**Employment and Social Development Canada**

**2017-2018 Financial Management Framework (FMF)**

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# FOREWORD

This document sets out the major elements of financial management in Employment and Social Development Canada (ESDC) covering the following four broad elements: acquisition of resources, resource allocation, resource management, reporting and monitoring. It provides details on each of these elements separately, so readers can better understand the department’s financial management framework (FMF), how it operates, and its role in ensuring the sound stewardship of resources.

It should be noted that this document has been developed in the context of, and is consistent with, centrally led initiatives to strengthen public sector management and transparency in the use of federal public resources. This document is aligned with the federal government’s intent to cultivate an environment of greater accountability and fiscal responsibility.

This document serves to help managers and employees better understand the different financial management processes, thereby assisting them in the fulfillment of their management responsibilities which are essential to the efficient, effective and economic use of departmental resources. These responsibilities are of particular importance given the department’s complexities with respect to its different and varying sources of funds. (*Please also refer to* [*Annex A*](#_Annex_A:_) *for additional information on Roles and Responsibilities within ESDC*).

Following is a high level summary of the framework’s key areas of focus:

**Acquisition of Resources** – covers central agency led external processes by which the department receives confirmation of existing and supplementary levels of funding that are available to deliver its various programs and services.

**Resource Allocation** – describes internal processes and practices to allocate available resources in order to achieve the departmental mandate and intended outcomes.

**Resource Management** – includes the various control measures in place to ensure the proper safeguarding of assets and stewardship of resources.

**Reporting and Monitoring** – describes the different external practices to report on priorities and results achieved, including financial performance.

**OVERVIEW OF ESDC FINANCIAL MANAGEMENT FRAMEWORK**

**Tools**

- My Enterprise Management Solution

(myEMS) (SAP)

- Financial Coding

- Forecasting Tools – SFT & Non-Salary Forecasting Tool

- Reporting Tools - Business Intelligence (BI)

**Central Agencies**

# 1. ACQUISITION OF RESOURCES

## 1.1. EXPENDITURE MANAGEMENT SYSTEM (EMS)

### 1.1.1. Overview

A key aspect of ESDC’s financial control framework is the federal government's Expenditure Management System (EMS) which integrates the processes that support government-wide and departmental strategic planning and management; central agency and Cabinet decisions; and parliamentary scrutiny and approval. It provides a vehicle for the ongoing review of programs to identify opportunities for reallocation to higher priorities and to reduce expenditures. The process also allows for parliamentary and public input into the budget and expenditure planning process. (*Please also refer to* [*Annex B*](#_Annex_B:_) *for an Overview of the EMS and to* [*Annex C*](#_Annex_C:_) *for the Role of Key Central Agencies in Financial Administration*).

The objective of the EMS is to help government make responsible spending decisions by delivering affordable programs and services that Canadians need, and by meeting the required fiscal targets. In its effort to improve the achievement of results across government and improve the communication of these results to Canadians, Treasury Board (TB) launched the process of implementing the new *Policy on Results (effective November 1st, 2016)* which replaces the [*Policy on Management Resources and Results Structure*](http://publiservice.tbs-sct.gc.ca/pol/doc-eng.aspx?id=18218) *(MRRS)*, the *Policy on Evaluation*, and the *Policy on Reporting of Federal Institutions and Corporate Interests to Treasury Board Secretariat*. Under the terms of this new policy, the department will be developing new frameworks and tools, assigning new responsibilities for new instituted roles, and ensuring integration with existing roles.

### 1.1.2. The [Policy on Results](https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=31300)

The [*Policy on Results*](https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=31300) supports the government-wide approach to improve the achievement of results and enhance the understanding of the results government seeks to achieve as well as the resources that are used to do so.

This policy requires that the department clearly delineates what it is trying to achieve and how success is assessed; that the department measures and evaluates its performance, using the resulting information to manage and improve programs, policies and services; that resources are allocated based on performance to optimize results, including through Treasury Board submissions, through resource alignment reviews, and internally by the departments; and that Parliamentarians and the public receive transparent, clear, and useful information on the results and related resources.

The Policy on Results:

1. Contains new reporting structures:
   1. Departmental Results Framework (DRF) which includes Core Responsibilities, and Departmental Results and Indicators. It replaces the Program Alignment Architecture (PAA), Strategic Outcomes, and Performance Measurement Framework (PMF) respectively.
   2. New program-level performance documentation which includes Program Inventories and Performance Information Profiles (PIPs) outlining program-level results framework including outcomes, outputs, indicators and evaluation needs and describing how each of them relate to core responsibilities and departmental outcomes.
2. Is supported by a new mechanism and roles and responsibilities:
   1. Performance Measurement and Evaluation Committee
      1. Succeeds Departmental Evaluation Committee with new responsibilities and new members.
      2. Exercises oversight for Policy on Results
   2. Head of Performance Measurement
   3. Program Officer for each program in the inventory
   4. Head of Evaluation, Chief Financial Officer and Chief Information Officer supporting the Policy in various ways.

Fiscal year 2017-2018 will be a transition year for ESDC as the PAA and the PMF will continue to be used to report to TB and parliamentarians while working on developing the departments DFR, Program Inventories, and PIPs.

### 1.1.3. Departmental Results Framework

### **1.1.3.1 Program Alignment Architecture (PAA)**

While in transition period, the PAA will be used as the reporting structure for 2017-2018. The PAA is an authoritative list of programs on which organizations report to both TB and Parliament. It reflects how government organizations manage and budget their program resources to achieve their program commitments and links programs, sub-programs, and sub-sub- programs to strategic outcomes. Lastly, it aligns programs, resources, and management practices with results to be achieved. The ESDC PAA can be found in [ESDC’s 2017-18 Departmental plan](https://www.canada.ca/en/employment-social-development/corporate/reports/departmental-plan/2018.html).

