assessment is not conducted. The next review is scheduled to take place in 2018-19.

⁴ Ibid.

contribute to the safety and soundness of the Canadian financial system	Institutions' level of compliance with the International Monetary Fund's Financial Sector Assessment Program core principles					
	The Office of the Superintendent of Financial Institutions' level of compliance with Basel standards as assessed by the Regulatory Consistency Assessment Programme of the Bank for International Settlements.	90%	March 31, 2019	100%	100% ⁵	100%

Budgetary financial resources (dollars)

2018–19 Main Estimates	2018–19 Planned spending	2019–20 Planned spending	2020–21 Planned spending
84,289,089	84,289,089	85,631,913	87,152,518

Human resources (full-time equivalents)

2018–19 Planned full-time equivalents	2019–20 Planned full-time equivalents	2020–21 Planned full-time equivalents
441	445	445

⁵ The Regulatory Consistency Assessment Programme review is conducted every two years therefore the result is calculated once every two years. The result is carried forward in the years that an assessment is not conducted. The next review is scheduled to take place in 2018-19.

Actuarial Services to Federal Government Organizations

Description

The Office of the Chief Actuary provides a range of actuarial services, including statutory actuarial valuations required by legislation and checks and balances on the future costs of programs for the Canada Pension Plan, Old Age Security, Employment Insurance and Canada Student Loans programs, as well as pension and benefits plans covering the Federal Public Service, the Canadian Forces, the Royal Canadian Mounted Police, federally appointed judges, and Members of Parliament.

Planning highlights

In 2018-19, the Office of the Chief Actuary (OCA) will begin work on the triennial Actuarial Report on the Canada Pension Plan (CPP) as at December 31, 2018. This triennial report projects CPP revenues and expenditures over a 75-year period in order to assess the future impact of historical and projected demographic and economic trends. The CPP is one of the cornerstones of Canada's retirement income system and is financed by contribution revenues and investment returns. For the first time, this report will cover two parts of the CPP: the Base CPP and the Additional CPP that will be implemented on January 1, 2019. As part of the preparatory work, the OCA will organize in September 2018 an inter-disciplinary seminar on Demographic, Economic and Investment Perspectives for Canada to be attended by representatives from federal, provincial and territorial governments.

In 2018-19, the Actuarial Reports on the Pension Plan for the Public Service of Canada and the Public Service Death Benefit Account as at March 31, 2017 will be submitted to the President of the Treasury Board for tabling before Parliament.

Further, the OCA will submit, to the appropriate authority, the Actuarial Report on the Canada Student Loans Program as at July 31, 2017, the 2019 Employment Insurance Premium Rate Report, the Actuarial Report on the Government Annuities as at March 31, 2018, and the Actuarial Report on the Civil Service Insurance Program as at March 31, 2018.

As part of its ongoing provision of sound actuarial advice, the OCA will assist several government departments such as the federal and provincial Departments of Finance, Employment and Social Development Canada, Treasury Board Secretariat, Veterans Affairs Canada, National Defense, Royal Canadian Mounted Police (RCMP), the Department of Justice, and Public Services and Procurement Canada in the design, funding and administration of the plans and programs for which they are responsible.

Planned results

Departmental Results	Departmental Result Indicators	Target	Date to achieve target	2014–15 Actual results	2015–16 Actual results	2016–17 Actual results
Stakeholders receive accurate and high quality actuarial information on the cost of public programs and government pension and benefit plans	% of members of a panel of Canadian peer actuaries that deem the Canada Pension Plan actuarial valuation accurate and of high quality.	100% Agreement among all three members of peer review panel	March 31, 2021	100%	N/A	100%
	% of public pension and insurance plan valuations that are deemed accurate and high quality.	100%	March 31, 2019	100%	100%	100%

Budgetary financial resources (dollars)

2018–19 Main Estimates	2018–19 Planned spending	2019–20 Planned spending	2020–21 Planned spending
6,317,872	6,317,872	6,534,750	6,428,355

Human resources (full-time equivalents)

2018–19 Planned full-time equivalents	2019–20 Planned full-time equivalents	2020–21 Planned full-time equivalents
40	40	40

Financial, human resources and performance information for OSFI's Program Inventory is available in the [GC InfoBase](#)ⁱ.

