

Reports of the Auditor General of Canada  
to the Parliament of Canada

# The Benefits Delivery Modernization Programme

## Report 8



Independent Auditor's  
Report | 2023



Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

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# At a Glance



## Overall message

Employment and Social Development Canada's Benefits Delivery Modernization programme is the largest information technology project undertaken to date by the federal government. The programme had 2 key goals:

- migrate Old Age Security, Employment Insurance, and Canada Pension Plan benefits to a modern cloud-based platform
- transform benefits delivery and the user experience to meet the needs of diverse groups, including seniors, people in remote locations, Indigenous peoples, and refugees

The information technology systems currently used to deliver these benefits to Canadians are between 20 and 60 years old and at risk of failing. If these systems were to fail, it could greatly affect the more than 10 million Canadians who rely on them to meet their daily needs.

We found that in the face of ongoing delays, cost increases, and staffing challenges, the department showed flexibility by adjusting its approach from working on both of the programme's goals in tandem to prioritizing the migration of the aging systems to reduce the risk of system failure. However, this approach meant delaying the programme's much-needed transformation component, which is intended to improve how people access and receive these benefits, including reducing the occurrence of inaccurate payments. The programme is more than halfway into its initially planned timeline, and all 3 benefits are still operating on outdated systems with limitations.

As time goes on and estimated costs continue to rise, we are concerned that decision makers may scale back or eliminate the transformation component of the 3 benefits, resulting in a final product that does not consider the needs of millions of Canadians who rely on them. The Benefits Delivery Modernization programme is an opportunity for the federal government to demonstrate how it could improve the planning and execution of large, multi-year information technology projects.

## Key facts and findings



- In the 2022–23 fiscal year, the federal government planned to provide about \$125 billion in Old Age Security and Canada Pension Plan benefits to about 8.3 million Canadians and about \$25 billion in Employment Insurance benefits to about 2.6 million Canadians.
- The Benefits Delivery Modernization programme was launched in 2017 and was supposed to finish by 2030. Since its launch, Employment and Social Development Canada encountered numerous obstacles and delays in its implementation. For example, the department revised its estimated date for migrating Old Age Security benefits to a new platform from December 2023 to December 2024 and told us that any delays encountered during the migration may shift the completion date to December 2025. Our review indicated that there is a significant risk this will happen.
- In 2017, the department’s initial estimated cost of the programme was \$1.75 billion. This estimate has increased twice since then and is likely to increase again. As of the latest estimate in April 2022, the cost had increased by 43% to \$2.5 billion, even though no benefits had yet moved to the new platform.

See **Recommendations and Responses** at the end of this report.

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# Introduction

## Background

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### The Benefits Delivery Modernization programme

8.1 The Benefits Delivery Modernization programme, led by Employment and Social Development Canada, is an information technology project that aims to modernize the systems used to deliver benefits from Old Age Security (including the Guaranteed Income Supplement), the Canada Pension Plan, and the Employment Insurance program. The project is the largest of its kind undertaken to date by the federal government.

8.2 The initiative involves migrating these 3 benefit programs to a cloud-based platform and transforming the way Canadians access them. Migration is critical because the information technology systems that currently deliver these benefit programs are many decades old and at risk of failure (Exhibit 8.1). Transformation is important because it is intended to standardize operations and streamline business processes, improve the service experience for recipients, get payments to more eligible recipients, and reduce occurrences of inaccurate payments and the risk of fraud.

8.3 The modernization programme began with planning in 2017, implementation in 2021, and was scheduled for completion in 2030. In 2017, its estimated cost was \$1.75 billion. Employment and Social Development Canada planned to refine the estimates progressively at each phase of the project.

8.4 Each year, the government provides significantly more than \$100 billion in Canada Pension Plan, Old Age Security, and Employment Insurance payments to recipients of these benefits. In the 2022–23 fiscal year, the government provided almost \$125 billion in Old Age Security and Canada Pension plan payments to about 8.3 million people and around \$25 billion in Employment Insurance benefits to about 2.6 million people (Exhibit 8.1). Any interruption or error can significantly affect recipients' abilities to meet their daily needs, such as buying food or paying rent.

