



Government  
of Canada

Gouvernement  
du Canada

[Canada.ca](#) › [Department of Finance Canada](#) › [Transparency](#) › [Internal Audit and Evaluation](#)

# Review of Canada Pension Plan Cost Recoveries – Review Engagement Report

Internal Audit Directorate

November 2023

## Table of Contents

### **Executive Summary**

### **Background**

### **Review Objective, Scope, Criteria, and Approach**

Review Objective and Scope

Review Criteria

Review Approach

### **Overall Opinion and Statement of Conformance**

### **Summary of Findings**

Key Findings - Criterion 1

Key Findings - Criterion 2

Overall Conclusion

### **Management Response and Action Plans**

## **Appendix A – Transaction Review Results**

## **Appendix B – Approach Used to Assess Reasonableness of Cost of Staff**

## **Appendix C – Risk Ranking Methodology**

## **Appendix D – Key Information Reviewed**

# **Executive Summary**

The Memorandum of Understanding (MoU) between Employment and Social Development Canada (ESDC), the Canada Pension Plan (CPP), and the Department of Finance Canada (the Department) on cost recoveries for the Department's support in the administration of the CPP requires a review to be conducted of the costs charged by the Department to the CPP for services provided to ESDC during the five-year term of the agreement.

In consultation with the Department's Financial Management Directorate (FMD), Corporate Services Branch (CSB), the Internal Audit Directorate (IAD) agreed to undertake the engagement. The Review of Canada Pension Plan Cost Recoveries was authorized as part of the Department's 2022-2024 Risk-based Audit Plan, which the Deputy Minister approved on June 29, 2022.

### **What we examined**

The objective of this review engagement was to provide an independent auditor's opinion on the reasonableness of the Department's accounting mechanisms to represent the costs and reporting levels of service provided to the CPP.

### **Why it is important**

Ensuring that the Department's accounting mechanisms accurately represent the costs and services provided to the CPP is crucial for transparency and trust. It affirms the responsible management of funds vital to the welfare of millions of Canadians and reinforces public confidence in the government's handling of the pension plan.

## **What we found**

Based on our review, nothing has come to our attention that causes us to believe that either the Department's cost recovery amounts charged to the CPP, or the methods used to identify these charges were unreasonable. Furthermore, we found no indications that they failed to comply, in all material respects, with the applicable standards, legislation, Treasury Board related policies and directives, and the costing principles outlined in the Memorandum of Understanding (MoU).

However, the review team identified minor areas of improvement with respect to enhanced documentation to support salary costs charged and accounting of costs by sub-activities, as well as implementing a process to ensure consistency and completeness of costs charged across all branches providing services to the CPP. These process weaknesses do not currently expose the Department to any significant risk of non-compliance with relevant requirements. However, the review team's suggested recommendations would enhance recovery process controls and improve oversight.

**Marie-Josée Yelle**

**Acting Chief Audit Executive**

## **Background**

- The Canada Pension Plan (CPP) is a social insurance program designed to provide financial assistance to CPP contributors and their families in

case of retirement, disability and death. The CPP operates throughout all provinces and territories in Canada except for Québec, where the Québec Pension Plan provides similar benefits.

- The Minister of Employment and Social Development, along with other federal government departments, is responsible for the administration of Part II (Pensions and Supplementary Benefits) and the majority of Part III (Administration) of the CPP legislation. The federal Minister of Finance, with the provincial ministers of finance, is responsible for certain sections of Part III (Administration) of the CPP legislation.
- As part of its efforts to support a sound social policy framework, the Department of Finance Canada (the Department) carries out a range of responsibilities, including policy advice, regulatory review, and CPP rate-setting.
- The Memorandum of Understanding (MoU) established between the Employment and Social Development Canada (ESDC) and the Department seeks to ensure the efficient and effective use of the Department's capabilities in support of the CPP and that the administrative costs recovered by the Department from the CPP are appropriate and fair. The MoU clarifies the requirements for service levels, cost recovery, and reporting by the Department.
- During the fiscal years 2020-21 and 2021-22, the Department charged a total of \$320,568 and \$330,244, respectively, as administrative costs to the CPP Accounts. Of these, the Department's personnel costs were \$307,735 and \$330,023, respectively, and goods and services (G&S) costs were \$12,833 and \$221. The Department incurred three (3) G&S transactions during the period for consulting and publication services.
- For context, in the same two periods, ESDC charged a total of \$558,534,913 and \$578,124,209, respectively to administer the CPP program<sup>1</sup>.