### 1.1.4. Reference Levels and the Annual Reference Level Update (ARLU)

Departmental reference levels are the approved resources allocated by the government to a department. Reference levels can be changed in a number of ways. The ARLU, a financial and technical document primarily numerical in nature, updates the costs of approved programs to provide a base for the Main Estimates and the government's expenditure plan. It is not a vehicle for new funding requests but reflects decisions flowing from TB submissions that have been approved, Budget decisions not yet reflected in the reference levels, and departmental resource reallocations. The ARLU, which requires TB Ministers’ approval, focuses on the upcoming fiscal year as well as subsequent years, and is produced annually, usually in October, reflecting the following changes to reference levels:

* Inclusion of approved items;
* Adjustments for items which have sunset;
* Re-profiling requests;
* Revised forecasts for statutory programs;
* Input factor adjustments (including Employee Benefit Plans (EBP); and
* Other technical adjustments (e.g. transfers between programs within a department or between departments).

### 1.1.5. Memorandum to Cabinet (MC)

The Memorandum to Cabinet (MC) remains the key instrument to communicate advice to Cabinet and Cabinet Committees, forming the basis of discussions and decisions. It focuses primarily on the policy rationale and overall funding for a new policy or program initiative and can be used in a variety of circumstances, such as: to obtain approval to draft legislation, to change policy, and to obtain Cabinet approval to proceed with plans that require additional funding (e.g. access to the fiscal framework). An MC with financial, asset or human resource implications requires sign-off by the departmental Chief Financial Officer (CFO). Following Cabinet ratification, spending proposals are added to an inventory of possible initiatives for future budgets. The Minister of Finance and the Prime Minister decide which proposals will be included in the Budget. Once an initiative has been included in the Budget, the sponsoring Minister prepares a separate TB submission to request the funds to implement the activity.

### 1.1.6. Treasury Board (TB) Submissions

A TB submission is an official document submitted by a Minister on behalf of his or her department to seek approval or authority from TB Ministers to carry out a proposal that otherwise the department would not be able to undertake, or would be outside of its delegated authorities. TB submissions provide details on program design, specific costs, expected results and outcomes, as well as program delivery and implementation considerations. New legislation, TB policies, or other Cabinet decisions usually establish the requirement for TB approval. A TB submission is required to include an item in the Estimates. Treasury Board Secretariat (TBS) review of TB submissions is influenced by the Management Accountability Framework (MAF) departmental results. TB submissions require CFO, Deputy Minister, and Minister’s sign-off.

### **1.1.6.1 Financial Authority Instrument and Minor Authority Instrument**

In an effort to reduce burden on departments while maintaining the quality of information Ministers need to make informed decisions, two other instruments are in place to seek authorities from TB Ministers: the Financial Authority Instrument and the Minor Authority Instrument. The Financial Authority Instrument is meant to seek access to funds when all other authorities are in place and the request is low-risk. The Minor Authority Instrument is meant to seek minor changes or amendments, for example: amendments or exceptions to Terms and Conditions, minor exceptions to TB Policies, change to Vote wording, etc. Both instruments apply to low-risk, straightforward cases.

[*TBS Guide to Preparing TB Submissions*](http://www.tbs-sct.gc.ca/tbs-pct/index-eng.asp)

[*Guideline on Chief Financial Officer Attestation for Cabinet Submissions*](http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=27256&section=text)

### 1.1.7. Estimates

The [Estimates](https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/expenditure-management-system/estimates-publications-appropriation-acts.html) provide details on government and departmental spending and performance. Each year, the government prepares the Estimates to support its requests to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament. The President of the Treasury Board tables the Estimates in Parliament and they consist of three parts:

**The Government Expenditure Plan (Part I)**

The Government Expenditure Plan provides an overview of federal spending and summarizes the key elements of the Main Estimates.

**Main Estimates (Part II)**

The Main Estimates provide a detailed listing of the resources required by individual department and agency for the upcoming fiscal year. This document identifies the spending authorities, known as votes, and the amounts that Parliament is asked to approve. Parts I and II of the Main Estimates are normally tabled on or before March 1st, of each year.

**Departmental Expenditure Plans (Part III)**

Part III of the Estimates is divided in two components:

The [Departmental Plan (DP)](https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/reports-plans-priorities.html) (previously the **Report on Plans and Priorities (RPP))** is a departmental expenditure plan. It describes the departments’ priorities, strategic outcomes, programs, expected results and associated resource requirements. Planned spending is presented for the upcoming fiscal year and the two subsequent years. The DP also provides details on human resource requirements, major capital projects, Grants & Contributions (Gs&Cs), and net program costs. The President of the Treasury Board normally tables it in Parliament on behalf of departmental Ministers on or before March 31st, of each year.

The [Departmental Results Reports (DRR)](https://www.canada.ca/en/treasury-board-secretariat/services/departmental-performance-reports.html) (previously the **Departmental Performance Report (DPR))** provides actual performance, for the most recently completed fiscal year, against the plans, priorities, and expected results set out in their respective DPs. Please refer to section 4, Reporting & Monitoring, for additional information on the DRR.

### 1.1.8. Supplementary Estimates

Since the Main Estimates are normally prepared well in advance of the beginning of a fiscal year, they do not always include the total resources that are provided in the most recent Budget. Also, there may be circumstances when the government sees fit to alter its expenditure plans as reflected in the tabled Estimates (e.g., as part of the Minister of Finance’s Economic and Fiscal Update). The authority necessary to cover the above-mentioned adjustments to the Estimates is sought through Supplementary Estimates. The [Supplementary Estimates](https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/supplementary-estimates.html) therefore serve two purposes. First, they seek authority for revised spending levels that Parliament will be asked to approve in an Appropriation Act. Second, they provide Parliament with information on changes in the estimated expenditures to be made under the authority of statutes previously passed by Parliament. To gain parliamentary approval for these additional expenditure decisions, the President of the Treasury Board usually tables three Supplementary Estimates for appropriated resources; one in late spring (Supplementary Estimates “A”), one in late fall (Supplementary Estimates “B”) and one in early spring (Supplementary Estimates “C”).