**Exhibit 8.1—The benefits undergoing modernization**

<b>Benefit</b>	<b>Purpose and form</b>	<b>Eligibility</b>	<b>Number of recipients in the 2022–23 fiscal year</b>	<b>Planned spending in the 2022–23 fiscal year</b>	<b>Age of IT system (rounded)</b>
Old Age Security (includes the Guaranteed Income Supplement)	Income support through monthly taxable payments	Canadians or legal residents aged 65 years and older who meet the residency requirements	7.0 million (see note)	\$67.7 billion	60 years
Canada Pension Plan	Monthly taxable payments that provide a source of retirement income	Persons aged 60 years or over who have made at least 1 valid contribution to the plan	6.5 million (see note)	\$57.2 billion	20 years
Employment Insurance	Biweekly payments that replace up to 55% of a worker's salary (to a maximum of \$61,500 in 2023) while they are not working	Unemployed workers who are looking for a job or are upgrading their skills  Workers taking time off because of illness, pregnancy, childbirth (or adoption), or to care for a critically ill or injured person or a family member at significant risk of death	2.6 million	\$24.8 billion	50 years

Note: Although the table presents the numbers of recipients for each benefit as separate numbers, there is some overlap between them because many Canadians receive both Old Age Security and Canada Pension Plan payments. In total, about 8.3 million Canadians were to receive either one or both of these benefits for 2022–23.

Source: Based on data from Employment and Social Development Canada.

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## Roles and responsibilities

8.5 **Employment and Social Development Canada.** The department is responsible for delivering the benefits from Old Age Security, the Canada Pension Plan, and Employment Insurance. The department gives Canadians access to these programs through Service Canada in person, online, and by phone. It is responsible for planning, implementing, and reporting on the Benefits Delivery Modernization programme.

8.6 **Treasury Board of Canada Secretariat.** The secretariat provides advice and recommendations on strategy and management of the federal government's external and internal enterprise services, information, data, information technology, and cybersecurity. It co-chairs and participates in committees related to the Benefits Delivery Modernization programme, establishes policies and directives, and provides an oversight and challenge function. The Office of the Chief Information Officer oversees digitally enabled government projects, including the Benefits Delivery Modernization programme.

8.7 **Public Services and Procurement Canada.** The department purchases goods and services, including information technology professional services, on behalf of federal departments when the value of the requirement exceeds certain financial thresholds. For the Benefits Delivery Modernization programme, the department is the authority for contracts related to system integration services and core technologies.

8.8 **Shared Services Canada.** The department is responsible for delivering and supporting cost-effective, secure, and reliable information technology networks, modern tools, and client-centric digital services to help the government serve Canadians effectively. It provides services related to hardware and software for email, data centres, networks, and workplace technology devices to 45 federal government organizations, including Employment and Social Development Canada.

## Focus of the audit

8.9 This audit focused on how effectively Employment and Social Development Canada has managed the implementation of the Benefits Delivery Modernization programme to date to ensure the uninterrupted, timely, and accurate delivery of benefits from Old Age Security, the Canada Pension Plan, and Employment Insurance to Canadians. We did not examine the level of the financial supports provided by these benefits.



8.10 This audit is important because more than 10 million Canadians rely on these benefits to meet their day-to-day needs, but the information technology systems that deliver them are decades old and at risk of failure. The age of the systems also limits the department's ability to improve them without overhauling or replacing the information technology systems behind them.

8.11 This audit is also important because implementing a complex information technology project in the federal government requires a sustained, multi-year commitment. The longer it takes to complete the Benefits Delivery Modernization programme, the more susceptible the project will be to rising costs and changing government priorities over time. Such changes could put its key goals at risk.

8.12 More details about the audit objective, scope, approach, and criteria are in **About the Audit** at the end of this report.

## Findings and Recommendations

### Delays and cost overruns could jeopardize the modernization programme's transformation plans to improve benefits delivery

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#### Why this finding matters

8.13 This finding matters because transformation is one of the main objectives of the Benefits Delivery Modernization programme, which is intended to improve the efficiency, service quality, timeliness, and accuracy of benefits delivery. At its outset in 2017, the Benefits Delivery Modernization programme intended to migrate legacy information technology systems to a modern cloud-based platform and, at the same time, transform services to better meet the needs of diverse and vulnerable groups, such as seniors, people in remote locations, Indigenous people, and refugees.

