Government of Canada Gouvernement du Canada

Shared Services Canada Financial Statements - March 31, 2025

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Shared Services Canada Financial Statements – March 31, 2025

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Shared Services Canada: Statement of Management Responsibility including Internal Control over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2025, and all information contained in these statements rests with the management of Shared Services Canada. These financial statements have been prepared by management using the Government of Canada's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of Shared Services Canada's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in Shared Services Canada's *Departmental Results Report*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout Shared Services Canada and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

A risk-based assessment of the system of ICFR for the year ended March 31, 2025 was completed in accordance with the Treasury Board *Policy on Financial Management* and the results and action plans are summarized in the annex.

The annex also provides information on the status of the risk-based assessment of the controls over common services provided by the department that have a bearing on a recipient's departmental financial statements.

The effectiveness and adequacy of Shared Services Canada's system of internal control is reviewed by the work of internal audit staff, who conduct periodic audits of different areas of Shared Services Canada's operations, and by the Departmental Audit Committee, which advises the President regarding management's responsibilities for maintaining adequate control systems, the quality of financial reporting, and the financial statements.

The financial statements of Shared Services Canada have not been audited.

Original signed by

Scott Jones
President
Original signed by

Scott Davis, CPA
Assistant Deputy Minister and
Chief Financial Officer

Ottawa, Canada
August 20, 2025

Shared Services Canada: Statement of Financial Position (Unaudited) as at March 31

(in thousands of dollars)

	2025	2024
Liabilities		
Accounts payable and accrued liabilities (note 4)	538,161	634,182
Vacation pay and compensatory leave	72,281	72,378
Lease obligations for tangible capital assets (note 5)	115,867	58,449
Obligation under public-private partnership (note 6)	101,633	105,685
Employee future benefits (note 7)	24,917	24,625
Total liabilities	**852,859**	**895,319**
Financial assets		

	2025	2024
Due from the Consolidated Revenue Fund	450,192	512,980
Accounts receivable and advances (note 8)	156,128	206,870
Total gross financial assets	**606,320**	**719,850**
Financial assets held on behalf of Government		
Accounts receivable and advances (note 8)	(4,452)	(5,404)
Total financial assets held on behalf of Government	**(4,452)**	**(5,404)**
Total net financial assets	**601,868**	**714,446**
Departmental net debt	**250,991**	**180,873**
Non-financial assets		
Prepaid expenses	217,126	180,014
Inventory (note 9)	1,976	8,086
Tangible capital assets (note 10)	781,205	888,139
Total non-financial assets	**1,000,307**	**1,076,239**
Departmental net financial position	**749,316**	**895,366**

Contractual obligations and contractual rights (note 11)
Contingent liabilities and contingent assets (note 12)

The accompanying notes form an integral part of these financial statements.

Original signed by

Scott Jones
President

Original signed by

Scott Davis, CPA
Assistant Deputy Minister and
Chief Financial Officer

Ottawa, Canada
August 20, 2025

Shared Services Canada: Statement of Operations and Departmental Net Financial Position (Unaudited) for the year ended March 31

(in thousands of dollars)

	2025 Planned Results	2025	2024
Expenses			
Common Government of Canada IT Operations	3,167,202	3,342,159	3,448,464
Internal Services	327,204	363,304	370,519
Total expenses	**3,494,406**	**3,705,463**	**3,818,983**
Revenues			
Sale of goods and services	864,547	879,949	945,302
Miscellaneous revenues	497	124	1,143

	2025 Planned Results	2025	2024
Revenues earned on behalf of Government	(11,573)	(43,927)	(41,124)
Total revenues	**853,471**	**836,146**	**905,321**
Net cost of operations before government funding and transfers	**2,640,935**	**2,869,317**	**2,913,662**
Government funding and transfers			
Net cash provided by Government of Canada		2,660,117	2,624,459
Change in due from the Consolidated Revenue Fund		(62,788)	169,319
Services provided without charge by other government departments (note 13)		126,822	133,709
Transfer of the transition payments for implementing salary payments in arrears		(4)	-
Net transfer of salary overpayments from (to) other government departments		(549)	57
Transfer of tangible capital assets to other government departments		(331)	(386)
Transfer of liabilities to another government department (note 14)		-	55
Net cost of operations after government funding and transfers		**146,050**	**(13,551)**

	2025 Planned Results	2025	2024
Departmental net financial position – Beginning of year		**895,366**	**881,815**
Departmental net financial position – End of year		**749,316**	**895,366**

Segmented information (note 15)

The accompanying notes form an integral part of these financial statements.