### 1.1.9. Supply Bills

When the Main Estimates are tabled in Parliament, they are referred to various standing committees who must report back on their review of the Estimates no later than May 31st. To provide the necessary funding for ongoing operations while the Estimates are under review, the House of Commons passes an [Interim Supply Bill](https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/appropriation-acts.html#further) which grants departments interim funding for the first three month period of the fiscal year. The interim funding is usually 3/12th of each vote. With justification, additional 1/12ths can be requested, to a maximum of 11/12th. At the end of this period, the Estimates are voted and the government then introduces a [Full Supply Bill](https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/appropriation-acts.html#further). This usually happens in June and provides the balance of funding for the remainder of the fiscal year.

For Supplementary Estimates, Parliament appropriates supply for the first Supplementary Estimates “A” in June, the second Supplementary Estimates “B” in December and on the Final Supplementary Estimates “C” in March.

Normally, the supply process has three requirements: an appropriation bill is tabled in Parliament; the bill is adopted and receives Royal Assent; and the issuance by the Governor General of a Warrant authorizing the government to withdraw funds from the Consolidated Revenue Fund (CRF).

Other mechanisms also exist to obtain temporary funding before supply bills are approved or under special circumstances:

**Governor General Special Warrants**

[Governor General Special Warrants](https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/governor-general-special-warrants.html) are the established instrument for obtaining supply when Parliament is dissolved for the purposes of a general election. Special Warrants make it possible for the core operations of government to continue even though Parliament is not sitting and the normal supply process has been interrupted. One of the important characteristics of Special Warrants is that they can provide supply to make a payment but they cannot confer an authority that requires the approval of Parliament. There are three basic conditions that must be met before a Special Warrant can be issued:

* Parliament is not in session for the purposes of a general election;
* There is no other appropriation available from which a payment can be made; and
* A payment is urgently required for the public good.

**Treasury Board Central Votes**

Requesting access to a TB Central Vote is also a mechanism to obtain additional funding outside the Estimates process. Subject to the approval of TB, Central Votes serve to supplement other appropriations e.g. TB Vote 5 – Government Contingencies provide the government with sufficient flexibility to meet urgent or unforeseen expenditures where a valid cash requirement exists in advance of a Supply period.

## 1.2 SOURCE OF FUNDS

ESDC’s activities are financed from the following main sources:

* Appropriated Funds from the Consolidated Revenue Fund (CRF)
* The Employment Insurance (EI) Operating Account
* The Canada Pension Plan (CPP)
* VNRs (Passport, etc.)

The CRF is defined as "the aggregate of all public monies that are on deposit to the credit of the Receiver General". Once Parliament authorizes the payment of money out of the CRF, the authorization becomes an Appropriation Act, which represents the means by which Parliament grants expenditure authority to departments. Spending authorities are divided into two categories: voted and statutory.

Voted authorities are those for which the government must seek Parliament’s approval annually through an Appropriation Act. Statutory authorities are those that Parliament has approved through other legislation that sets out the purpose of the expenditures and the terms and conditions under which they may be made.

The ESDC Estimates are established on both a gross and a net basis. The gross Estimates represent the total approved authority managed by the department. Part of these fund can, however, be recovered from the EI Operating Account, the CPP, Crown Agencies and other government departments for services rendered. The balance of the departmental spending authority, or net estimates, are funded by the CRF and appropriated by Parliament through the normal supply process. Due to the complexity of these financial arrangements, managers are not accountable for separating costs by these different sources of funds. Rather, the Chief Financial Officer is responsible for applying the necessary cost allocation methodologies. .

**2017-2018 Planned Expenditure Profile**

For 2017-2018, ESDC has budgetary [planned expenditures](https://www.canada.ca/en/employment-social-development/corporate/reports/departmental-plan/2018/spending-human-resources.html) of $128.3 billion. Of this, $122.4 billion, or 95%, directly benefit Canadians through statutory transfer payment programs, such as EI, CPP, Old Age Security (OAS), as well as the Canada Loans and Grants and Canada Apprentice Loans Program. The department has additional planned spending of $1.8 billion in voted Gs&Cs, and $2.1 billion for EI Part II; with the remainder of the budgetary planned expenditures directed towards departmental operations.

### 1.2.1. Specified Purpose Accounts (SPA)

SPAs are special categories of revenues and expenditures. They report transactions of certain accounts where enabling legislation requires that revenues be earmarked and that related payments and expenditures be charged against those revenues. The transactions of these accounts are accounted for separately. ESDC is responsible for the stewardship of four such accounts:

### 1.2.1.1. The Employment Insurance (EI) Operating Account

The EI Operating Account is a consolidated SPA, which means it is included in the financial reporting of the Government of Canada. Consolidated SPAs are used principally where the activities are similar in nature to departmental activities and the transactions do not represent liabilities to third parties but, in essence, constitute government revenues and expenditures. Although the EI Operating Account is considered an independent entity, ESDC is responsible for its administration.

Section 77 of the EI Act specifies that the costs of administering the Act are to be charged to the EI Operating Account. Costs incurred by the department in administering the Act are recoverable from the Account based on the costing methodology approved by TB.