8.14 The migration portion must happen as soon as possible to ensure Canadians continue to receive benefit payments. This is because the current information technology systems are decades old and at risk of failing. Delays increase the risk of a major outage that could interrupt benefit payments and ultimately increase the modernization programme's total cost. Migration to a modern cloud platform will also provide the technical capabilities to enable transformation.

8.15 The transformation portion of the project is important because it is intended to

- standardize operations and streamline business processes, which will lead to improved efficiencies
- provide a better service experience and support for benefit recipients across all delivery channels (in person, by phone, online, and through live chat) and an online interface that is easier to use
- improve take-up of unclaimed benefits, which will better support those who need it
- lead to fewer overpayments and underpayments, ensuring that vulnerable Canadians receive needed benefits and eliminating the need for people to repay benefits issued in error
- reduce the risk of fraud, easing financial strain on the benefits system and increasing taxpayer trust in government services

8.16 In addition, through its transformation objective, the Benefits Delivery Modernization programme links to the overarching aim of the United Nations' 2030 Agenda for Sustainable Development to leave no one behind.<sup>1</sup> This principle represents the unequivocal commitment of all member states to eradicate poverty, end discrimination and exclusion, and reduce inequalities and vulnerabilities that undermine the potential of individuals and of humanity as a whole.

## Shifting priorities and climbing costs

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### Findings

8.17 Overall, we found that since the launch of the Benefits Delivery Modernization programme in 2017, Employment and Social Development Canada encountered numerous obstacles and delays in its implementation of the programme and had to make difficult choices about the sequence of key steps. A June 2022 programme review by the Treasury Board of Canada Secretariat identified significant concerns in several areas including timelines, scope, and costs. The review recommended that Employment and Social Development Canada focus on migrating legacy systems before transformation (Exhibit 8.2). The department responded by choosing to focus its time and resources on the migration component first, shifting the next steps of transformation to a subsequent stage.

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<sup>1</sup> Universal Values, Principle Two: Leave No One Behind, United Nations Sustainable Development Group

8.18 In our view, the focus on migrating the legacy systems to the new platform is reasonable because migration is critical to ensuring the continuity of benefits and must be done carefully and properly even if it takes longer than expected. However, we are concerned that continued changes (leading to delays) and cost increases may jeopardize the transformation portion of the project, especially if the department tries to stick rigidly to the original completion date (2030) despite challenges that arise. For example, decision makers may decide to remove aspects of transformation or take shortcuts in order to maintain the timelines or budget, as happened during the implementation of the Phoenix pay system (see the 2018 Auditor General’s report on building and implementing the Phoenix pay system).

8.19 We found that reviews conducted or commissioned by the government identified delays, cost increases, and adjustments to implementation plans (Exhibit 8.2). For example, in 2021, in response to a schedule review, the department moved Old Age Security (the oldest of the 3 legacy systems) ahead of Employment Insurance on the migration schedule to address that system’s higher risk of failure. This allowed the department to focus on prioritizing the migration of the oldest system, but it also led to a delay in the implementation and transformation components that had been scheduled for Employment Insurance.

8.20 Employment and Social Development Canada originally estimated that Old Age Security benefits could be fully migrated and operating on the new cloud platform as early as 2023. Further refinement of the migration plan showed that this was not possible, and the department set a go-live date of December 2024. The department told us that any delays encountered during the migration will affect the go-live date, possibly shifting it to December 2025. Our review indicated that there is a significant risk this will happen. For example, in January 2023, the Treasury Board of Canada Secretariat identified the need to implement a higher level of cloud security control for the new platform than what Employment and Social Development Canada had planned. We found that the department still has work to do to understand and address the security risks associated with the release of Old Age Security on the new platform. This adds to the work the department needs to do for the migration.