Shared Services Canada: Statement of Change in Departmental Net Debt (Unaudited) for the year ended March 31

(in thousands of dollars)

	2025	2024
Net cost of operations after government funding and transfers	**146,050**	**(13,551)**
Change due to tangible capital assets		
Acquisitions of tangible capital assets	252,759	260,938
Amortization of tangible capital assets	(342,379)	(358,322)
Net loss on disposal and write-off of tangible capital assets including adjustments	(16,983)	5,525
Transfers to other government departments	(331)	(386)
Total change due to tangible capital assets	**(106,934)**	**(92,245)**

	2025	2024
Change due to inventory	**(6,110)**	**(36)**
Change due to prepaid expenses	**37,112**	**21,478**
Net increase (decrease) in departmental net debt	**70,118**	**(84,354)**
Departmental net debt – Beginning of year	**180,873**	**265,227**
Departmental net debt – End of year	**250,991**	**180,873**

The accompanying notes form an integral part of these financial statements.

Shared Services Canada: Statement of Cash Flows (Unaudited) for the year ended March 31

(in thousands of dollars)

	2025	2024
Operating activities		
Net cost of operations before government funding and transfers	2,869,317	2,913,662
Non-cash items:		
Amortization of tangible capital assets	(342,379)	(358,322)
Net loss on disposal and write-off of tangible capital assets including adjustments	(16,983)	5,525
Services provided without charge by other government departments (note 13)	(126,822)	(133,709)

	2025	2024
Transition payments for implementing salary payments in arrears	4	-
Net transfer of salary overpayments to (from) other government departments	549	(57)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	(49,790)	19,963
Increase (decrease) in prepaid expenses	37,112	21,478
Increase (decrease) in inventory	(6,110)	(36)
Decrease (increase) in accounts payable and accrued liabilities	96,021	(172,440)
Decrease (increase) in vacation pay and compensatory leave	97	(3,885)
Decrease (increase) in employee future benefits	(292)	(574)
Transfer of liabilities to another government department (note 14)	-	(55)
Cash used in operating activities	**2,460,724**	**2,291,550**
Capital investing activities		
Acquisitions of tangible capital assets (excluding leased tangible capital assets)	141,009	241,101
Cash used in capital investing activities	**141,009**	**241,101**
Financing activities		
Payments on lease obligations for tangible capital assets	54,332	87,901
Payments on obligation under public-private partnership	4,052	3,907

	2025	2024
Cash used in financing activities	**58,384**	**91,808**
Net cash provided by Government of Canada	**2,660,117**	**2,624,459**

The accompanying notes form an integral part of these financial statements.

Shared Services Canada: Notes to the Financial Statements (Unaudited) for the year ended March 31

(in thousands of dollars)

1. Authority and objectives

Shared Services Canada (SSC) was created on August 4, 2011 to transform how the Government of Canada manages its information technology (IT) infrastructure. SSC operates under the legislation set out in the *Shared Services Canada Act.* SSC is responsible for digitally enabling government programs and services by providing IT services in the domains of networks and network security, data centers and cloud offerings, digital communications and providing IT tools that the public service needs to do its job. As a service provider to over 40 government departments and agencies, SSC is focussed on moving toward an IT service delivery model that encourages sharing common solutions and platforms across departments in an effort to reduce the variety of IT solutions across the government. In taking this enterprise approach, SSC is working to solidify network capacity and security, equip and empower employees to collaborate, and support partners in the design and delivery of their digital service offering to Canadians. The Minister of Government Transformation, Public Works and Procurement is the Minister responsible for SSC.

SSC's Departmental Results Framework is structured by the following core responsibility and internal services:

- **Common Government of Canada IT Operations**: Using a government-wide approach, SSC delivers reliable and secure IT operations, IT infrastructure, and communication and workplace technology services that support and enable government-wide programs and digital services for the public service.
- **Internal Services**: Internal services are the services that are provided within a department so that it can meet its corporate obligations and deliver its programs. There are 10 categories of internal services: management and oversight services, communications services, legal services, human resources management services, financial management services, information management services, information technology services, real property management services, materiel management services, and acquisition management services.

2. Summary of significant accounting policies

These financial statements are prepared using the government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

a) Parliamentary authorities

SSC is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to SSC do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Departmental Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting.

The planned results amounts in the “Expenses” and “Revenues” sections of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-oriented Statement of Operations included in the *2024-25 Departmental Plan*. Planned results are not presented in the “Government funding and transfers” section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the *2024-25 Departmental Plan*.

b) Net cash provided by Government of Canada

SSC operates within the Consolidated Revenue Fund, which is administered by the Receiver General for Canada. All cash received by SSC is deposited to the Consolidated Revenue Fund, and all cash disbursements made by SSC are paid from the Consolidated Revenue Fund. The net cash provided by government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the government.

c) Amounts due from or to the Consolidated Revenue Fund

Amounts due from or to the Consolidated Revenue Fund are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the Consolidated Revenue Fund. Amounts due from the Consolidated Revenue Fund represent the net amount of cash that SSC is entitled to draw from the Consolidated Revenue Fund without further authorities to discharge its liabilities.

d) Revenues

Revenues are recognized in the period the event giving rise to the revenues occurred.