### 1.2.1.2. The Canada Pension Plan (CPP)

The CPP is a SPA but is not consolidated and not included in the Government of Canada's financial statements. It is under joint control of the government and participating provinces. As administrator, the government's authority to spend is limited to the balance in the Plan.

ESDC, Finance Canada, the Canada Revenue Agency (CRA), Public Services and Procurement Canada (PSPC), the Royal Canadian Mounted Police (RCMP), The Administrative Tribunals Support Service of Canada (ATSSC) and the Office of the Superintendent of Financial Institutions (OSFI) supply services that support the management and delivery of the CPP. The authority for charging the CPP Account with the costs of administering the CPP Program is contained in section 108(3) of the CPP Legislation. Costs incurred by these departments and agencies in administering the Plan are recoverable from the Account based on the following costing principles approved by Treasury Board:

* all costs charged to the CPP should be “directly” attributable and traceable;
* all “indirectly” identifiable costs having a causal relationship should be charged to the CPP.
* Independent external auditors will be required on an annual basis to review the administrative costs charged to the CPP Account.
* The CPP and participating departments are to enter into Memoranda of Understanding (MOU) to ensure the application of the costing criteria and principles to recover costs

### 1.2.1.3. The Government Annuities Account

The Government Annuities Account is a consolidated SPA and is included in the financial reporting of the Government of Canada. It was established by the Government Annuities Act, and modified by the Government Annuities Improvement Act, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the CRF.

### 1.2.1.4. The Civil Service Insurance Fund

The Civil Service Insurance Fund is a consolidated SPA and is included in the financial reporting of the Government of Canada. It was established by the Civil Service Insurance Act. Pursuant to subsection 16(3) of the Civil Service Insurance Regulations, the amount of actuarial deficits is transferred from the CRF to the Civil Service Insurance Account in order to balance the assets and liabilities of the program.

# 2. RESOURCE ALLOCATION

## 2.1. GOVERNANCE STRUCTURE

The ESDC portfolio governance structure is comprised of a series of corporate committees, which play a key role in supporting the legislative mandate, and the policy, program and service delivery priorities of the department. [*Annex D*](#_Annex_D:_)*, ESDC Corporate Committees*, provides a brief overview of the committees which provide direction as it relates to the establishment of priorities and the allocation of available resources.

## 2.2. OPERATIONAL PLANNING

Operational or business planning is the stage in which priorities are converted into initiatives, proposals, projects or activities. Planning and budgeting occur within the context of approved programs and resources that are approved by TB and Parliament. From a branch/regional perspective, the approved resources correspond to those that are defined in the budget base derivations, as described further below.

## 2.2.1. Integrated Business Planning Process

The departmental [Integrated Business Plan](http://hrsdc.prv/eng/department/ibp/index.page?) is the result of a comprehensive priority-setting, business planning and engagement exercise across the organization to determine departmental priorities and the key activities that are required to support them. This Integrated Business Plan does not stand alone. While it provides a high-level description of activities and the context in which we operate, it must be complemented by more detailed branch and region integrated business plans.

Therefore, as part of this process, resources are assigned to specific functions, initiatives or projects by directorate within a branch/region. The end result is a plan at each management level of the organization with an associated budget which reflects the costs of implementing the plan. It integrates financial and performance reporting for senior-management decision-making. Operational planning looks at the next three years with particular emphasis on the first year.

## 2.2.2. Investment Planning

To comply with the [TB policy on Investment Planning, Assets and Acquired Services](http://publiservice.tbs-sct.gc.ca/pol/doc-eng.aspx?id=18225), the [TB policy on the Management of Projects](http://publiservice.tbs-sct.gc.ca/pol/doc-eng.aspx?id=18229) and the [TB policy on Management of Information Technology](http://publiservice.tbs-sct.gc.ca/pol/doc-eng.aspx?id=12755), ESDC must submit a five year investment plan to TB. This submission must include an integrated perspective of the management of projects, acquired services and asset investments and funding strategy for the portfolio.

## 2.3. APPLICATION OF FUNDS

ESDC funds include 2 types:

1. Voted items that are dependant of annual appropriations
2. Statutory items that are governed by legislation

Under these 2 types of items, ESDC has 2 main categories of funds:

1. Operating funds
2. Grants and Contributions funds

|  |  |  |  |
| --- | --- | --- | --- |
| Voted Items | | Statutory Items | |
| Operating | G&Cs | Operating | G&Cs |
| Personnel  Other operating costs | YES  ASETS  HPS  etc. | EBP  Ministers’ Salary  Federal Workers’ Comp  etc. | OAS  GIS  Allowance  etc. |

## 2.3.1. Operating Budget

The operating budget is derived from the departmental approved reference levels (as specified in the ARLU and Main Estimates).

Each year, starting in late fall and in conjunction with the planning process, the initial allocation process is initiated to be ready for April of the upcoming fiscal year. The CFO and Executive Heads work collectively to establish an appropriate level of funding for each branch, business line and region. This partnership ensures that the funding allocation is not only determined by Resource Determination Models (RDMs) where applicable, but that other factors, such as affordability and availability, are taken into account. Once approved by the Portfolio Management Board (PMB), initial allocations are shared with all branches/regions and approved budgets are entered in My Enterprise Management Solution (myEMS).

The operating budgets are multi-year in nature, covering the current year and 2 planning years, include information relating to Personnel and O&M, and delineate ongoing and sun-setting funding.

Adjustments to operating budgets are made to reflect factors such as new approved funding, budget reductions or sun-setting funding, as well as management decisions that are taken for allocations between the business units. These adjustments are categorized as either ongoing or sun-setting (increases or decreases).