## Administrative costs charged by the Department of Finance Canada to the CPP Accounts

	<b>FY 2021-22</b>	<b>FY 2020-21</b>
Personnel costs	\$330,023	\$307,735
Goods and Services costs	\$221	\$12,833
<b>Total</b>	<b>\$330,244</b>	<b>\$320,568</b>

# Review Objective, Scope, Criteria, and Approach

## Review Objective and Scope

### Review Objective

The objective of this review engagement was to provide an independent auditor's opinion on the reasonableness of Department of Finance Canada's (the Department) accounting mechanisms to represent the costs and reporting levels of service provided to the Canada Pension Plan (CPP).

### Review Scope

Pursuant to Section 9.0 of the Memorandum of Understanding (MoU), the review team examined whether the Department's:

- methods of allocating costs to the CPP were reasonable and in accordance with the costing principles outlined in the MoU; and
- costs charged to the CPP Accounts were incurred in the delivery of services for the CPP following the terms of the agreement.

Periods reviewed: Fiscal years ending March 31, 2021 and 2022.

The scope did not include an examination of Employment and Social Development Canada's (ESDC) activities beyond developing an understanding of ESDC's role in assessing the reasonableness of the cost allocation and costs recovered from the CPP.

## Review Criteria

**Criterion 1:** The methods of allocating costs to the Canada Pension Plan (CPP) are reasonable and in accordance with the costing principles and methods outlined in the Memorandum of Understanding (MoU).

**Criterion 2:** The costs charged to the CPP Accounts were incurred in the delivery of services for the CPP in accordance with the terms of the agreement.

## Review Approach

In conducting this review, we:

- reviewed relevant documentation such as legislation, policies and guidance, and administrative agreements;
- interviewed key personnel from:
  - Financial Management Directorate, Corporate Services Branch;
  - Federal-Provincial Relations Division, Federal-Provincial Relations and Social Policy Branch;
  - Funds Management Division, Financial Sector Policy Branch;
  - Fiscal Policy Analysis Division, Fiscal Policy Branch;
  - Chief Financial Officer Branch, ESDC;
  - Income Security and Social Development Branch, ESDC; and
  - Internal Audit and Enterprise Risk Management Branch, ESDC
- identified key controls and developed process maps;

- verified supporting documentation for all three (3) G&S related transactions incurred during the period under review to assess compliance with relevant legislation, policies and guidance, and administrative agreements (see Appendix A for more information); and
- assessed staff's responsibilities and the related costs of staff assigned to CPP (see Appendix B for more information).

# Overall Opinion and Statement of Conformance

## Overall Opinion

Sufficient and appropriate procedures were performed, and evidence was gathered to support the accuracy of the review conclusion. The findings and conclusion are based on a comparison of the conditions that existed as of the date of the review engagement against established criteria that were agreed upon with management.

The findings and conclusion only apply to the entities examined and to the scope and periods covered by the review engagement.

## Statement of Conformance

The review was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, as supported by the results of the quality assurance and improvement program.

# Summary of Findings

## Key Findings – Criterion 1

**Criterion 1: The methods of allocating costs to the Canada Pension Plan (CPP) are reasonable and in accordance with the costing principles and methods outlined in the Memorandum of Understanding (MoU).**

### Summary of Findings:

The review team found that the methods of allocating costs to the CPP were reasonable and in accordance with the costing principles outlined in the MoU. The Department of Finance Canada (the Department) generally processed the transactions in compliance with the Financial Administration Act (FAA) requirements, the Treasury Board's related policies and directives, and the Canadian generally accepted auditing standards.