**Exhibit 8.2—Reviews of the Benefits Delivery Modernization programme identified delays, cost increases, and schedule adjustments**

Date	Type of review	Outcome or decision	Rationale for outcome	Impact
March 2021	Schedule review (by Employment and Social Development Canada)	Employment and Social Development Canada changed the migration schedule to prioritize Old Age Security over Employment Insurance.	To address the higher risk of system failure	Potential delay of 1 year or more, likely affecting the go-live date  Full impact to be determined
June 2022	Programme review (by the Treasury Board of Canada Secretariat)	Employment and Social Development Canada decided to prioritize migration before transformation instead of working on both in tandem.  The department reduced the scope of the programme to focus on migrating Old Age Security.	To address volatility in timelines and costs and minimize the risk of legacy system failures	Postponement of transformation next steps
November 2022	Case study comparing the Benefits Delivery Modernization programme with other information technology transformation projects related to benefits delivery (third-party review by PwC on behalf of Employment and Social Development Canada)	Cost and duration scenarios showed the potential for the programme's costs and timelines to increase.	The initial cost estimates for software and implementation were well below the average comparator project and the industry average.	Potential increase of 4 years or more in projected timelines  Possible increase of programme costs of \$1 billion, potentially leading to \$3.4 billion or more in total projected costs
March 2023	Programme review (by Employment and Social Development Canada)	Employment and Social Development Canada decided to implement a higher-than-anticipated level of cloud security control for the new platform.	To better protect the new cloud platform from security issues	Potential delays to the migration component and further risk to the completion of the transformation component

8.21 During the time of our audit, the department had not yet determined the impact of all of the changes to the programme on its schedule, cost, and scope but told us that it planned to do so and to revise numerous key programme documents by November 2023, including the business case, cost estimates, implementation schedule, and benefits realization plan.

8.22 After Old Age Security, the next benefit program slated to migrate to the new platform between 2025 and 2028 is Employment Insurance. This migration will be complex because of the significant number of system changes needed to incorporate policy updates while also implementing service transformations that have already been delayed. This complexity and the ambitious scope pose a risk of further delays.

8.23 The June 2022 programme review by the Treasury Board of Canada Secretariat recommended that Employment and Social Development Canada simplify the scope of the programme. In fall 2022, Employment and Social Development Canada transferred a few deliverables to other organizations and deferred others until after Old Age Security had been migrated to the new platform. For example, it transferred the responsibility for procuring a solution for authenticating the identity of benefit recipients on the new platform to the Treasury Board of Canada Secretariat and Shared Services Canada so that it could concentrate its resources on migrating Old Age Security. Although Employment and Social Development Canada remained involved in the procurement (to ensure that its business requirements are met), the removal of this deliverable may lead to delays that affect the project and that are outside of its control.

8.24 A case study by PwC, commissioned by Employment and Social Development Canada in November 2022, projected a potential increase of 4 years or more for the programme (Exhibit 8.2). Given the complexity and scope of the programme and the changes already made to it, as well as the delays already experienced, we would expect the department to experience delays of this magnitude to complete the migration of all 3 benefits systems and transform benefits delivery. We noted that in its June 2022 programme review, the Treasury Board of Canada Secretariat found that the project schedules were aggressive and overly optimistic given the delays experienced throughout the programme and also that the schedules did not align with the timing of different programme components.

8.25 We also found that, together with the delays described previously, steadily increasing costs put the project's transformation component at risk. Employment and Social Development Canada's financial forecast for the Benefits Delivery Modernization programme had increased by 43% since the initial estimate of \$1.75 billion in 2017, even though no benefits had yet moved to the new system. The financial forecast has increased twice since 2017 and is likely to increase again (Exhibit 8.3).

8.26 In November 2022, Employment and Social Development Canada received a case study from PwC comparing the Benefits Delivery Modernization programme with similar transformation efforts. The case study showed a possibility of the programme's costs increasing by \$1 billion, potentially leading to a total programme cost of \$3.4 billion. This would represent an overall increase of more than \$1.8 billion from the initial estimate—an increase of up to 94% (Exhibit 8.3). We note that such an increase is in line with a 2020 review by Oxford Global Projects. The 2020 review was based on comparisons of data from similar types of information technology-led change projects and found that 1 in 5 projects go over budget by 50% or more and that on average, those projects go over budget by 107%. We expect that the department will include updated estimates to its schedule, cost, and scope as it completes the latest revision in their planning.