## 2.3.2. Grants and Contributions

Grants and Contributions (Gs&Cs) are funded through the CRF and EI Part II for Employment Benefits and Support Measures. A funding profile is used to track the evolution of the department funding level in line with the expenditure management cycle (i.e. Main Estimates, Supps A, B and C, ARLU reprofiles, etc.,) and the EI Expenditure Plan for EI part II funds, for each Gs&Cs program. The funding profile is multi-year in nature and covers the current year and next 2 planning years.

Once allocations have been determined and approved by PMB, budgetary control guidelines are communicated to the business entities by the DCFO directorate.

## 2.3.2.1. Voted Grants & Contributions (CRF)

**Grant** - is an unconditional transfer payment that is not subject to being accounted for or audited but for which eligibility and entitlement may be verified. Grants are authorized by Parliament through an Appropriation Act by the words "the grants listed in the Estimates". Therefore, grants cannot be increased or redirected to other recipients without the authority of Parliament.

**Contribution** - is a conditional transfer payment to an individual or organization for a specified purpose pursuant to a contribution agreement that is subject to being accounted for and audited. The description of contributions is considered informative and there is managerial flexibility in treating them. Therefore, to avoid reporting credit amounts, departments may transfer funds between contributions (within the same vote).

## 2.3.2.2. Employment Benefits and Support Measures (EI Part II Funds)

Part II of the EI Act commits the federal government to work in concert with provinces and territories in designing and implementing Employment Benefits and Support Measures or similar programs and services that would be more effective in helping unemployed Canadians integrate into the labour market.

In accordance with the Government of Canada’s 1996 offer to provinces and territories to enter into bilateral partnerships on labour market activities, Labour Market Development Agreements (LMDAs) have been concluded with all the provinces and territories. The LMDAs are transfer agreements where the province or territory assumes responsibility for the design and delivery of active employment programs.

In addition to these locally and regionally delivered programs, Part II also includes pan-Canadian activities that are national or multi-regional in scope which are delivered by ESDC.

An Expenditure Plan is developed and presented to TB annually which identifies the funds for the LMDA programs and the pan-Canadian responsibilities. The funding distribution for the LMDA programs is based on a resource allocation model that accounts for socio-economic factors.

## 2.3.3. Statutory Expenditures

Statutory expenditures are regulated by specific legislation of the current or previous Parliaments and therefore do not require any new parliamentary approval. Forecasts are established for each type of statutory expenditure and are presented in the Estimates for information purposes only. In the course of a year, forecasts can be increased or decreased to meet requirements. The main statutory items for the department are:

* Old Age Security (OAS);
* Guaranteed Income Supplement (GIS);
* Allowance;
* Canada Student Loans and Grants and Canada Apprentice Loans Program;
* Canada Education Savings Grant;
* Canada Disability Savings Program;
* Canada Learning Bond;
* Wage Earner Protection Program;
* Supplementary Retirement Benefits;
* Civil Service Insurance Actuarial Liability Adjustment;
* Federal Workers’ Compensation;
* Contributions to employee benefit plans.

## 2.4. COSTING

The use of well-prepared and timely cost information contributes to accountability and transparency as well as supports informed decision-making and risk management. Therefore, costing included as a business management function is vital to budgeting and to the departmental sign-off process of the financial implications of investment approvals, MCs, and TB submissions.

Generally, costing exercises in ESDC are performed following the Activity Based Costing (ABC) methodology and they are developed in consultation with stakeholders to ensure that accurate, relevant, and timely costing information is provided to support decision-making and performance monitoring at all levels of the organization. In addition, ESDC applies the Treasury Board Secretariat (TBS) [Guidelines on Costing](https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=30375) which include a seven-step approach to costing.

Assistant Deputy Ministers (ADMs), working in partnership with Financial Management Advisors (FMAs), are accountable for costing that applies business logic converted into numbers, using guidelines and advice supported by the Strategic Financial Analysis and Costing unit and the TB Submissions unit.

## 2.4.1. ESDC Costing Policy

This policy is an ESDC specific interpretation of the TBS Guideline on Costing that endorses a generic seven-step approach to costing. The [policy](http://dialogue/grp/Costing-Etablissement-des-couts/Shared%20Documents/2012%20HRSDC%20Costing_Policy.pdf) must be consulted and followed when performing costing, giving costing advice, or attesting to the accuracy and relevance of cost information.

## 2.4.2. Resource Determination Models (RDMs)

RDMs are used within the Service Canada organization to support the annual budgeting and resource allocation processes for most business lines. RDMs translate operational workload requirements into financial terms, and they are used for forecasting and resource proposals. These models provide a robust quantitative mechanism to ensure the equitable allocation of resources, and that funds are used on the principles of consistency, fairness, transparency and objectivity. The [RDM Development Guide](http://dialogue/grp/RDM/Generic/2015%20RDM_Development_Guide%20_EN.pdf) must be consulted and followed when implementing or amending an RDM.

## 3. RESOURCE MANAGEMENT

Financial resource management is essential for the sound management and stewardship of public resources. It provides the rules, guidelines, processes, financial information, advice, functional oversight and full disclosure requirements to protect the integrity of the public funds.

In the achievement of objectives and overall management of resources, the department is subject to two essential factors. First, the authorities of Parliament and central agencies govern all departmental financial frameworks. Accordingly, management of the external financial requirements such as vote control and source of funding takes place at the corporate level and is the responsibility of the DCFO. Second, branches set some parameters in the interests of national policy application and the need to adhere to statutory and other external requirements. ADMs are accountable for the program objectives, national standards, and performance expectations. Consequently, movement of resources between program activities requires the approval of the appropriate ADMs.

## 3.1. FINANCIAL POLICY

### 3.1.1. Treasury Board Policy Reset Initiative

In April 2017, Treasury Board (TB) launched a new financial management policy suite with the goal of implementing a more modern approach to comptrollership by streamlining and clarifying accountabilities while ensuring that risks are properly mitigated and red tape is reduced.