Internal Services

Description

Internal Services are those groups of related activities and resources that the federal government considers to be services in support of programs and/or required to meet corporate obligations of an organization. Internal Services refers to the activities and resources of the 10 distinct service categories that support Program delivery in the organization, regardless of the Internal Services delivery model in a department. The 10 service categories are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

Budgetary financial resources (dollars)

2018–19 Main Estimates	2018–19 Planned spending	2019–20 Planned spending	2020–21 Planned spending
62,471,964	62,471,964	63,464,777	62,164,854

Human resources (full-time equivalents)

2018–19 Planned full-time equivalents	2019–20 Planned full-time equivalents	2020–21 Planned full-time equivalents
201	201	201

Planning highlights

Over the planning horizon, OSFI will implement a new approach to planning across the organization that will involve changes to governance, processes and tools. The new approach will better support the timely execution of the most important work that OSFI wants to accomplish. Work on strengthening OSFI's capability to lead and manage change will also contribute to this objective. Over the planning period, an enterprise change management methodology will be deployed along with tools and training programs for executives, people leaders, and employees. As it executes on its plans, OSFI will continue to focus efforts on prudent fiscal management and on monitoring expenses, in line with its responsible spending practices.

OSFI will continue the implementation of its multi-year Human Capital Strategy and leverage the recently established components of new HR programs and initiatives in the areas of leadership development, talent management, learning and development, and culture and community building. This will ensure that OSFI employees are well equipped to handle their responsibilities and to grow in their chosen career path.

OSFI continues to promote the government-wide priorities of gender equality, diversity and inclusiveness. OSFI has taken steps to introduce enriched training and career development opportunities as well as enhanced flexible work arrangements that are expected to contribute to reaching the organization goals with regard to acquiring a highly diverse and qualified workforce.

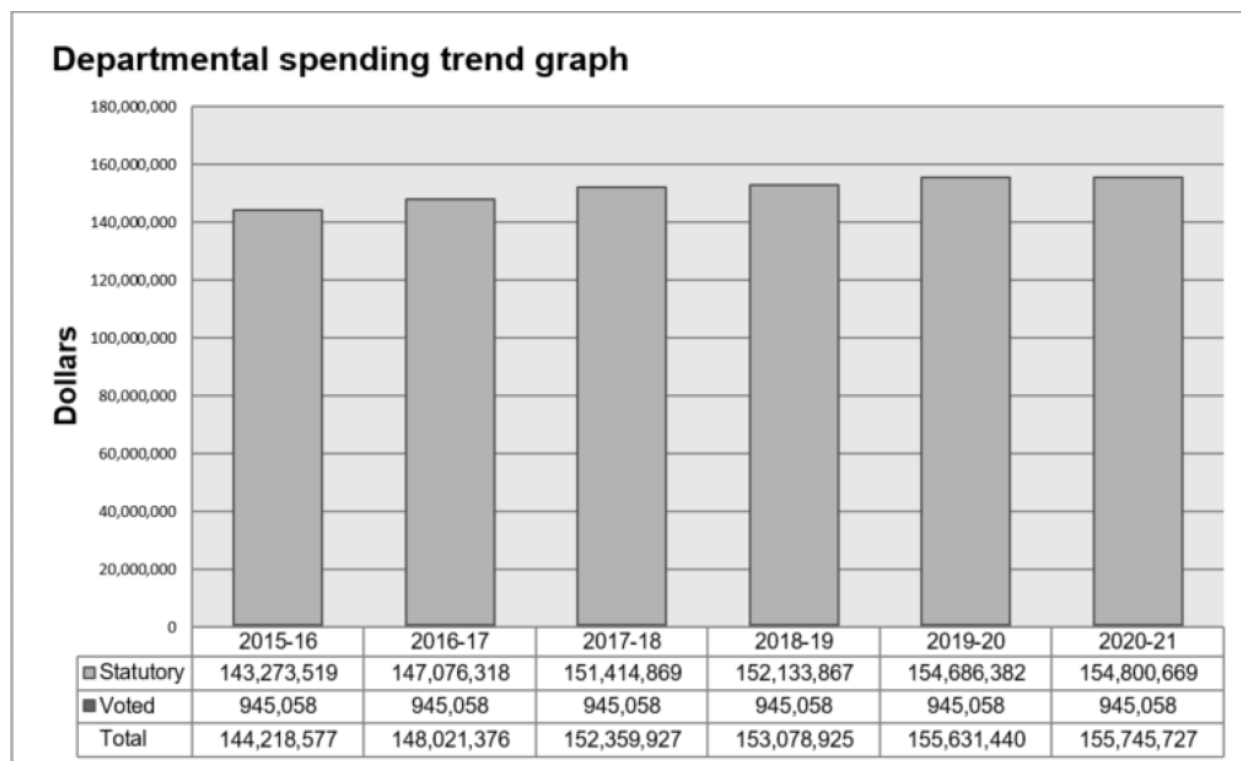
OSFI continues to develop a new modular supervisory system, a project that will span several years. In parallel, it will also begin the design of a new enterprise planning and resource management tool that will support OSFI's ability to effectively plan and prioritize work and allocate and track resource utilization.