Revenues that are non-respendable are not available to discharge SSC’s liabilities. While the President of SSC is expected to maintain accounting control, he has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of SSC’s gross revenues.

e) Expenses

Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.

Services provided without charge by other government departments for accommodation and employer contributions to the health and dental insurance plans are recorded as operating expenses at their carrying value.

f) Employee future benefits

i. Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the government. SSC’s contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. SSC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

ii. Severance benefits: The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the government as a whole.

g) Accounts receivable and advances

Accounts receivable and advances are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for receivables where recovery is considered uncertain.

h) Inventory

Inventories are valued at cost and are comprised of spare parts and supplies held for future program delivery and are not primarily intended for resale. Inventories that no longer have service potential are valued at the lower of cost or net realizable value.

i) Tangible capital assets

The costs of acquiring land, buildings, equipment, and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets, as described below. All tangible capital assets and leasehold improvements having an initial cost of ten thousand or more are recorded at their acquisition cost. Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*, works of art, museum collections and Crown land to which no acquisition cost is attributable; and intangible assets.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset Class	**Amortization Period**
Buildings	From 20 to 50 years
Works and infrastructure	From 20 to 40 years
Machinery and equipment	From 5 to 15 years
Computer hardware	From 3 to 10 years
Computer software	From 3 to 10 years
Vehicles	From 6 to 8 years
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement
Leased tangible capital assets	According to the useful life of the asset if a bargain purchase option exists or over the term of the lease

Assets under construction are recorded in the applicable asset class in the year they become available for use and are not amortized until they become available for use.

j) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fails to occur, and a reasonable estimate of the loss can be made, a provision is accrued and an expense recorded to other expenses. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

k) Contingent assets

Contingent assets are possible assets which may become actual assets when one or more future events occur or fail to occur. If the future event is likely to occur or fails to occur, the contingent asset is disclosed in the notes to the financial statements.

l) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the government’s best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are contingent liabilities, the liability for employee future benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management’s estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

m) Related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

i. Services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.
ii. Certain services received on a without charge basis are recorded for departmental financial statement purposes at the carrying amount.

3. Parliamentary authorities

SSC receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and in the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, SSC has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

a) Reconciliation of net cost of operations to current year authorities used

	2025	2024
Net cost of operations before government funding and transfers	2,869,317	2,913,662
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(342,379)	(358,322)
Net loss on disposal and write-off of tangible capital assets including adjustments	(16,983)	5,525

	2025	2024
Services provided without charge by other government departments	(126,822)	(133,709)
Decrease (increase) in vacation pay and compensatory leave	97	(3,920)
Decrease (increase) in employee future benefits	(292)	(594)
Decrease (increase) in accrued liabilities not charged to authorities	-	550
Bad debt expense	(2,075)	(1,681)
Refunds and adjustments to previous years' expenses	5,376	8,736
Respendable revenue	(1,771)	3,745
Other	78	36
Total items affecting net cost of operations but not affecting authorities	(484,771)	(479,634)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets (excluding leased tangible capital assets)	141,009	241,101
Payments on lease obligations for tangible capital assets	54,332	87,901
Payments on obligation under public-private partnership	4,052	3,907
Transition payments for implementing salary payments in arrears	4	-
Increase (decrease) in accounts receivable for salary overpayments	1,995	2,317

	2025	2024
Net increase (decrease) in prepaid expenses and advances	37,185	21,571
Increase (decrease) in inventory	(6,110)	(36)
Total items not affecting net cost of operations but affecting authorities	232,467	356,761
Current year authorities used	**2,617,013**	**2,790,789**

b) Authorities provided and used

	2025	2024
Authorities provided:		
Vote 1 – Operating expenditures	2,346,892	2,509,497
Vote 5 – Capital expenditures	228,698	330,766
Statutory amounts	154,433	156,934
Less:		
Lapsed: Operating expenditures	(48,815)	(159,272)
Lapsed: Capital expenditures	(64,195)	(47,136)
Current year authorities used	**2,617,013**	**2,790,789**

4. Accounts payable and accrued liabilities

The following table presents details of SSC's accounts payable and accrued liabilities:

	2025	2024
Accounts payable - Other government departments and agencies	43,115	53,296

	2025	2024
Accounts payable - External parties	224,734	355,877
Total accounts payable	**267,849**	**409,173**
Accrued liabilities	270,312	225,009
Total accounts payable and accrued liabilities	**538,161**	**634,182**

5. Lease obligations for tangible capital assets

SSC has entered into agreements to lease certain computer hardware under capital leases with a cost of $488,168 and accumulated amortization of $367,476 as at March 31, 2025 ($376,418 and $293,222 respectively as at March 31, 2024). The obligations related to the upcoming years include the following:

	2025	2024
2025	-	51,517
2026	28,923	7,844
2027	39,495	-
2028	39,495	-
2029	9,874	-
Total future minimum lease payments	**117,787**	**59,361**
Less: imputed interest (1.44% to 3.07%)	1,920	912
Balance of obligations under leased tangible capital assets	**115,867**	**58,449**

6. Obligation under public-private partnership

SSC has entered into a public-private partnership agreement to upgrade and expand the Enterprise Data Centre Borden with a cost of $153,304 and accumulated amortization of $20,185 as at March 31, 2025 ($153,304 and $17,119 respectively as at March 31, 2024). The obligations related to the upcoming years include the following:

	2025	**2024**
2025	-	7,867
2026	7,867	7,867
2027	7,867	7,867
2028	7,867	7,867
2029	7,867	7,867
2030	7,867	7,867
2031 and subsequent	98,691	98,691
Total future minimum lease payments	**138,026**	**145,893**
Less: imputed interest (3.67%)	36,393	40,208
Balance of obligation under public-private partnership	**101,633**	**105,685**

7. Employee future benefits

a) Pension benefits

SSC’s employees participate in the Public Service Pension Plan (the “Plan”), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of

2 percent per year of pensionable service, times the average of the best 5 consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Both the employees and SSC contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to *Economic Action Plan 2012*, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2024-25 expense amounts to $99,575 ($93,702 in 2023-24). For Group 1 members, the expense represents approximately 1.02 times (1.02 times in 2023-24) the employees' contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2023-24) the employees' contributions.

SSC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Consolidated Financial Statements of the Government of Canada, as the Plan's sponsor.

b) Severance benefits

Severance benefits provided to SSC's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011, the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By

March 31, 2025, substantially all settlements for immediate cash out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligations during the year were as follows:

	2025	2024
Accrued benefit obligation - Beginning of year	**24,625**	**24,051**
Transferred to another government department, effective November 15, 2023 (note 14)	-	(20)
Subtotal	**24,625**	**24,031**
Expense (adjustment) for the year	2,088	1,843
Benefits paid during the year	(1,796)	(1,249)
Accrued benefit obligation - End of year	**24,917**	**24,625**

8. Accounts receivable and advances

The following table presents details of SSC’s accounts receivable and advances:

	2025	2024
Receivables - Other government departments and agencies	136,300	180,514
Receivables - External parties	19,976	25,538
Employee advances	578	1,134
Subtotal	**156,854**	**207,186**
Allowance for doubtful accounts on receivables from external parties	(726)	(316)
Gross accounts receivable and advances	**156,128**	**206,870**

	2025	2024
Accounts receivable held on behalf of Government	(4,452)	(5,404)
Net accounts receivable and advances	**151,676**	**201,466**

9. Inventory

The following table presents details of SSC's inventory:

	2025	2024
Inventory held for consumption	1,976	8,086
Total inventory	**1,976**	**8,086**

The cost of consumed inventory recognized as an expense in the Statement of Operations and Departmental Net Financial Position is $5,838 in 2024-25 ($6,250 in 2023-24).

10. Tangible capital assets

Cost

Capital Asset Class	Opening balance	Acquisitions	Adjustments (1)	Disposals and write-offs	Closing balance
Buildings	156,389	-	-	3,085	153,304
Works and infrastructure	1,310	-	-	1,310	
Machinery and equipment	59,450	1,047	(129)	54,362	6,006

Capital Asset Class	Opening balance	Acquisitions	Adjustments (1)	Disposals and write-offs	Closing balance
Computer hardware	3,258,553	126,097	(3,218)	1,621,898	1,759,534
Computer software	295,587	1,302	(193)	192,652	104,044
Vehicles	4,794	807	-	112	5,489
Leasehold improvements	96,857	-	4,625	21,274	80,208
Leased tangible capital assets	376,418	111,750	-	-	488,168
Assets under construction	28,492	11,756	(12,188)	-	28,060
Total	**4,277,850**	**252,759**	**(11,103)**	**1,894,693**	**2,624,813**

Accumulated amortization

Capital Asset Class	Opening balance	Amortization	Adjustments (1)	Disposals and write-offs	Closing balance
Buildings	20,196	3,075	-	3,085	20,18
Works and infrastructure	490	22	-	512	
Machinery and equipment	53,733	611	(90)	52,087	2,16

Capital Asset Class	Opening balance	Amortization	Adjustments (1)	Disposals and write-offs	Closing balanc
Computer hardware	2,686,602	240,644	(3,152)	1,615,460	1,308,63
Computer software	265,742	14,094	(68)	192,644	87,12
Vehicles	2,882	675	-	111	3,44
Leasehold improvements	66,844	9,004	-	21,273	54,57
Leased tangible capital assets	293,222	74,254	-	-	367,47
Assets under construction	-	-	-	-	
Total	**3,389,711**	**342,379**	**(3,310)**	**1,885,172**	**1,843,60**

Net book value

Capital Asset Class	2025	2024
Buildings	133,118	136,193
Works and infrastructure	-	820
Machinery and equipment	3,839	5,717
Computer hardware	450,900	571,951
Computer software	16,920	29,845
Vehicles	2,043	1,912
Leasehold improvements	25,633	30,013

Capital Asset Class	2025	2024
Leased tangible capital assets	120,692	83,196
Assets under construction	28,060	28,492
Total	**781,205**	**888,139**

(1) Adjustments include assets under construction of $4,725 that were transferred to the other categories upon completion of the assets.

