

**Annex to the Statement of Management Responsibility Including Internal  
Control Over Financial Reporting of**

**Social Sciences and Humanities Research Council of Canada**

**for Fiscal year 2024-25 (Unaudited)**

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## 1. Introduction

This document provides summary information on the measures taken by the Social Sciences and Humanities Research Council of Canada (SSHRC) to maintain an effective system of internal control over financial reporting (ICFR), including information on internal control management, assessment results and related action plans.

Detailed information on the department's authority, mandate and program activities can be found in the 2024-25 [Departmental Results Report](#) and the 2025-26 [Departmental Plan](#).

## 2. Departmental system of internal control over financial reporting

### 2.1 Internal control management

SSHRC has a well-established governance and accountability structure to support departmental assessment efforts and oversight of its system of internal control. A departmental internal control management framework, approved by the President and the CFO, is in place and includes:

- Organizational accountability structures as they relate to internal control management to support sound financial management including roles and responsibilities for senior managers in their areas of responsibility for control management;
- Through the annual Performance Management and Employee Assessment Agreements, all employees are to certify and attest that they have read the Value and Ethics Code for the Public Service. The Code outlines accountability for responsible conduct;
- Guidance to business process owners regarding impacts of changes on internal controls;
- Ongoing communication and training on statutory requirements, and policies and procedures for sound financial management and control; and
- Monitoring of, and regular updates on, internal control management, as well as the provision of relevant assessment results and action plans to the President, CFO and the Internal Audit Committee (IAC).

### 2.2 Service arrangements relevant to financial statements

SSHRC relies on other organizations for the processing of certain transactions or the provision of information, which impacts its financial statements as follows:

#### Common Arrangements

- Public Services and Procurement Canada, which administers the payments of salaries and the procurement of some goods and services in accordance with SSHRC's Delegation of Authority, and the provision of accommodation services;
- Department of Justice Canada provides legal advice and services with respect to potential liabilities and claims to which SSHRC may be subject in the normal course of operations; and
- Treasury Board Secretariat, which provides information on public sector insurance and centrally administers payment of the employer's share of contributions toward statutory employee benefit plans. In addition, TBS has hosted SSHRC's financial system SAP and provides system support services since April 1<sup>st</sup> 2023.

## Specific Arrangements

SSHRC administers funds received from other government departments and agencies to issue grants, scholarships and related payments on their behalf. During the year, SSHRC administered \$407,531,043 (\$408,976,973 in 2023-2024) in funds for grants and scholarships. These expenses are not reflected in SSHRC's financial statements but rather are recorded in the financial statements of the departments or agencies that provided the funds.

### 3. Departmental assessment results during fiscal year 2024-25

The following table summarizes the status of the ongoing monitoring activities according to the previous fiscal year's rotational plan.

Progress during the 2024-25 fiscal year:

Element in previous year's rotational ongoing monitoring plan	Status
Purchases, Payments and Payables	The design assessment and operating effectiveness testing were completed during 2024-25; remedial actions were identified, and implementation is to be completed during 2025-26.
Payroll/Salaries	The operating effectiveness testing was completed during 2024-25; a limited number of remedial actions were identified, and implementation was completed by April 2025.
Interdepartmental Settlements	The design assessment and operating effectiveness testing were completed during 2024-25; a limited number of remedial actions were identified, and implementation was completed by May 2025.
Forecasting and Budgeting	The design assessment and operating effectiveness testing were completed during 2024-25. No design weaknesses or design gaps were noted, and no remedial action was identified.

#### 3.1 New or significantly amended key controls:

The migration to a new financial system on April 1, 2023 has significantly impacted the existing control systems across various business cycles. As a result, most of the controls currently in place have been affected and require thorough review and potential modification. To ensure continued compliance and operational efficiency, these controls have been evaluated and adjusted as necessary during the organization's ongoing monitoring cycles since fiscal 2023-24. This proactive approach has

helped maintain robust internal controls and support the integrity of our financial reporting and business processes.

Effective 2024-25, the Receiver General has required the CFO sign-off on the Public Accounts of Canada, with confirmation that departmental internal controls over financial reporting include processes for briefing deputy heads before departmental accounts are finalized, and that these internal controls were applied in the current fiscal year. The processes for briefing deputy heads were implemented during June 2025 for the 2024-25 Public Accounts.

### **3.2 Ongoing monitoring plan:**

As part of its rotational ongoing monitoring plan, the Agency completed its reassessment of the financial controls related to Purchases, Payments and Payables; Payroll/Salaries; Interdepartmental Settlements; and Forecasting and Budgeting. All these control assessments will be presented to the Internal Audit Committee (IAC) on August 21st, 2025.

#### Purchases, Payments and Payables

As per the Internal Control Ongoing Monitoring Plan, the Purchases, Payments and Payables Business Process which includes Accounts Payable and Procurement, was assessed for design and operating effectiveness. The period testing covered April 1, 2024 to March 31, 2025. A total of thirteen (13) key controls for Accounts Payable and seven (7) key controls for Procurement were assessed.

#### Overview of the findings:

- Accounts Payable – only one (1) control out of 13 was assessed as ineffective and evaluated as low risk due to duplicate vendor set up in SAP; and one (1) control was assessed as an opportunity for improvement and evaluated as low risk due to discrepancy between the validity period of the SSC and the Section 34 approval date.
- Procurement:
  - three (3) controls were assessed as ineffective since an error was found in at least one of the files selected but those observations were evaluated as low risk for one (1) of the controls and medium risk for the other two (2). The medium risk observations were due to lack of a signed Confidentiality Declaration and Conflict of Interest form for some members of the Evaluation committee prior to reviewing proposals, and inadequate review of the consensus report of the technical proposal by the Evaluation Committee and Contracting Officer; and the low risk observation was due to lack of evidence for review of professional services checklist as part of S.32 verification.
  - two (2) controls were assessed as opportunities for improvement and evaluated as low risk due to lack of a signed SSC to validate exercising of commitment authority (S.32) and misclassification of purchases on the professional services checklist.