The architecture of the new suite varies considerably from what was previously in force. Forty-four mandatory instruments with over 600 requirements were rescinded and replaced with one policy and six directives with approximately 200 requirements. The objective of the overarching *Policy on Financial Management* combines the fundamental principles of financial management in the Government of Canada with the concept of modern comptrollership:

*Financial resources are well managed in the delivery of programs to Canadians and safeguarded through balanced controls that enable flexibility and manage risk.*

This “reset” exercise is intended to strengthen financial management by:

* Simplifying, streamlining and clarifying policy requirements;
* Formalizing practices already in place in departments;
* Shifting accountability from the deputy head to the CFO for operational requirements; and
* Using principle-based requirements to enable departments to balance control and flexibility.

The streamlined financial management policy suite, all of which came into force April 1, 2107 is now comprised of:

1. [Policy on Financial Management](https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=32495)
2. [Directive on Accounting Standard](https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=32499)
3. [Directive on Charging and Special Financial Authorities](https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=32502)
4. [Directive on Delegation of Spending and Financial Authorities](https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=32503)
5. [Directive on Payments](https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=32504)
6. [Directive on Public Money and Receivables](https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=32505)
7. [Directive on Travel, Hospitality, Conference and Event Expenditures](https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=27228).[[1]](#footnote-1)

### 3.1.2. Financial Management Policy Suite

Collectively, policy instruments are tools intended to control or guide the actions of employees throughout the department. Financial policies provide a framework for action, for policy direction, ensure compliance, guide public service managers, and promote discipline, due diligence and value for money in the use of public funds. Our policies are developed according to the principles established in TB financial management suite.

Policy instruments shall be kept to a minimum in order to reduce the “web of rules” and to ensure that the department remains aligned to central agency policy instruments.  Policy instruments shall take into account the unique requirements of departmental programs and services where possible.

[*ESDC Financial and Administrative Policies*](http://iservice.prv/eng/policies/index.shtml)

## 3.2. INTERNAL CONTROL

The department must establish and maintain systems of internal control as an essential component of the effective stewardship of public funds.

An effective system of internal control provides reasonable assurance that operations are conducted prudently, efficiently and effectively, in compliance with relevant laws, regulations and policies, public assets are safe-guarded and that results and outcomes are achieved. Internal controls are an integral part of a department’s ability to manage risk in achieving its objectives and, as such, they must be rigorous through all levels of the organization.

The CFO supports the deputy head by developing and maintaining systems of internal control related to financial management and departmental accounts. The CFO is responsible for an annual risk-based assessment of the effectiveness of the system of internal control over financial reporting.

In 2016, the Internal Control and Financial Assurance Senior Working Group was formed. Membership includes the CFO, the Chief Audit Executive, the ADM of Benefit Delivery Services, the ADM of Integrity Services Branch and the Chief Information Officer. The group’s mandate includes promoting a coordinated approach to audit, oversight, and other monitoring activities undertaken across the department that focus on financial internal controls as well as promoting collaboration at all levels within its member Branches with the objective of strengthening internal controls in support of the Deputy Minister’s responsibilities as Accounting Officer

### 3.2.1. Delegation of Authority (Financial Signing Authorities)

The responsibility for the control and spending of public monies is placed on ministers and deputy heads by Parliament through Appropriation Acts, the Financial Administration Act (FAA), and regulations under the FAA.  Through written delegation, financial and other authorities are assigned to appropriate positions in a department or agency, where responsibility for results can best be determined. The sections of the FAA that are directly relevant to a discussion on authorities are sections 32, 33 and 34. Financial authorities are organized into two classes: **spending authority**, covering expenditure initiation, commitment authority (section 32), contracting authority and performance certification (section 34), and **payment authority** which represent the requisition of payments and their charge against appropriations (section 33).

CFOB maintains a financial signing authority delegation instrument for the department which is signed by the Deputy Minister and the Minister. This document is a matrix displaying the division of responsibilities for functions relating to the steps of spending authority as well as payment authority. Specimen signature cards are also used to identify the incumbent of a position to which signing authority has been delegated.

[*ESDC Delegation of Authority Manual*](http://iservice.prv/eng/finance/DELEG/deleg-toc.shtml)

## 3.3. BUDGETARY CONTROL

### 3.3.1. Allotment Control

As described earlier, Parliament divides ESDC's appropriations into votes. Separate allotments are provided for operating resources, Gs&Cs, and separately controlled allotments within each vote. ESDC cannot exceed or realign funding between votes without prior approval of TB and the Supplementary Estimates process.

**Vote**

ESDC has a single Operating Vote (Vote 1) and a single Gs&Cs Vote (Vote 5) as well as numerous statutory items. Departments can also have a single capital vote if they exceed $5 million in spending in this area (ESDC does not have a separate capital vote).

**Special Purpose Allotment**

TB may direct that separate allotments (Funds) be established for specific purposes. The prime purpose of this special purpose allotment is to establish specific expenditure controls and to facilitate reporting. Advertising Initiatives – Government of Canada Advertising Plan (Fund B101) is an example of funding that is separately controlled as a result of TB direction.

**Frozen (or Reserved) Allotment**

TB can also direct that amounts be placed in a frozen allotment. This direction may be unique to one program or may apply to several programs or to all departments. Funds in these allotments are not available for expenditures and must be lapsed, unless otherwise directed by TB.

The CFO has corporate responsibility for overall vote and allotment control for ESDC to ensure that these are not exceeded. Apart from the minimum allotment control required by TBS, internal controls are in place at the Fund, Funds Center and Commitment Item group (salary, O&M) level. The forecasts from the various business entities serve as the early warning system for financial issues by control element.