During the year, SSC transferred computer hardware and machinery and equipment to other government departments with a net book value of $331. These transfers are included in the adjustments columns.

Adjustments also include a net amount of ($7,462) in adjustments of previous years expenses.

11. Contractual obligations and contractual rights

a. Contractual obligations

The nature of SSC's activities may result in some large multi-year contracts and obligations whereby SSC will be obligated to make future payments when the services/goods are received. Significant contractual obligations ($10 million or more) that can be reasonably estimated are summarized as follows:

	2026	2027	2028	2029	2030	2031 and subsequent	Total
Acquisition of goods and services	891,088	445,751	227,808	61,344	14,218	36,402	1,676,611

b) Contractual rights

SSC has determined that there are no contractual rights which require disclosure in these financial statements.

12. Contingent liabilities and contingent assets

a) Contingent liabilities

Claims have been made against SSC in the normal course of operations. These claims include items with pleading amounts and others for which no amount is specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. Where it is likely that there will be a future payment and a reasonable estimate of the loss can be made, an allowance for claims and litigations is recorded. No allowance has been recorded in SSC’s financial statements. Claims and litigations for which the outcome is not determinable and a reasonable estimate can be made by management are nil at March 31, 2025 (nil at March 31, 2024).

b) Contingent assets

SSC has determined that there are no contingent assets which require disclosure in these financial statements.

13. Related party transactions

SSC is related as a result of common ownership to all government departments, agencies, and Crown corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual.

SSC enters into transactions with these entities in the normal course of business and on normal trade terms.

a) Common services provided without charge by other government departments

During the year, SSC received services without charge from certain common service organizations, related to accommodation and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded at the carrying value in SSC's Statement of Operations and Departmental Net Financial Position as follows:

	2025	2024
Employer's contribution to the health and dental insurance plans	89,556	93,792
Accommodation	37,266	39,917
Total	**126,822**	**133,709**

The government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada, are not included in SSC's Statement of Operations and Departmental Net Financial Position.

b) Common services provided without charge to other government departments

During the year, SSC provided services without charge to other government departments, related to the provision of IT infrastructure services. These services are not recognized as revenues in the Statement of Operations and Departmental Net Financial Position.

c) Other transactions with other government departments and agencies

	2025	2024
Expenses – Services provided to SSC by other government departments and agencies	235,880	234,189
Revenues – Services provided by SSC to other government departments and agencies	875,063	939,570

Expenses and revenues disclosed in c) exclude common services provided without charge by other government departments, which are already disclosed in a).

14. Transfer to other government department

Effective November 15, 2023, SSC transferred the control and supervision of the Next Generation Human Resources and Pay System Initiative to the Department of Public Works and Government Services (PWGSC) in accordance with Order in Council (P.C. 2023-1140), including the stewardship responsibility for the assets and liabilities related to the program. Accordingly, SSC transferred the following liabilities related to the Next Generation Human Resources and Pay System Initiative to PWGSC on November 15, 2023:

Liabilities	**2024**
Vacation pay and compensatory leave	35
Employee future benefits (note 7)	20
Total liabilities transferred	55
Adjustment to the departmental net financial position	**55**

During the transition period, SSC continued to administer the transferred activities on behalf of PWGSC. The administered expenses amounted to $8,906 in 2023-24. These expenses are not recorded in these financial statements.

15. Segmented information

Presentation by segment is based on SSC’s core responsibility. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main core responsibilities, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

	Common Government of Canada IT Operations	**Internal Services**	**2025 Total**	**2024 Total**
Operating expenses				

	Common Government of Canada IT Operations	Internal Services	2025 Total	2024 Total
Salaries and employee benefits	1,031,005	242,424	1,273,429	1,287,455
Rentals	632,588	15,410	647,998	620,571
Telecommunications	566,625	1,505	568,130	619,727
Professional and special services	312,787	75,269	388,056	434,006
Amortization of tangible capital assets	339,622	2,757	342,379	358,322
Repairs and maintenance	294,718	845	295,563	341,623
Machinery and equipment	97,950	7,427	105,377	80,148
Accommodation	30,242	12,071	42,313	44,890
Loss on disposal and write-off of tangible capital assets	9,271	250	9,521	360
Transportation	6,431	2,480	8,911	6,673
Utilities, materials and supplies	6,360	594	6,954	6,905
Interest on obligation under public-private partnership	3,814	-	3,814	3,960
Information	2,643	153	2,796	3,327