### Exhibit 8.3—Estimated project costs have increased significantly since the initial estimate

Date of cost estimate	Cost (\$ billions)	Incremental increase over previous estimate (%)	Cumulative increase from initial rough estimate (%)
August 2017 (initial rough estimate)	\$1.75 billion	Not applicable	Not applicable
April 2019 (revised estimate)	\$1.9 billion	8%	8%
October 2021 (first increase)	\$2.2 billion	16%	26%
April 2022 (second increase)	\$2.5 billion	14%	43%
November 2022 (possible increases noted by PwC case study)	\$2.7 to \$3.4 billion	8% to 36%	54% to 94%

Source: Based on data from Employment and Social Development Canada

8.27 The estimate increases were based on several factors, including inflation and rising salaries for information technology specialists. In addition, the PwC case study of the modernization programme in November 2022 (Exhibit 8.2) found that the initial cost estimates for software and implementation were well below the average of comparator projects and the industry average. Revising the estimates to be more in line with industry averages will cause them to increase. The department continued to revise the cost estimates for the project as it gained a better understanding of the work needed. In our view, the department needs an approach to estimating costs that is more realistic and precise to ensure that the programme is carried out to meet its objectives and for the department to remain committed to the changes it believes are important.

8.28 In addition, we found a number of obstacles related specifically to the transformation portion of the project that risk delaying its implementation:

- One goal of transformation is to improve the take-up of unclaimed benefits, but we found that the department did not have a clear picture of who was not claiming the benefits for which they were eligible. (In 2022, the Auditor General’s report on access to benefits for hard-to-reach populations found this also.) The department was still gathering information about vulnerable groups and told us that it plans to use this information to develop tools to measure progress in the take-up of unclaimed benefits.
- The department had not finished developing tools to detect and prevent inaccurate benefit payments in the new system. These are an issue in the current system. The department told us that it was implementing controls intended to help prevent errors in payments but had not yet developed tools to measure whether the controls were working.
- An important goal of transformation is reducing the risk of fraud. We found that for the migration of Old Age Security, Employment and Social Development Canada planned to replicate and in some cases strengthen fraud controls in the new system to mitigate known risks in its existing business processes. The department told us that beyond this, additional work to assess potential new fraud risks and controls to reduce the risk of fraud would be considered as part of transformation, and this work was not yet defined.

8.29 Employment and Social Development Canada conducted **gender-based analysis plus**<sup>2</sup> assessments in 2019, 2020, and 2021, which revealed that certain groups of people face challenges when accessing benefits. These included interacting with the department online (because of a lack of connectivity or access to digital technology) and difficulty using online services (because there are many steps in the application process and because of the difficulty getting support online). In prioritizing the migration of Old Age Security benefits to the new cloud platform, the department delayed the transformation component of the programme, including making the changes meant to address these access challenges.

8.30 A 2020 review by Oxford Global Projects found that information technology–led projects typically end up delaying transformation or reducing the scope of transformative aspects to focus on migration. As the largest and most complex digital transformation project undertaken to date by the federal government, with one of the longest timelines (at least 10 years), the Benefits Delivery Modernization programme has already experienced this situation. Because of the programme’s shifting priorities and climbing costs, we are concerned that service transformation is at risk (Exhibit 8.4).








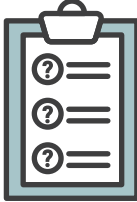

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2 **Gender-based analysis plus**—An analytical process that provides a rigorous method for the assessment of systemic inequalities and a means to assess how diverse groups of women, men, and gender-diverse people may experience policies, programs, and initiatives. The “plus” acknowledges that gender-based analysis goes beyond biological (sex) and socio-cultural (gender) differences and considers many other identity factors, such as race, ethnicity, religion, age, and mental or physical ability.

Source: Adapted from Women and Gender Equality Canada



Exhibit 8.4—Service transformation is at risk

	How projects begin	How Benefits Delivery Modernization is progressing	How projects end
	Projects begin by trying to balance costs, schedule, and scope.	The Benefits Delivery Modernization programme has experienced delays and increased cost estimates. What the scope will be in the end is not known.	Projects end typically with large cost and schedule increases and a reduced scope.
Schedule (time)			
Cost			
Scope			

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## Recommendation

8.31 Using its experience with the Benefits Delivery Modernization programme, Employment and Social Development Canada should work with the Treasury Board of Canada Secretariat to

- develop and implement a more realistic and precise approach to estimating and reporting costs for large, multi-year information technology projects that will be used by the programme going forward and also by other government departments planning similar projects
- ensure that any future changes (including to cost estimates or timelines) do not result in the transformation component being curtailed or eliminated

In carrying out this recommendation, we encourage the department to consider approaches that have been used in other types of long-term initiatives.