OSFI supports the Government of Canada's commitment to innovate and experiment. In the spirit of experimentation, OSFI identified the implementation of a new and more agile procurement approach for the development of the new supervisory system as its test project. The approach included an industry information session early on in the process to disseminate information to potential bidders about OSFI's business requirements. The approach also included the publishing of a draft Request for Proposal (RFP) for industry feedback, which was addressed as appropriate in the final version of the RFP. This enhanced understanding of the requirements is expected to lead to higher quality bids, a lower volume of enquiries on the request for proposal, fewer requests to extend the closing date and more accurate costing. It is anticipated that this more agile approach will enhance the competitiveness of the procurement process, result in more compliant bids, and ultimately result in a better end product. OSFI plans to undertake an evaluation of this procurement approach upon Contract Award, at the end of the initial two year contract period and finally, at contract close out. Given OSFI's regulatory and supervisory mandate, the small size of the industry it oversees, and its limited capacity to undertake research projects, continuous improvement is generally sought through consultations and lessons learned exercises. It is expected that these approaches will remain OSFI's primary means to enhance its organizational effectiveness and efficiency moving forward.

OSFI's communications environment presents increased opportunities for the organization to raise public awareness of its mandate and activities. As such, OSFI will enhance its communications programs and implement products and initiatives that will advance the organization's priorities and contribute to increased transparency and awareness over the planning period. Internally, OSFI strives to increase engagement of employees in the pursuit of a number of corporate priorities intended to foster a positive work environment and encourage greater collaboration and efficiency.

Spending and human resources

Planned spending



The graph above represents OSFI's actual and planned spending from 2015-16 to 2020-21. Statutory expenditures, which are recovered from responsible revenue⁶, represent 99.4% of total expenditures. The remaining 0.6% of OSFI's spending is funded from a parliamentary appropriation for actuarial services related to federal public sector pension and benefit plans.

OSFI's total spending increased by 2.6% in 2016-17 and is forecasted to increase by 2.9% in 2017-18. This is mainly attributable to increases related to personnel costs for staffing vacant positions, normal merit and economic adjustments, professional services and training costs. Spending in 2018-19 onwards is planned to increase slightly, largely due to staffing of approved vacant positions and normal merit and economic adjustments.

⁶ OSFI is funded mainly through risk-based (capital adequacy or capital equivalency measures) or membership-based assessments on the financial institutions and private pension plans that it regulates and supervises, and a user-pay program for legislative approvals and other selected services.

Budgetary planning summary for Core Responsibilities and Internal Services (dollars)

Core Responsibilities and Internal Services	2015–16 Expenditures	2016–17 Expenditures	2017–18 Forecast spending	2018–19 Main Estimates	2018–19 Planned spending	2019–20 Planned spending	2020–21 Planned spending
Financial Institution and Pension Plan Regulation and Supervision	80,815,366	82,326,382	85,092,476	84,289,089	84,289,089	85,631,913	87,152,518
Actuarial Services to Federal Government Organizations	5,443,559	5,416,540	5,728,868	6,317,872	6,317,872	6,534,750	6,428,355
Subtotal	86,258,825	87,742,922	90,821,344	90,606,961	90,606,961	92,166,663	93,580,873
Internal Services	57,959,652	60,278,454	61,538,583	62,471,964	62,471,964	63,464,777	62,164,854
Total	144,218,577	148,021,376	152,359,927	153,078,925	153,078,925	155,631,440	155,745,727

OSFI's total expenditures are planned to increase slightly over the planning horizon, mainly due to the staffing of approved vacant positions and to normal economic and merit adjustments to salary costs in accordance with collective bargaining agreements.