	Common Government of Canada IT Operations	**Internal Services**	**2025 Total**	**2024 Total**
Interest on capital lease payments	920	-	920	2,371
Other expenses	7,183	2,119	9,302	8,645
Total operating expenses	3,342,159	363,304	3,705,463	3,818,983
Revenues				
Sale of goods and services	879,949	-	879,949	945,302
Miscellaneous revenues	35	89	124	1,143
Revenues earned on behalf of Government	(43,917)	(10)	(43,927)	(41,124)
Total revenues	836,067	79	836,146	905,321
Net cost of operations before government funding and transfers	**2,506,092**	**363,225**	**2,869,317**	**2,913,662**

Shared Services Canada: Annex to the Statement of Management Responsibility including Internal Control over Financial Reporting for the year ended March 31, 2025

1. Introduction

This document provides the information on internal control management, assessment results and related action plans, and the summary information on the measures taken by Shared Services Canada (SSC) to maintain an effective system of internal control over financial reporting (ICFR), including financial management.

Detailed information on the department’s authority, mandate and core responsibilities can be found in the *2025-26 Departmental Plan* and the *2024-25 Departmental Results Report (DRR)*.

2. Departmental system of Internal Control over Financial Reporting

2.1 Internal control management

SSC has a well-established governance and accountability structure to support the departmental assessment and oversight of its system of internal control. A departmental internal control management framework in place and comprises:

- Organizational accountability structures related to internal control management, including the roles and responsibilities of senior departmental managers for control management in their areas of responsibility;

- A Chief Financial Officer (CFO) attestation on the Public Accounts providing formal sign-off to the Comptroller General confirming that ICFR were applied during the fiscal year—including processes for briefing the deputy head prior to finalizing departmental accounts;
- An internal financial attestation process in support of certification by the President and the CFO, whereby senior departmental executives who report to the President attest that they have maintained an effective system of ICFR in their area of responsibility;
- Values and ethics;
- Requirements for ongoing communication and training on legislative and policy requirements for sound financial management and control; and
- Requirement for monitoring and regular updates on internal control management, as well as provision of related assessment results and action plans to the President, senior departmental management and, as applicable, the Departmental Audit Committee.

The Departmental Audit Committee is an independent advisory committee to the President. It provides advice to the President on the adequacy and functioning of the department's risk management, control and governance frameworks and processes.

2.2 Service arrangements relevant to financial statements

SSC relies on other government departments for the processing of certain transactions or information that are recorded in its financial statements as follows:

Common Service Arrangements

- Public Services and Procurement Canada (PSPC) administers the payment of salaries and the procurement of goods and services, and provides accommodation services;
- The Treasury Board of Canada Secretariat provides information on public service insurance and centrally administers payment of the employer’s share of contributions toward statutory employee benefit plans on behalf of SSC; and
- The Department of Justice Canada provides legal services to SSC.

Readers of this annex may refer to the annexes of the above-noted departments for a greater understanding of the systems of internal control over financial reporting related to these specific services.

Specific Arrangements

- PSPC provides SSC with a SAP financial platform to capture and report all financial transactions; and
- Agriculture and Agri-Food Canada provides SSC with a PeopleSoft platform to process transactions related to human resources.