The review team noted some opportunities for process improvements. The following table outlines findings, as well as recommendations for management's action:

### Key Findings – Criterion 1

Findings	Recommendations	Risk
----------	-----------------	------



Findings	Recommendations	Risk
<p><b>Documentation for Salary Costs</b></p> <ul style="list-style-type: none"> <li>• The Department followed the costing principles under section 7.3 of the MoU to calculate the cost of staff assigned to CPP based on the percentage of time spent on CPP-related activities (see Appendix B for more information).</li> <li>• However, while the Department maintained schedules showing the calculation of the cost of staff, no documentation was prepared to substantiate how the percentages of time spent on CPP-related activities were calculated. In a cost recovery environment, enhanced scrutiny over costs is expected.</li> </ul>	<p>1) To enhance reasonableness and objectivity of cost allocation, branches should maintain some form of documentation to substantiate the percentages used to calculate time spent on activities related to the CPP.</p>	<p>Low</p>

Findings	Recommendations	Risk
<p><b>Accounting of Costs by Activities</b></p> <ul style="list-style-type: none"> <li>The policy branches do not account for costs by activities and/or sub-activities. Instead, costs are accounted for by dedicated fund centres. Accounting for costs by activities listed in the MoU Section 5.0 would allow reviewers (such as Financial Management Directorate, Corporate Services Branch (FMD, CSB), Internal Audit Directorate (IAD), and Income Security &amp; Social Development Branch, Employment and Social Development Canada (ISSDB, ESDC)) to better assess reasonableness of costs charged.</li> <li>The review team observed that the wording in the MoU (sections 4, 7.2, and 7.3) is unclear and inconsistent regarding whether costs should be accounted for by responsibility (fund) centres or by activities and sub-activities.</li> </ul>	<p>2) To enhance reasonableness and objectivity of cost allocation, the Department should consider:</p> <ul style="list-style-type: none"> <li>Preparing cost schedules that identify activities and/or sub-activities related to the CPP.</li> <li>Revising the MoU to ensure clear and consistent wording to describe requirements related to accounting for costs by activities and/or sub-activities.</li> </ul>	<p>Low</p>

Findings	Recommendations	Risk
<p><b>Corporate and Capital Costs</b></p> <ul style="list-style-type: none"> <li>• The Department does not charge corporate and capital costs, such as time spent by FMD, CSB and IT equipment used to support CPP-related activities.</li> <li>• The Department does not charge salary costs for administrative assistants.</li> <li>• The costing principles outlined under section 7 of the MoU allow these costs to be charged if the costs are attributable and traceable to the CPP and the method of allocation is objective.</li> <li>• Not recovering these amounts from CPP means these costs are expensed out of the Department's other budgets, which could have been used for other purposes.</li> </ul>	<p>3) FMD, CSB should document the rationale for not charging corporate costs and capital costs, as well as time spent by administrative assistants, or consider consulting ESDC to implement a similar approach.</p>	<p>Medium</p>

Findings	Recommendations	Risk
<p><b>Challenge Function</b></p> <ul style="list-style-type: none"> <li>Overall, the review team observed that FMD, CSB exercised a limited challenge function with respect to ensuring the consistency and completeness of costs charged.</li> <li>The review team noted the following discrepancies that could have reasonably been detected and addressed by FMD, CSB: <ul style="list-style-type: none"> <li>A consistent approach was not used between the two policy branches to charge time spent by their Director General (DG). Funds Management Division, Financial Sector Policy Branch (FMD, FSP) charged their DG's time spent on CPP, while Federal-Provincial Relations Division, Federal-Provincial Relations and Social Policy Branch (FPRD, FPRSP) did not. However, the review team does not consider the undercharge by FPRD,</li> </ul> </li> </ul>	<p>4) To ensure that the FMD, CSB is optimally positioned to exercise its challenge function every quarter, it should work with FPRD, FPRSP and FMD, FSP, and any other branches as appropriate, to ensure consistency and completeness with respect to cost allocation processes.</p>	<p>Medium</p>