***Employment and Social Development Canada's response.*** *Agreed.*

***The Treasury Board of Canada Secretariat's response.*** *Agreed.*

See **Recommendations and Responses** at the end of this report for detailed responses.

## Resourcing challenges

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### Findings

8.32 The Benefits Delivery Modernization programme represents a significant investment not only of money and time but also of resources that must be managed efficiently and effectively to achieve the expected outcomes. It is important to have accurate, relevant, and timely information to make sound resourcing decisions, particularly in the context of a multi-year project. We found that during the time of our audit, Employment and Social Development Canada did not yet have a clear understanding of its staffing gaps and needs for the programme and was working on a plan to recruit and retain staff needed to deliver the programme.

8.33 The department told us that it could not specify the number of vacant positions on the programme because it was working to realign employees with the programme's shifting priorities and timelines. The department also told us that these changes were being undertaken in response to findings from a June 2022 programme review by the Treasury Board of Canada Secretariat that also found that the

programme had resourcing issues. In July 2022, the department had already addressed a recommendation from the review by appointing a deputy minister dedicated to overseeing the Benefits Delivery Modernization programme.

8.34 In December 2022, Employment and Social Development Canada developed a framework and a 12-month roadmap for improving the retention and succession of staff working on the programme. In January 2023, the department also developed a plan to engage the Office of the Chief Human Resources Officer at the Treasury Board of Canada Secretariat to help address recruitment and retention challenges. Our review of these documents found that Employment and Social Development Canada recognized that only a limited pool of candidates had the technical skills that the programme required, which made it inherently challenging to attract and retain staff for these positions.

8.35 The department told us that by the 2023–24 fiscal year, it expected to have identified its staffing requirements for the remainder of the project and to have put in place the processes, tools, and performance measures that it will need to improve retention and succession.

## Conclusion

8.36 We concluded that Employment and Social Development Canada adjusted its approach to managing the implementation of the Benefits Delivery Modernization programme by changing the scope and schedule to prioritize the migration of Old Age Security to a modern system to ensure the continuity of benefits to recipients. However, this approach meant delaying the programme's transformation component, which is intended to improve the efficiency, service quality, timeliness, and accuracy of benefits delivery. The delay of transformation adds complexity to subsequent phases of implementation for Old Age Security, Employment Insurance, and Canada Pension Plan benefits modernization. Combined with rising costs and delays, this puts the modernization programme at risk of not being on track to deliver on its transformation objective to better meet the needs of Canadians who are eligible to access those benefits.

## About the Audit

This independent assurance report was prepared by the Office of the Auditor General of Canada on the Benefits Delivery Modernization programme. Our responsibility was to provide objective information, advice, and assurance to assist Parliament in its scrutiny of the government's management of resources and programs and to conclude on whether Employment and Social Development Canada, with the support of the Treasury Board of Canada Secretariat, Shared Services Canada, and Public Services and Procurement Canada, complied in all significant respects with the applicable criteria.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001—Direct Engagements, set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook—Assurance.

The Office of the Auditor General of Canada applies the Canadian Standard on Quality Management 1—Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we complied with the independence and other ethical requirements of the relevant rules of professional conduct applicable to the practice of public accounting in Canada, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from entity management:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the audit report is factually accurate

## Audit objective

The objective of this audit was to determine whether Employment and Social Development Canada, with the support of the Treasury Board of Canada Secretariat, Shared Services Canada, and Public Services and Procurement Canada, managed the Benefits Delivery Modernization programme to protect the continuity of Old Age Security, Canada Pension Plan, and Employment Insurance benefits and whether its support for the transition of information technology systems and business processes was on track to deliver accurate and timely benefits for all Canadians.

## Scope and approach

The audit focused on the process and plan to identify and integrate the changes needed to provide a better client experience to Canadians who are eligible to receive benefits through Old Age Security, the Canada Pension Plan, and Employment Insurance. This included examining gender-based analysis plus assessments and consultations with diverse groups of clients as well as the programme plans for modernizing the delivery of benefits.