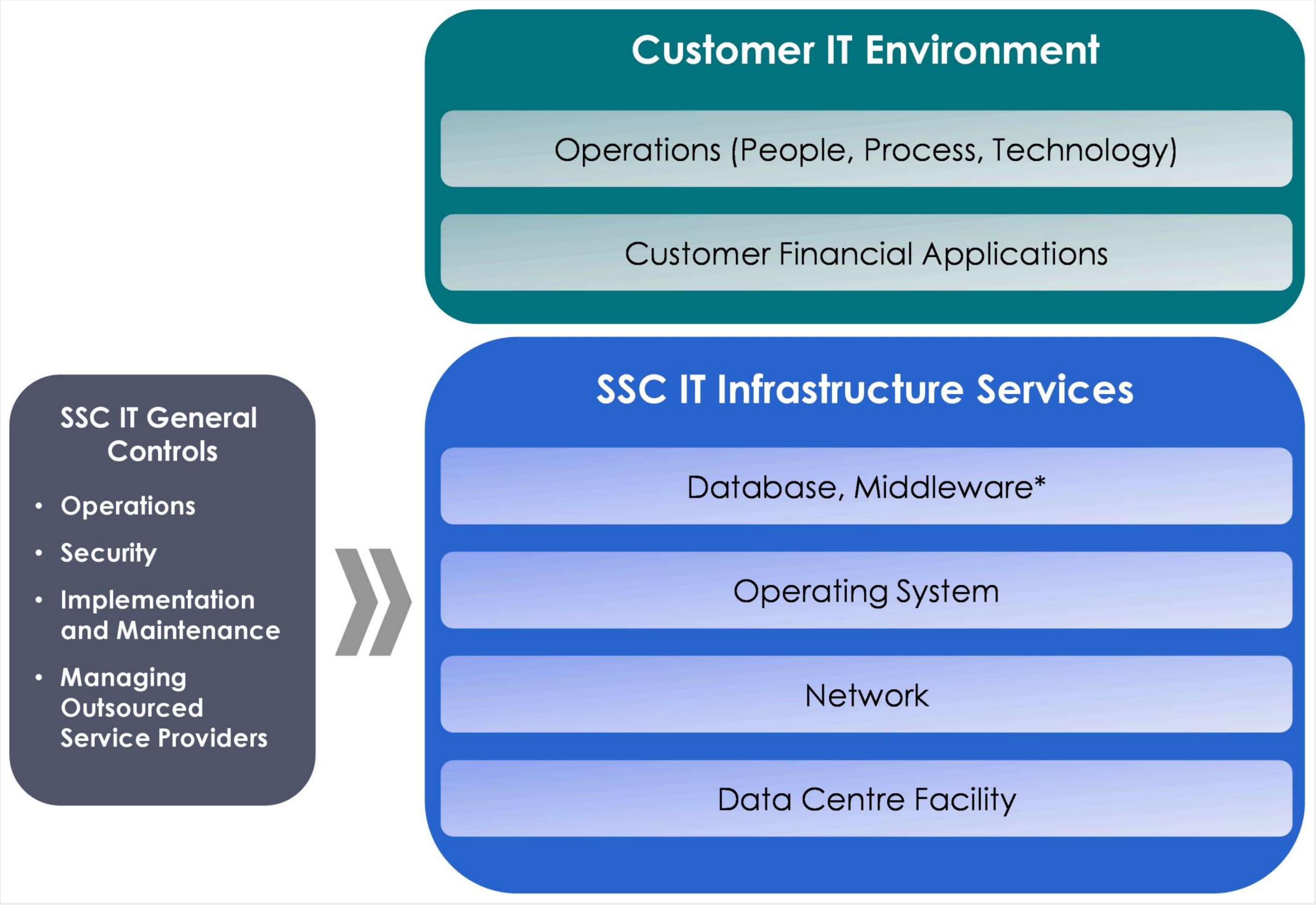
2.3 Common Services Provided by SSC

SSC plays a significant role in the delivery of digital government by establishing a reliable, modern, secure and accessible network; supporting a digitally enabled public service; and providing modern and efficient infrastructure solutions.

There are shared internal control responsibilities under the Treasury Board Policy on Financial Management. As a common service provider, SSC is responsible for the assessment of IT general controls (ITGC) for IT infrastructure services provided to customers. Customers are responsible for the assessment of application level controls and general IT controls that support their financial applications. Created on August 4, 2011, SSC was given a broad mandate to modernize and consolidate the Government of Canada's information technology infrastructure. Today, SSC provides the digital backbone of the federal government, the underpinning for providing essential services and programs to Canadians. SSC delivers network, data centre, email, security and workplace technology to 45 of the larger federal departments and agencies.

The following diagram provides a summary view of the infrastructure layers and services that are in scope for the ITGC assessment.

Figure 1



▶ Figure 1 - Text version

*Responsibility over certain infrastructure elements is shared between SSC and its customers in accordance with customer agreements. For instance, for Platform Services (database and middleware services), depending on the customer, some components are fully managed and maintained by SSC while others are only partially managed and maintained by SSC.

3. Departmental internal control assessment results during the 2024-25 fiscal year

The following table summarizes the status of the ongoing monitoring activities, including remediation efforts, according to the previous fiscal year's rotation plan.

Progress during the 2024-25 fiscal year

Previous fiscal year's rotational ongoing monitoring plan for the current fiscal year	Status
Internal Controls Over Financial Management	
Costing	Completed as planned; remediation actions started
Investment planning	Completed as planned; no remediation actions required
Internal Controls Over Financial Reporting	
Entity-level controls – Information and Communication, and Monitoring Activities COSO components	Completed as planned no remediation actions required

Previous fiscal year's rotational ongoing monitoring plan for the current fiscal year	Status
Financial close and reporting	Completed as planned; remediation actions started
Operating expenses and accounts payables [1]	
• Travel	Completed as planned; remediation actions implemented
• Acquisition cards	Completed as planned; remediation actions started
• Delegation of authority	Completed as planned; remediation actions started
• Vendor Master File	Completed as planned; no remediation actions required

The key findings and significant adjustments from the current fiscal year's assessment activities are summarized below.

3.1 New or significantly amended key controls

In the current fiscal year, there were no significantly amended key controls in existing processes that required a reassessment.

3.2 Ongoing monitoring program

As part of its rotational ongoing monitoring plan, the department completed its reassessment of entity-level controls and the financial controls within the following business processes:

- costing;
- investment planning;
- financial close and reporting; and
- operating expenses and accounts payable (travel, acquisition cards, delegation of authority and vendor master file).