At the core responsibility level, other variances are as follow:

- The increased spending in 2017-18 under the Financial Institution and Pension Plan Regulation and Supervision core responsibility is driven by professional services related to supervisory intervention efforts and costs for enhanced training in the supervisory units. Spending decreases by 1.3% in 2018-19 due to non-recurring costs incurred in 2017-18; thereafter, spending is expected to increase annually by an average of 1.7%.
- Expenditures in 2019-20 related to the Actuarial Services to Federal Government Organizations core responsibility include costs for the triennial Canada Pension Plan review.
- Spending in Internal Services increased in 2016-17 from 2015-16 due to higher information management/information technology professional services costs. Spending in 2017-18 onwards is currently planned to remain relatively stable.

Planned human resources

Human resources planning summary for Core Responsibilities and Internal Services (full-time equivalents)

Core Responsibilities and Internal Services	2015–16 Actual	2016–17 Actual	2017–18 Forecast	2018–19 Planned	2019–20 Planned	2020–21 Planned
Financial Institution and Pension Plan Regulation and Supervision	444	443	447	441	445	445
Actuarial Services to Federal Government Organizations	33	32	36	40	40	40
Subtotal	477	475	483	481	485	485
Internal Services	189	197	207	201	201	201
Total	666	672	690	682	686	686

OSFI's full-time equivalents (FTE) are planned to remain stable over the planning horizon. The increase of 6 FTEs in 2016-17 and the forecast increase of 18 FTEs in 2017-18 are due to the staffing of vacant positions, largely in Internal Services.

Estimates by vote

For information on OSFI's organizational appropriations, consult the [2018–19 Main Estimates](#)ⁱⁱ.

Future-Oriented Condensed Statement of Operations

The Future-Oriented Condensed Statement of Operations provides a general overview of OSFI's operations. The forecast of financial information on expenses and revenues is prepared on an accrual accounting basis to strengthen accountability and to improve transparency and financial management.

Because the Future-Oriented Condensed Statement of Operations is prepared on an accrual accounting basis, and the forecast and planned spending amounts presented in other sections of the Departmental Plan are prepared on an expenditure basis, amounts may differ.

A more detailed Future-Oriented Statement of Operations and associated notes, including a reconciliation of the net cost of operations to the requested authorities, are available on [OSFI's websiteⁱⁱⁱ](#).

Future-Oriented Condensed Statement of Operations for the year ended March 31, 2019 (dollars)

Financial information	2017–18 Forecast results	2018–19 Planned results	Difference (2018–19 Planned results minus 2017–18 Forecast results)
Total expenses	155,000,000	157,000,000	2,000,000
Total revenues	154,054,942	156,054,942	2,000,000
Net cost of operations before government funding and transfers	945,058	945,058	0

OSFI matches its revenues to its costs. The difference between the figures presented in the table above and the planned spending amounts provided in other sections of the Departmental Plan is due to a different basis of accounting and relates to non-respendable revenues, amortization of tangible capital assets, and severance and sick leave liability adjustments.

Supplementary information

Corporate information

Organizational profile

Appropriate minister: William Francis Morneau

Superintendent: Jeremy Rudin

Ministerial portfolio: Finance

Enabling instrument[s]: [Office of the Superintendent of Financial Institutions Act](#) (OSFI Act)^{iv}

Year of incorporation / commencement: 1987

Raison d'être, mandate and role

“Raison d'être, mandate and role: who we are and what we do” is available on [OSFI's website](#)^v (OSFI Supplementary Corporate Information).

Operating context and key risks

Information on operating context and key risks is available on [OSFI's website](#)^{vi} (OSFI Supplementary Corporate Information).