We also examined the change management strategy used to support change events, the transition of information technology systems and business processes, and the support provided by the Treasury Board of Canada Secretariat, Shared Services Canada, and Public Services and Procurement Canada to Employment and Social Development Canada.

Our audit work included reviews of programme documentation including plans, strategies, communications, analyses, and relevant government policies and guidelines. We also interviewed relevant department officials and tested controls to understand the overall practices and systems that the federal government has in place to support the transition of information technology systems and business processes to deliver accurate and timely benefits to all Canadians.

## Criteria

We used the following criteria to conclude against our audit objective.

Criteria	Sources
<p>The Benefits Delivery Modernization programme is designed to deliver accurate and timely benefits to all eligible Canadians:</p> <ul style="list-style-type: none"> <li>• The programme has planned adequately to address access equitability issues and reduce any impacts on its diverse client populations.</li> <li>• The programme addresses integrity issues, such as overpayments and underpayments, with regard to delivering accurate and timely benefits to all eligible Canadians.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Employment Insurance Act</i></li> <li>• <i>Employment Insurance Regulations</i></li> <li>• <i>Canada Pension Plan Act</i></li> <li>• <i>Canada Pension Plan Regulations</i></li> <li>• <i>Old Age Security Act</i></li> <li>• <i>Old Age Security Regulations</i></li> <li>• <i>Accessible Canada Act</i></li> <li>• <i>Financial Administration Act</i></li> <li>• Treasury Board submissions</li> <li>• Transforming Our World: The 2030 Agenda for Sustainable Development, United Nations, 2015</li> <li>• Canada's Federal Implementation Plan for the 2030 Agenda, 2021</li> <li>• Sustainable Development Goals Data Hub, Statistics Canada</li> <li>• Canadian Indicator Framework for the Sustainable Development Goals Data Hub, Statistics Canada</li> <li>• Departmental Sustainable Development Strategy 2017 to 2020, Employment and Social Development Canada</li> <li>• Departmental Sustainable Development Strategy 2020 to 2023, Employment and Social Development Canada</li> <li>• <i>Canadian Gender Budgeting Act</i></li> <li>• Federal budgets, 2016 to 2022</li> <li>• Mandate letters, 2015 to 2021</li> </ul>

Criteria	Sources
<p>The Benefits Delivery Modernization programme effectively supports change events and the transition of information technology systems and business processes for Old Age Security, Employment Insurance, and Canada Pension Plan, including</p> <ul style="list-style-type: none"> <li>• migrating information technology systems (data conversion and integrity, sequencing of key events and testing, and contingency plans)</li> <li>• modernizing business processes (financial and human resources, training, and stakeholder engagement)</li> </ul>	<ul style="list-style-type: none"> <li>• Policy on the Planning and Management of Investments, Treasury Board, 2021</li> <li>• Directive on the Management of Projects and Programmes, Treasury Board, 2019</li> <li>• Guide to Project Gating, Treasury Board, 2021</li> <li>• Directive on Security Management, Treasury Board, 2019</li> <li>• Treasury Board submissions</li> <li>• Best Practices in Change Management, Prosci</li> <li>• Government of Canada Digital Standards: Playbook, Treasury Board of Canada Secretariat, 2021</li> <li>• Policy on Service and Digital, Treasury Board, 2020</li> <li>• Digital Operations Strategic Plan: 2018–2022, Treasury Board of Canada Secretariat</li> <li>• Digital Operations Strategic Plan: 2021–2024, Treasury Board of Canada Secretariat</li> <li>• COBIT 2019 Framework (Control Objectives for Information and Related Technology), Information Systems Audit and Control Association</li> <li>• Managing Successful Programmes, 5th edition, Axelos</li> </ul>
<p>The Treasury Board of Canada Secretariat, Shared Services Canada, and Public Services and Procurement Canada provide effective and timely support to Employment and Social Development Canada for the Benefits Delivery Modernization programme, including</p> <ul style="list-style-type: none"> <li>• how entities are expected to support the programme (roles and responsibilities)</li> <li>• how it is working and whether there are gaps in expectations</li> <li>• how problems are addressed</li> </ul> <p>(The definitions of “effective” and “timely” may vary depending on the roles and responsibilities.)</p>	<ul style="list-style-type: none"> <li>• Policy on the Planning and Management of Investments, Treasury Board, 2021</li> <li>• Directive on the Management of Projects and Programmes, Treasury Board, 2019</li> <li>• Directive on Security Management, Treasury Board, 2019</li> <li>• Treasury Board submissions</li> <li>• Government of Canada Digital Standards: Playbook, Treasury Board of Canada Secretariat, 2021</li> <li>• Policy on Service and Digital, Treasury Board, 2020</li> <li>• Digital Operations Strategic Plan: 2018–2022, Treasury Board of Canada Secretariat</li> <li>• Digital Operations Strategic Plan: 2021–2024, Treasury Board of Canada Secretariat</li> <li>• Federal budgets, 2016 to 2022</li> <li>• Mandate letters, 2015 to 2021</li> </ul>