For the most part, the key controls tested performed as intended. The department did not identify any significant deficiency that could lead to a material misstatement of its financial statements.

4. Departmental action plan for the next fiscal year and subsequent fiscal years

SSC’s rotational ongoing monitoring plan over the next five fiscal years is shown in the following table. The ongoing monitoring plan is based on:

- an annual validation of high-risk processes and controls; and
- related adjustments to the ongoing monitoring plan, as required.

Rotational ongoing monitoring plan

Key control areas	2025-26 fiscal year	2026-27 fiscal year	2027-28 fiscal year	2028-29 fiscal year	2029-30 fiscal year
Entity-level controls		X	X	X	

Key control areas	2025-26 fiscal year	2026-27 fiscal year	2027-28 fiscal year	2028-29 fiscal year	2029-30 fiscal year
ITGC over SIGMA			X		
ITGC over Feeder Systems [2]			X		
Financial close and reporting					X
Operating expenses and accounts payable	X			X	X
Revenue and accounts receivable		X			
Capital assets		X			X
Payroll and benefits	X				X
Revenue management		X			
Budgeting and planning			X		
Project management		X			
Costing				X	
Investment planning					X

Key control areas	2025-26 fiscal year	2026-27 fiscal year	2027-28 fiscal year	2028-29 fiscal year	2029-30 fiscal year
CFO attestation and TB Submissions	X			X	

5. Common Service Provider (CSP) Annual Assessment Results for 2024-25 and Action Plan for Future Years

SSC provides IT infrastructure services that are delivered to customer organizations that operate IT systems in legacy, partially modernized or fully modernized environments. A legacy environment refers to an older system inherited from a customer that continues to remain vital to the organization. A partially modernized environment refers to a system that contains a mix of older and updated components that are deployed in an enterprise data centre. A fully modernized environment refers to a system that contains updated components that are deployed in an enterprise data centre.

IT general controls are classified as being either customer-specific controls or common controls. Customer-specific controls operate according to legacy processes and procedures, while common controls operate according to enterprise-wide processes and procedures using common tools. Common controls operate primarily in fully modernized environments but may also be adopted in a legacy or partially modernized environment.

5.1 Departmental status and action plan for the next fiscal year and subsequent years (CSP)

SSC has implemented a multi-year, risk-based assessment plan for IT General Controls for IT infrastructure services. The multi-year plan is refreshed on an annual basis.

The results of the current year assessment and future plans are detailed below.

Status and action plan for the next fiscal year and subsequent years

Key control areas	Design effectiveness testing and remediation	Operating effectiveness testing and remediation	Ongoing monitoring rotation
Entity-level controls	Completed	Completed	2027-28
Common controls	Completed	2026-27	Future years
Customer-specific controls (DFMS [3]) – Customers with high financial reporting risk	Completed	2025-26	Future years
Customer-specific controls (DFMS [4]) – Customers with medium financial reporting risk	2025-26	2026-27	Future years
Customer-specific controls (GC central systems [5])	Completed	2025-26	Future years

Key control areas	Design effectiveness testing and remediation	Operating effectiveness testing and remediation	Ongoing monitoring rotation
Customer-specific controls (high revenue system [6])	Completed	2025-26	Future years

5.2 Departmental assessment results during fiscal year 2024-25 (CSP)

Assessment of customer-specific high risk controls (DFMS, GC central system and high revenue system) and high risk common controls.

During 2024-25, SSC completed design effectiveness testing of high risk customer-specific controls and common controls in the areas of:

- Information Systems Operations
- Information Security
- IT Infrastructure Implementation and Maintenance

The assessment targeted IT infrastructure services that support customers with high financial reporting risk, GC central systems and high revenue systems. There were observations and recommendations for improvement made in all three control areas. Management action plans are underway to address those recommendations and support the continuous enhancement of SSC's service delivery and control effectiveness. This ongoing process is essential to ensure the confidentiality, integrity, and availability of IT services within the department and across its customer base.

Footnotes

1 Operating expenses and accounts payable has been divided in two parts; the work was completed as planned this year. Operating expenses and accounts payable work in 2025-26 includes Procure-to-Pay and Management of interdepartmental settlements.

2 Feeder Systems include PeopleSoft and Procure-to-Pay (P2P).

3 Assessment of ITGCs for IT infrastructure services supporting the Departmental Financial and Materiel Management Systems (DFMS) of six customers with high financial reporting risk.

4 Assessment of ITGCs for IT infrastructure services supporting the Departmental Financial and Materiel Management Systems (DFMS) of several customers with medium financial reporting risk.

5 Assessment of ITGCs for IT infrastructure services supporting three Government of Canada (GC) central systems specific to two customers.

6 Assessment of ITGCs for IT infrastructure services supporting systems that administer a significant level of revenues specific to one customer.

Date modified: 2026-02-03