Reporting framework

OSFI's Departmental Results Framework (DRF) and Program Inventory (PI) of record for 2018–19 are shown below:

	Core Responsibility 1 Financial Institution and Pension Plan Regulation and Supervision		Core Responsibility 2 Actuarial Services to Federal Government Organizations		Internal Services
	Departmental Result: Federally regulated financial institutions and private pensions plans are in sound financial condition	Indicator: % of financial institutions with a Composite Risk Rating of low or moderate Indicator: Number of financial institutions for which the supervisory rating (i.e. risk level) has increased by two or more levels within a three month period Indicator: Number of pension plans for which the supervisory rating (i.e. risk level) has increased by two or more levels within a three month period	Departmental Result: Stakeholders receive accurate and high quality actuarial information on the cost of public programs and government pension and benefit plans	Indicator: % of members of a panel of Canadian peer actuaries that deem the Canada Pension Plan actuarial valuation accurate and of high quality Indicator: % of public pension and insurance plan valuations that are deemed accurate and high quality.	
Departmental Results Framework	Departmental Result: Regulatory and supervisory frameworks contribute to the safety and soundness of the Canadian financial system	Indicator: The Office of the Superintendent of Financial Institutions' level of compliance with the International Monetary Fund's Financial Sector Assessment Program core principles Indicator: The Office of the Superintendent of Financial Institutions' level of compliance with Basel standards as assessed by the Regulatory Consistency Assessment Programme of the Bank for International Settlements			
Program Inventory	Program: Risk Assessment and Intervention – Federally Regulated Financial Institutions		Program: Actuarial Valuation and Advice		
	Program: Regulation and Guidance of Federally Regulated Financial Institutions				
	Program: Regulatory Approvals and Legislative Precedents				
	Program: Federally Regulated Private Pension Plans				

Concordance between the Departmental Results Framework and the Program Inventory, 2018–19, and the Program Alignment Architecture, 2017–18

OSFI's transition to the DRF and PI did not result in major changes to its reporting structure other than the streamlining of three programs into one under the core responsibility for Actuarial Services to Federal Government Organizations. This change was made given that the function underlying the three former programs was the same, but exercised for different client groups (see Concordance Table on next page).

Results indicators have been identified under the new DRF. A number of these provide OSFI with a measure of the level of risk associated with the institutions and pension plans that it regulates and supervises and can signal where OSFI should devote additional supervisory efforts. Some of the indicators provide a measure of the extent to which OSFI's regulatory and supervisory frameworks meet or exceed international standards. These frameworks are the foundation of OSFI's contribution to the safety and soundness of the Canadian financial system. With respect to actuarial reports produced by OSFI for public programs and government pension and benefit plans, the indicators measure whether they are accurate and high quality and thereby assure Canadians that the programs and plans are well-managed and financially sustainable.

2018–19 Core Responsibilities and Program Inventory	2017–18 Lowest-level program of the Program Alignment Architecture	Percentage of lowest-level Program Alignment Architecture program (dollars) corresponding to the program in the Program Inventory
Core Responsibility 1: Financial Institution and Pension Plan Regulation and Supervision		
Risk Assessment and Intervention – Federally Regulated Financial Institutions	1.1.1 Risk Assessment and Intervention	100%
Regulation and Guidance of Federally Regulated Financial Institutions	1.1.2 Regulation and Guidance	100%
Regulatory Approvals and Legislative Precedents	1.1.3 Approval and Precedents	100%
Federally Regulated Private Pension Plans	1.2 Regulation and Supervision of Federally Regulated Private Pension Plans	100%
Core Responsibility 2: Actuarial Services to Federal Government Organizations		
Actuarial Valuation and Advice	2.1.1 Services to the Canada Pension Plan and Old Age Security Program	100%
	2.1.2 Services to Public Sector Pension and Insurance Programs	100%
	2.1.3 Services to the Canada Student Loans and Employment Insurance Programs	100%

Supporting information on the Program Inventory

Supporting information on planned expenditures, human resources, and results related to OSFI's Program Inventory is available in the [GC InfoBase](#).^{vii}

Supplementary information tables

The following supplementary information tables are available on [OSFI's website](#)^{viii}:

- ▶ [Departmental Sustainable Development Strategy](#)^{ix}
- ▶ Upcoming internal audits for the coming fiscal year

Federal tax expenditures

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures each year in the [Report on Federal Tax Expenditures](#).^x This report also provides detailed background information on tax expenditures, including descriptions, objectives, historical information and references to related federal spending programs. The tax measures presented in this report are the responsibility of the Minister of Finance.