Findings	Recommendations	Risk
<p>FPRSP to be significant, as the DGs are not operational leads and do not devote a substantial amount of time to the CPP portfolio.</p> <ul style="list-style-type: none"> <li>○ Fiscal Policy Analysis Division, Fiscal Policy Branch (FPAD, FP) was engaged in activities related to a service defined under section 5 of the MoU until fiscal year 2022-23, when the responsibility was transferred to ESDC in April 2023. However, provisions to recover FPAD, FP's costs did not exist in the MoU, and their costs were not being tracked and recovered.</li> </ul>	<p>5) FMD, CSB, in collaboration with FPRD, FPRSP and FMD, FSP, should periodically perform analysis to ensure that the MoU is in line with the Department's services provided to the CPP. This includes ensuring that all branches offering services to the CPP are included in the MoU and their costs are appropriately charged.</p>	<p>Medium</p>

# Key Findings – Criterion 2

**Criterion 2: The costs charged to the Canada Pension Plan (CPP) Accounts were incurred in the delivery of services for the CPP, in accordance with the terms of the agreement.**

**Summary of Findings:**

Costs charged to the CPP Accounts in fiscal years 2020-21 and 2021-22 were incurred in the delivery of services for the CPP in accordance with the terms of the agreement.

## Key Findings – Criterion 2

Findings	Recommendations	Risk
----------	-----------------	------

Findings	Recommendations	Risk
<ul style="list-style-type: none"> <li>• <b>Salary:</b> Based on consultation with the policy branches and analysis performed on available documentation, nothing has come to the review team's attention to cause belief that the salary costs charged were not, in all material respects, incurred in the delivery of services for the CPP in accordance with the terms of the agreement (see Appendix B for more information).</li> <li>• <b>Goods and Services (G&amp;S) Expenditures:</b> For non-salary G&amp;S expenditures recovered from the CPP, the review team examined all supporting documentation and confirmed that they were CPP-related services as identified in the terms of agreement (see Appendix A for more information).</li> </ul>	None proposed.	N/A

## Overall Conclusion

Based on our review, nothing has come to our attention that causes us to believe that either the Department of Finance Canada's (the Department) cost recovery amounts charged to the Canada Pension Plan (CPP), or the methods used to identify these charges were unreasonable. Furthermore, we found no indications that they failed to comply, in all material respects,

with the applicable standards, legislation, Treasury Board related policies and directives, and the costing principles outlined in the Memorandum of Understanding (MoU).

However, the review team identified minor areas of improvement with respect to enhanced documentation to support salary costs charged and accounting of costs by sub-activities, as well as implementing a process to ensure consistency and completeness of costs charged across all branches providing services to the CPP.

These process weaknesses do not currently expose the Department to any significant risk of non-compliance with relevant requirements. However, the review team's suggested recommendations would enhance recovery process controls and improve oversight.

# Management Response and Action Plans

## Overall Management Response:

Management agrees with the findings of the Review of Canada Pension Plan Cost Recoveries. The identified leads will work to ensure the review recommendations are addressed through corrective actions, as described below.