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### 3.3.2. Cash Control

Normally, Interim Supply is approved by April 1st. The corresponding cash is included in myEMS and controls at the Fund, Funds Center and Commitment Item group are in place on April 1st, 2017. The cash is updated with the approval of the Full Supply, with the approval of Supplementary Estimates and from the allocations of TB Central Votes.

The FAA requires that departmental disbursements not exceed approved appropriations at any time. Along with some recoveries of Workers' Compensation funds from Crown Corporations and other government departments, ESDC must manage the following sources of funds:

* CRF funds provided through the Supply process;
* Cash related to recoveries from the EI Operating Accounts;
* Cash related to recoveries from the CPP Account; and
* Cash related to recoveries from VNRs (Passport and others)

Control of the large amounts of cash involved in ESDC requires close monitoring and analysis. For example, recoveries from the EI and CPP Account occur monthly. A Cash Control Register is maintained by the CFO to keep track of the cash allotment distributed at the departmental level for ESDC.

### 3.3.3. Commitment Control

Commitment control is an important management practice that is integral to sound budget control, forecasting, allocation and reallocation of program resources in government organizations.

It is government policy that departments enter only into contracts or other arrangements for which sufficient unencumbered balances are available in the relevant appropriation (allotment) to discharge any debts incurred under such commitments. Therefore, Funds Center Managers (FCMs) must ensure, before entering into any contractual or other arrangement, that there are sufficient balances available in their respective coding (Fund, Funds Center, Commitment Item) for which they have delegated authority.

FCMs also have the responsibility to carry out periodic reviews of commitment information to confirm the validity and the accuracy of the outstanding commitments and the amounts that are expected to be charged against that particular coding. As commitments decrease the free balance, the review (validity and accuracy) should be performed more frequently toward the end of a fiscal year. If it is expected that the delivery of goods and services will not take place in the current fiscal year, the commitment must be closed.

#### 3.3.3.1. SAP Budgetary Control Points

Budget controls such as Fund, Funds Center (Branch level) and Commitment Item group (Salary and O&M level) are set in my EMS to support free balance control based on budget availability. The system will reject any transaction that exceeds one of the control points. The CFO has corporate responsibility for overall vote and fund control.

#### 3.3.3.2. Discount Factors for Grants and Contributions

The use of Discount factors, otherwise known as Authorized Commitment Level (ACL), could result in the over commitment of limited EI Part II and CRF program budgets, which is contrary to effective ESDC budgetary control. For that reason, the use of ACL discount factors for grants and contributions is not permitted without prior approval of the CFO or Deputy Minister.

### 3.3.4. Operating Budget Base Derivations & Grants and Contributions Ledger

The Operating Budget Base Derivation and the Grants and Contributions Ledger serve as control points for the ESDC budgeting process. Starting from the initial allocations approved by senior management (PMB), these budgets are updated throughout the year when reallocations or transfers occur, or when new funding is approved.

The Operating Budget Base Derivation is maintained on a detailed level for each Branch/Region (Funds Center level 2) with a breakdown by fund (Regular, Separately Controlled Allotments, Vote Netted Revenues, etc.), by Commitment Item (Salary, O&M) and divided into two main categories, ongoing or sun-setting funding. Similarly, the Grants and Contributions Ledger is maintained on a detailed level for each program with a breakdown by branch/region and by provinces.

These documents are reconciled monthly with the Financial Allotment Report (FAR) and myEMS to ensure that the departmental funding level is aligned with its funding authorities as reflected in the Main Estimates, Supplementary Estimates and the ARLU.

### 3.3.5. Budget Transfers

The initial budget allocations approved by senior management (PMB) are recorded in myEMS at the beginning of the fiscal year. Budgets are then updated on a daily basis in myEMS to reflect new funding decisions, reference level decreases, freezes, reallocations and transfers between branches, regions and business lines.

The level of approval required to make these is dictated by the nature of the specific budget transfer, as described in [*Annex E*](#_Annex_E:_)*, Budget Transfer Process*. Authorized approvals can be in the form of a Memorandum of Understanding (MOU), an e-mail, a signature on periodic forecasts, etc. Proper supporting documentation, justifying the transfer of resources, must be attached to the budget transfer document in myEMS. As a general rule (if not mentioned differently in Annex E), the FMA or RDF should initiate the budget transfer for transfers between Funds, Commitment Items group (from salary to O&M and vice-versa) and Fund Centers (Branch or Region level) and attach the appropriate documents. Depending on the nature of the transfer, it may be posted directly or the transfer may go through a workflow process for approval as identified in the [budget transfer processes](http://dialogue/grp/CRM-GRM/SitePages/Home.aspx).

### 3.3.6. Budgetary Policy

ESDC policy is to budget at the Fund, Funds Center, Commitment Item group (salary, O&M) and Functional Area level for operating funds; and at the Fund, Funds Center and Functional Area level for G&Cs. This provides necessary detail as to who is planning for what business and what category of expenditures, on an annual basis.

Transfers can be entered via the portal and approved via workflow in myEMS or manually entered in the desktop application (GUI), depending on the nature of the transaction. Funding is then distributed to appropriate financial coding, as required. The distribution of resources must be aligned to and respect the activity structure used for reporting to Parliament and TB. (*Please also refer to* [*Annex F*](#_Annex_F:_) *for information on the ESDC Financial System, Coding and Reporting Tools*).

Below are additional special considerations for certain categories of expenditures:

**Tracking of Training Investment Costs**

All O&M investments in learning, training and development activities must be coded to fund B011 and be used with an internal order (IO) for specific requirements i.e. to categorize different types of training. Branches/Regions will continue to be responsible and accountable for the budget, and will have the flexibility to do transfers from their regular fund B001 to LIF fund B011 to support operational requirements.