Organizational contact information

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Fax: 1-613-952-8219

E-mail: webmaster@osfi-bsif.gc.ca

Web: <http://www.osfi-bsif.gc.ca/Eng/Pages/default.aspx>

Appendix: definitions

appropriation (crédit)

Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (dépenses budgétaires)

Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Core Responsibility (responsabilité essentielle)

An enduring function or role performed by a department. The intentions of the department with respect to a Core Responsibility are reflected in one or more related Departmental Results that the department seeks to contribute to or influence.

Departmental Plan (plan ministériel)

A report on the plans and expected performance of appropriated departments over a three-year period. Departmental Plans are tabled in Parliament each spring.

Departmental Result (résultat ministériel)

Any change or changes that the department seeks to influence. A Departmental Result is often outside departments' immediate control, but it should be influenced by Program-level outcomes.

Departmental Result Indicator (indicateur de résultat ministériel)

A factor or variable that provides a valid and reliable means to measure or describe progress on a Departmental Result.

Departmental Results Framework (cadre ministériel des résultats)

The department's Core Responsibilities, Departmental Results and Departmental Result Indicators.

Departmental Results Report (rapport sur les résultats ministériels)

A report on the actual accomplishments against the plans, priorities and expected results set out in the corresponding Departmental Plan.

experimentation (expérimentation)

Activities that seek to explore, test and compare the effects and impacts of policies, interventions and approaches, to inform evidence-based decision-making, by learning what works and what does not.

full-time equivalent (équivalent temps plein)

A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

gender-based analysis plus (GBA+) (analyse comparative entre les sexes plus [ACS+])

An analytical process used to help identify the potential impacts of policies, Programs and services on diverse groups of women, men and gender-diverse people. The “plus” acknowledges that GBA goes beyond sex and gender differences to consider multiple identity factors that intersect to make people who they are (such as race, ethnicity, religion, age, and mental or physical disability).

government-wide priorities (priorités pangouvernementales)

For the purpose of the 2018–19 Departmental Plan, government-wide priorities refers to those high-level themes outlining the government’s agenda in the 2015 Speech from the Throne, namely: Growth for the Middle Class; Open and Transparent Government; A Clean Environment and a Strong Economy; Diversity is Canada's Strength; and Security and Opportunity.

horizontal initiative (initiative horizontale)

An initiative in which two or more federal organizations, through an approved funding agreement, work toward achieving clearly defined shared outcomes, and which has been designated (by Cabinet, a central agency, etc.) as a horizontal initiative for managing and reporting purposes.

non-budgetary expenditures (dépenses non budgétaires)

Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (rendement)

What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

performance indicator (indicateur de rendement)

A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting (production de rapports sur le rendement)

The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending (dépenses prévues)

For Departmental Plans and Departmental Results Reports, planned spending refers to those amounts presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their Departmental Plans and Departmental Results Reports.

plan (plan)

The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priority (priorité)

A plan or project that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Departmental Results.

Program (programme)

Individual or groups of services, activities or combinations thereof that are managed together within the department and focus on a specific set of outputs, outcomes or service levels.

Program Alignment Architecture (architecture d'alignement des programmes)⁷

A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

result (résultat)

An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

statutory expenditures (dépenses législatives)

Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

⁷ Under the Policy on Results, the Program Alignment Architecture has been replaced by the Program Inventory.

Strategic Outcome (résultat stratégique)

A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program (programme temporisé)

A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target (cible)

A measurable performance or success level that an organization, Program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

voted expenditures (dépenses votées)

Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.

Endnotes

- i. GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- ii. 2017–18 Main Estimates, <https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/government-expenditure-plan-main-estimates.html>
- iii. Future-Oriented Financial Statements, <http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/rpp/Pages/default.aspx>
- iv. Office of the Superintendent of Financial Institutions Act, <http://laws-lois.justice.gc.ca/eng/acts/O-2.7/>
- v. OSFI's website, <http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/rpp/dp1819/Pages/default.aspx>
- vi. OSFI's website, <http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/rpp/dp1819/Pages/default.aspx>
- vii. GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- viii. OSFI's website, <http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/rpp/dp1819/Pages/default.aspx>
- ix. OSFI's Departmental Sustainable Development Strategy, <http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/rpp/dp1718/Pages/dsd-sdd.aspx>
- x. Report on Federal Tax Expenditures, <http://www.fin.gc.ca/purl/taxexp-eng.asp>