## Management Response and Action Plans

Recommendation	Management Response	Action Plan	Lead
----------------	---------------------	-------------	------



Recommendation	Management Response	Action Plan	Lead
<p>1. To enhance reasonableness and objectivity of cost allocation, branches should maintain some form of documentation to substantiate the percentages used to calculate time spent on activities related to the Canada Pension Plan.</p>	<p>Management agrees with this recommendation.</p>	<p>A document will be prepared that will outline the tasks and responsibilities of the different members of the policy teams (i.e., a narrative) and how they relate to the CPP activities and/or sub-activities in the MoU. For FPRSP, that would be the DG of FPRD, the Senior Director (Income Security), Senior and Junior Policy Analysts (Income Security), and FPRD's administrative assistant. For FSP, that would be the DG of Fund</p>	<p>Director General (Federal-Provincial Relations Division) and Director General (Funds Management Division)</p>

Recommendation	Management Response	Action Plan	Lead
		Management Division, the Director (Crown Corporations and Currency) Senior and Junior Policy Analysts (Crown Corporations and Currency) and FMD's administrative assistant.	

Recommendation	Management Response	Action Plan	Lead
<p>2. To enhance reasonableness and objectivity of cost allocation, the Department of Finance Canada should consider:</p> <ul style="list-style-type: none"> <li>• Preparing cost schedules that identify activities and/or sub-activities related to the Canada Pension Plan.</li> <li>• Revising the Memorandum of Understanding to ensure clear and consistent wording to describe requirements related to accounting for costs by activities</li> </ul>	<p>Management agrees with this recommendation.</p>	<p>FPRSP and FSP will prepare a document that will record costs charged to the CPP Account in accordance with the list of activities and/or sub-activities listed in the MoU section 5.0 on a going forward basis. In addition, and at the next available opportunity, the MoU will be revised, in collaboration with CSB and ESDC, to clarify in sections 4.0 ,7.2 and 7.3 that costs should be accounted by activity and/or</p>	<p>Director General (Federal-Provincial Relations Division) and Director General (Funds Management Division)</p>

<b>Recommendation</b>	<b>Management Response</b>	<b>Action Plan</b>	<b>Lead</b>
and/or sub-activities.		sub-activity listed in section 5.0 of the MoU.	

Recommendation	Management Response	Action Plan	Lead
<p>3. Financial Management Directorate, Corporate Services Branch should document the rationale for not charging corporate costs and capital costs, as well as time spent by administrative assistants, or consider consulting Employment and Social Development Canada to implement a similar approach.</p>	<p>Management agrees with this recommendation.</p>	<p>As stated in the MOU, all corporate costs are incurred in the Corporate Services Branch. The corporate costs include administrative salaries for Finance, Human Resources and Information and Business Services, and overhead costs associated with telephones, accommodation, stationary and office supplies. These costs will be charged to the CPP as long as a causal link can be established and there is an objective means to trace the</p>	<p>Director General and Chief Financial Officer (Financial Management Directorate)</p>

Recommendation	Management Response	Action Plan	Lead
		<p>costs to the Federal-Provincial Relations and Social Policy Branch and the Financial Sector Policy Branch.</p> <p>CSB will document the rationale for not charging corporate costs and capital costs. The corporate costs are currently immaterial; however, should they become substantial, FMD will include the costs in the quarterly invoice.</p> <p>If FPRSP and FSP determine that the work performed by the</p>	

Recommendation	Management Response	Action Plan	Lead
		administrative assistants in their respective branches should be charged to the CPP, they will record the costs in their documents provided to FMD. FMD will then include these costs in the quarterly invoice provided to ESDC.	

Recommendation	Management Response	Action Plan	Lead
<p>4. To ensure that the Financial Management Directorate, Corporate Services Branch is optimally positioned to exercise its challenge function every quarter, it should work with Federal-Provincial Relations Division, Federal-Provincial Relations and Social Policy Branch and Funds Management Directorate, Financial Sector Policy Branch, and any other branches as appropriate, to ensure consistency and completeness with respect to cost allocation processes.</p>	<p>Management agrees with this recommendation.</p>	<p>FMD is currently working with FPRSP and FSP on a quarterly basis to coordinate the invoicing to ESDC.</p> <p>FMD will continue quarterly review of expenditures. During the quarterly reviews, FMD will question any discrepancies or variances in the amounts charged to the CPP and ensure consistency and completeness with respect to cost allocation processes.</p>	<p>Director, Financial Planning and Resource Management (Financial Management Directorate)</p>