A management action plan was developed, and all observations are to be remediated during 2025-26.

### Payroll/Salaries

As per the Internal Control Ongoing Monitoring Plan, the Payroll/Salaries Business Process was assessed for operating effectiveness. The period testing covered April 1, 2024 to January 31, 2025. This process consists of thirty-one (31) key controls based on the TBS Guideline on Financial Management of Pay Administration.

Overview of the findings:

- Only two (2) controls out of 31 were assessed as ineffective and evaluated as low risk, due to the approval of a secondment letter of offer after the start date of the assignment, and lack of authorized approval for an acting assignment less than 4 months, both related to the internal transfers of employees between NSERC and SSHRC.

A management action plan was developed, and both (2) observations were remediated by April 2025.

### Interdepartmental Settlements

As per the Internal Control Ongoing Monitoring Plan, the Interdepartmental Settlements Business Process was assessed for design effectiveness and operating effectiveness. The period testing covered April 1, 2024 to March 31, 2025. A total of five (5) key controls were assessed.

Overview of the findings:

- One (1) control out of 5 was assessed as an opportunity for improvement and evaluated as low risk, due to lack of a signed SSC to validate S.34 certification.

A management action plan was developed, and the observation was remediated by May 2025.

### Forecasting and Budgeting

As per the Internal Control Ongoing Monitoring Plan, the Forecasting and Budgeting business process was assessed for design effectiveness and operating effectiveness. The period of testing covered April 1, 2023, to January 31, 2025. This process consists of eleven (11) key controls, developed in-house based on TBS' Policy on Financial Management, Expenditure Management cycle, as well as previous years' testing.

Overview of the findings:

- No weaknesses or gaps were noted during the design assessment.
- All controls were assessed as operating effectively.

## **4. SSHRC's Action Plan**

### **4.1 Progress during fiscal year 2024-25**

From the assessments completed in prior fiscal years, there were no design weaknesses or gaps identified during the design assessments for Grants and Scholarships and Payroll/Salaries; and all recommendations have been completed for the design assessment of Period-End Reporting.

The outstanding recommendations are presented as follows:

- **Period-End Reporting:** Remedial actions for all five (5) observations related to lack of documented evidence and sign-off on the reconciliations and reviews completed by the financial operations team over the trial balance, capital assets, general and sub ledgers, and grants and scholarships payments, were fully implemented as of April 2024.

## **4.2 Action plan for the next fiscal year and subsequent years**

SSHRC migrated from FreeBalance, the former financial system, to a new financial system, SAP, in April 2023. The Agencies joined a cluster of other government departments and agencies that are hosted and serviced on SAP by the Treasury Board Secretariat (TBS).

Business processes identified in the multi-year testing plan have all, to some extent, been impacted by the implementation of SAP. As such, a design and operating effectiveness assessment of business cycles is being performed post-implementation to ensure that all controls are operating as intended and to identify any potential control gaps as a result of the system change.

When reviewing the detailed business processes and the potential impact on controls, the following factors are considered:

- Leveraging the capabilities of the new system
- Minimizing the impact on operations
- Minimizing cost
- Enabling future business value

To assess the global risks, the Multi-Year Ongoing Monitoring Plan was revised to perform a design assessment and Operating effectiveness assessment of all business processes over three (3) fiscal years following SAP implementation based on their risk elements, and while considering the impact of the new financial system.

The Agencies' rotational ongoing monitoring plan over the next three fiscal years, is shown in the following table. An internal controls assessment on the SAP system is not necessary as TBS, in their role as the host department, completes a regular assessment over IT General Controls related to SAP, and provides the Agencies with an annual report presenting the results of the assessment. The CASD finance team determined that there was no need to add the CFO attestations Business Process to the rotational ongoing monitoring plan, as ISED performs this assessment on behalf of its agencies. Finally, due to the upcoming migration to the Tri-Agency Grants Management Solution (TGMS) and in alignment with the Treasury Board Secretariat's budget compression measures, it was determined that no internal controls testing—specifically, IT General Controls (ITGC)—would be performed over the legacy systems CRM, NAMIS, and AMIS. This decision reflects a risk-based approach focused on optimizing resource allocation during the transition period, while acknowledging that these systems are being phased out and will no longer serve as critical platforms for grants and awards management in the near future.

Key control areas	Fiscal Year 2024-25	Fiscal Year 2025-26	Fiscal Year 2026-27	Fiscal Year 2027-28
<b>i) Entity-level controls</b>		X		
<b>ii) Information technology general controls</b>				
AMIS				
NAMIS				
RP / CRM				
<b>iii) Business process controls</b>				
Grants and Scholarships		X		X
Purchases, Payments and Payables	X		X	
Payroll/Salaries	X**		X	
Interdepartmental Settlements	X		X	
Financial Reporting: Period End		X		X
Financial Reporting: Year End		X		X
<b>iv) Additional Internal Control over Financial Management</b>				
Forecasting & Budgeting	X			X

X\* Only Design Assessment

X Design Assessment & Operating Effectiveness

X\*\* Only Operating Effectiveness