## Period covered by the audit

The audit covered the period from 1 January 2015 to 31 May 2023. This is the period to which the audit conclusion applies.

## Date of the report

We obtained sufficient and appropriate audit evidence on which to base our conclusion on 16 August 2023, in Ottawa, Canada.

## Audit team

This audit was completed by a multidisciplinary team from across the Office of the Auditor General of Canada led by Jean Goulet, Principal. The principal has overall responsibility for audit quality, including conducting the audit in accordance with professional standards, applicable legal and regulatory requirements, and the office's policies and system of quality management.



## Recommendations and Responses

In the following table, the paragraph number preceding the recommendation indicates the location of the recommendation in the report.

Recommendation	Response
<p><b>8.31</b> Using its experience with the Benefits Delivery Modernization programme, Employment and Social Development Canada should work with the Treasury Board of Canada Secretariat to</p> <ul style="list-style-type: none"> <li>• develop and implement a more realistic and precise approach to estimating and reporting costs for large, multi-year information technology projects that will be used by the programme going forward and also by other government departments planning similar projects</li> <li>• ensure that any future changes (including to cost estimates or timelines) do not result in the transformation component being curtailed or eliminated</li> </ul> <p>In carrying out this recommendation, we encourage the department to consider approaches that have been used in other types of long-term initiatives.</p>	<p><b>Employment and Social Development Canada’s response.</b> Agreed. Employment and Social Development Canada agrees with the recommendation on the need to develop and implement a more realistic and precise approach to estimating and reporting costs for large multi-year information technology projects. This recommendation is consistent with the Treasury Board of Canada Secretariat–led strategic assessment. As large information technology transformation programs inherently carry many risks and unknowns at initiation that are challenging to accurately cost, we will continue to work closely with the secretariat to implement best practices.</p> <p>The Benefits Delivery Modernization programme has embraced relevant Treasury Board of Canada Secretariat policies and guidance with respect to costing and estimating of large information technology projects. The programme will review practices from other large-scale initiatives to leverage lessons learned and strengthen costing capacity. The department will work with the secretariat to develop approaches and methodologies that will be shared to support other departments and information management and information technology enabled initiatives with the help of the secretariat, such as through the Costing Community of Practice GCpedia site.</p> <p>The programme will maintain a risk log at the programme and project level to manage and mitigate risks and unknowns using industry leading tools to quantify the contingency needed to address and mitigate risks as early as possible in the programme and project lifecycle.</p> <p>The department agrees and will protect and prioritize the transformation component of the programme as we prepare for future programme releases. This will be evident in our tranche and project-specific plans and artifacts, which will be reviewed at the appropriate programme governance tables.</p>

Recommendation	Response
	<p><b>The Treasury Board of Canada Secretariat's response.</b> Agreed. The Treasury Board of Canada Secretariat continues to work with Employment and Social Development Canada and the other organizations leading information technology transformation programmes to leverage lessons learned, strengthen the Government of Canada information technology-costing capacity, and help deliver more credible costing information to decision makers.</p> <p>For example, in addition to the secretariat's Guide to Costing updated in May 2023, the Government of Canada information management and information technology initiatives cost breakdown structure was made available in December 2022 to assist departments with the costing of information technology programmes and projects, and a document focused on costing guidance specifically for information management and information technology enabled initiatives is planned for fall 2023.</p> <p>As additional guidance is developed to further support departments, it will be made available through the Costing Community of Practice GCpedia site where the secretariat's existing suite of products can be accessed by departments.</p>