Recommendation	Management Response	Action Plan	Lead
<p>5. Financial Management Directorate, Corporate Services Branch, in collaboration with Federal-Provincial Relations Division, Federal-Provincial Relations and Social Policy Branch and Funds Management Directorate, Financial Sector Policy Branch, should periodically perform analysis to ensure that the Memorandum of Understanding is in line with the Department of Finance Canada's services provided to the Canada Pension Plan. This includes ensuring that all branches offering services to</p>	<p>Management agrees with this recommendation.</p>	<p>FPRSP and FSP provide services to the CPP which are outlined in the MOU. While preparing the quarterly charges to the CPP, if FPRSP and FSP determine that the services to the CPP have changed and are no longer in line with the MOU, the branches will work with FMD to propose amendments to the MOU as determined in section 2.2 of the MOU. The approval of the MOU constitutes</p>	<p>Director General and Chief Financial Officer (Financial Management Directorate)</p>

Recommendation	Management Response	Action Plan	Lead
the Canada Pension Plan are included in the Memorandum of Understanding and their costs are appropriately charged.		the acceptance of the services offered.	

# Appendix A – Transaction Review Results

## Management Response and Action Plans

Review Criteria	Transactions reviewed	Transactions with issues	Value of transactions with compliance issues	A Inf
Memorandum of Understanding (MoU) Costing Principles				

<b>Review Criteria</b>	<b>Transactions reviewed</b>	<b>Transactions with issues</b>	<b>Value of transactions with compliance issues</b>	<b>A Inf</b>
Transaction was accounted for in accordance with cost principles outlined in the MoU Section 7.3, for the given transaction type.	3	0	\$ -	
The costs charged were for services listed in the MoU Section 5.0.	3	0	\$ -	
<b><i>Financial Administration Act (FAA)</i></b>				
<b>S32:</b> Expense is approved by the appropriate delegated authority.	3	0	\$ -	
<b>S32:</b> Expense is approved prior to the expense being incurred.	3	0	\$ -	

<b>Review Criteria</b>	<b>Transactions reviewed</b>	<b>Transactions with issues</b>	<b>Value of transactions with compliance issues</b>	<b>A Inf</b>
<b>S33:</b> Invoice and S34 approval are submitted to TBS Accounting Services / Interdepartmental Settlement inboxes in a timely manner.	3	0	\$ -	
<b>S34:</b> Certification authority is performed by the appropriate delegated authority.	3	0	\$ -	
<b>S34:</b> Expense certified is properly supported with proof of execution and cost, such as an invoice.	3	0	\$ -	

<b>Review Criteria</b>	<b>Transactions reviewed</b>	<b>Transactions with issues</b>	<b>Value of transactions with compliance issues</b>	<b>A Inf</b>
<b>S34:</b> Certification documentation and proof of execution and cost are submitted to TBS for processing.	3	0	\$ -	
<b>Canadian Generally Accepted Auditing Standards (GAAS) Assertions</b>				
<b>Occurrence:</b> Transaction recorded in the SAP and charged to the CPP is supported by proof of execution, such as an invoice.	3	0	\$ -	
<b>Completeness:</b> All transactions that should have been recorded have been recorded.	3	0	\$ -	

<b>Review Criteria</b>	<b>Transactions reviewed</b>	<b>Transactions with issues</b>	<b>Value of transactions with compliance issues</b>	<b>A Inf</b>
<b>Accuracy:</b> The value of the transaction recorded in the SAP and charged to the CPP is supported by proof of cost, such as an invoice.	3	0	\$ -	
<b>Cut-off:</b> The period for which the transaction was recorded and charged matches with the period in which the expense was actually incurred.	3	0	\$ -	

Review Criteria	Transactions reviewed	Transactions with issues	Value of transactions with compliance issues	A Inf
<b>Classification:</b> Transaction is recorded in the correct accounts (Fund Centre (FC) 905103 for FPRSP / FC 907104 for FSP)	3	1	\$6,533	For one transacti Departm processe and S34 correctly supporti documen Treasury Canada Secretar Interdep Settleme Coordin correctly However transacti erroneo recordec using a c FC code same br 905102 a opposed 905103. has beer commur

Review Criteria	Transactions reviewed	Transactions with issues	Value of transactions with compliance issues	A Inf
				with Financial Management Director's Corporate Services through separate management letter.

## Appendix B – Approach Used to Assess Reasonableness of Cost of Staff

- For the fiscal years 2020-21 and 2021-22, the cost of staff charged by the Department of Finance Canada were \$195,209 and \$198,576, respectively, for the Federal-Provincial Relations and Social Policy Branch, and \$112,527 and \$131,447, respectively, for the Financial Sector Policy Branch.
- On a quarterly basis, each branch calculated the cost of staff by estimating the percentages of full-time equivalent (FTE) hours spent on Canada Pension Plan (CPP) related activities. This approach to calculate salary costs was in accordance with the costing principles under section 7.3 of the Memorandum of Understanding (MoU). The branches submitted the Director General approved cost schedules for



each quarter to Financial Management Directorate, Corporate Services Branch for review. The quarterly invoice and cost schedules were then forwarded to Employment and Social Development Canada (ESDC) for cost recovery.

- To assess the reasonableness of cost of staff charged during the fiscal years 2020-21 and 2021-22, the review team:
  - obtained and reviewed the list of activities performed by each employee during the scope periods under review;
  - obtained and reviewed the quarterly cost schedules and invoices sent to ESDC for fiscal years 2015-16 to 2022-23;
  - identified and investigated all notable variances in cost of staff charged during the scope periods; and
  - conducted a comparative analysis with the average of cost of staff charged during different periods, and found that the salary costs charged were higher during identified busier periods (i.e. the periods the Department led the work on CPP enhancement <sup>2</sup>).

# Appendix C – Risk Ranking Methodology

The risks assigned to the findings were based on the Internal Audit Directorate's own assessment of the risks. The following table defines the metrics used in assigning the risks:

Table - Risk Ranking

	Impact x Likelihood		
	Low (rating = 1 to 6)	Moderate (rating = 7 to 12)	High (rating = 13 to 25)
Key Controls			

	<b>Impact x Likelihood</b>		
	<b>Low (rating = 1 to 6)</b>	<b>Moderate (rating = 7 to 12)</b>	<b>High (rating = 13 to 25)</b>
<b>None/Not adequate</b> (rating = 3)	18	36	75
<b>Adequate, with some weaknesses</b> (rating = 2)	12	24	50
<b>Adequate</b> (rating = 1)	6	12	25

## Appendix D – Key Information Reviewed

### Key Information Reviewed

The following is a non-exhaustive list of key information reviewed by the review team:

#### Legislation, policies and guidelines:

- *Financial Administration Act* (FAA)
- Treasury Board (TB) Policy on Financial Management (2017)
- TB Directive on Delegation of Spending and Financial Authorities (2017)
- TB Guide to Delegating and Applying Spending and Financial Authorities (2018)

## Documents specific to Department of Finance Canada:

- Memorandum of Understanding (MoU) between Employment and Social Development Canada, the Canada Pension Plan and the Department of Finance (2020 – 2025)
- Financial Signing Authorities Guide (2022)
- Delegation of Financial Signing Authorities Instrument (2021)

## Other Documents:

- MoU between the Canada Pension Plan and Employment and Social Development Canada (2021 – 2022)

---

# Footnotes

- 1 From ESDC's Consolidated Statement of Administrative Costs Charged to the CPP Accounts, March 31, 2022
- 2 See Canada Pension Plan enhancement

---

## Date modified:

2024-03-14