Notwithstanding the above guideline, all expenditures related to activities for learning, training and development for which the source of funding is dedicated for specific purposes must be coded to its specific Fund as appropriate. For example, Fund B005 (Passport) must be used to code all training and learning activities for passport employees.

**Expenditures on Travel, Hospitality, and Conferences**

In April 2017, an amended [Directive on Travel, Hospitality, Conference and Event Expenditures](http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=27228) was released. The new directive continues to articulate management expectations and accountabilities in these areas but provides additional flexibilities not found in the preceding iteration.

Under this directive, the CFO must approve departmental budgets for travel, hospitality and conferences as part of the approval of the departmental annual budget. It also sets out clear direction to managers to ensure individual expenditure proposals are necessary, appropriate and reasonable in order to achieve the departmental mandate and priorities and that consideration has been given to the most economical alternatives whenever possible.

The directive also requires departments to publicly report on their websites total annual expenditures for travel, hospitality and conferences, along with the main variance explanations compared to the totals from the prior year.

To this effect, each fiscal year, a single spending ceiling for travel, hospitality and conferences, for each branch and region, will be presented to PMB for approval as part of the initial budget allocation process. Following the approval of the ceiling, reports will be communicated periodically to senior management (ADM and EHSM), by the CFO, for monitoring purposes and to ensure ceilings are respected, issues are identified, and that adjustments are made as appropriate.

**Statutory Payments**

MyEMS displays year to date expenditure amounts for the various statutory payment classes administered by ESDC. These are captured by direct input or by interface from the related program delivery system. These payments are displayed for management information purposes and are not normally subject to the same cash and budgetary controls as CRF funds.

**Treasury Board Centrally Managed Costs**

TB centrally managed costs are Personnel-related items that are not part of ESDC’s reference levels. They include severance pay, maternity and parental benefits, and payout of vacation leaves on termination of employment. The TB allows access to a central Vote (TB Vote 30) to cover these expenditures.

## 3.4. INTERNAL MANAGEMENT REPORTING

### 3.4.1 Forecasting Policy

The objective of the forecasting process is to prepare revised annual spending estimates, periodically during the year. The revised spending estimates expedite the reallocation of resources to changing priorities, as well as facilitate monitoring of the department’s financial position to ensure that funding levels are not exceeded, and that the department makes best use of available resources.

The forecasting process also involves reporting and explaining deviations from plans and budgets to date and potential impacts on year-end targets. This supports effective budget management and strategic resource decisions, including vote realignment and administrative cost recovery projections from the EI and the CPP Accounts.

The department conducts periodic financial review exercises during the year, at periods 3, 6, 8, 10 and year-end, to monitor the financial situation and ensure effective overall resource management. These review exercises cover the full spectrum of departmental activities and funding sources/mechanisms (e.g., operating, voted Gs&Cs, EI Part II, controlled funds and EI/CPP recoveries).

All Branches/Regions must prepare and submit periodic forecasts outlining their financial requirements to the end of the current year. The forecasts should be based on year-to-date expenditures, with outstanding current-year commitments and forecasted expenditures to year-end.

After each exercise, the departments’ financial situation is reviewed and recommendations are made on possible reallocations. These reallocations are discussed in the context of portfolio-wide priorities, strategic investment opportunities, and funding pressures facing the department.

Strategic investment opportunities identified usually have the following characteristics:

* Achievable before year-end – the goods delivered and/or the services rendered by March 31st;
* Provide a valuable use of departmental resources; and
* Do not produce an ongoing funding requirement unless there are extraordinary circumstances.

To support the periodic review exercises, [Forecasting Guidelines](http://iservice.prv/eng/finance/corp_ressource/docs/2017-18_forecasting_guidelines.docx) outlining the internal reporting requirements and business processes for financial forecasting and reporting within the department are in place. They assist branches/regions in the development of their forecasts and describe the forecasting procedures, responsibilities and management expectations in this regard. [Standardized support tools and templates](http://iservice.prv/eng/service_catalogues/index.shtml) provide a uniform and consistent approach across the department and ensure that projections are based on reliable, consistent and accurate financial information:

* The [Salary Forecasting Tool](http://iservice.prv/eng/service_catalogues/index.shtml#salary_forecasting_tool) allows the department to have a better understanding of the use of its salary envelope and to forecast against it. SFT must be maintained/updated and monitored on a regular basis by the appropriate FMA and/or Branch Management Services (BMS)/Regional Management Services (RMS) group.
* The [Non Salary Forecasting Tool](https://masge-myems.service.gc.ca/irj/portal) allows the department to forecast against its non-salary envelope. It must be populated at each forecasting period by the appropriate Manager or designate.
* [The Departmental Forecasting Roadmap](http://iservice.prv/eng/managers/departmental_forecasting/roadmap_index.shtml) provides a detailed overview of the forecasting process from a manager’s perspective and links to useful tools designed specifically for them.

Branch/regional ADMs are responsible and accountable for their forecast and are required to attest to the accuracy of the information. The FMA/RDF also plays an important role in these reviews by:

* Coordinating the review of the financial situation for client branch/region including an analysis of expenditures, a reconciliation of outstanding commitments, providing explanations of variances, and identifying any gaps and their associated risks;
* Exercising an appropriate challenge and advisory function, i.e. proper oversight and due diligence to ensure forecasts are based on a fair and realistic assessment of current and future plans;
* Ensuring that planned staffing information in SFT is accurate, complete, feasible, and in line with the Branch/Region HR Plan.
* Providing an attestation (along with the client ADM) certifying accuracy and completeness of the information presented (no outstanding material adjustments or contingent liabilities).

### 3.4.2. Departmental Financial Report (DFR)

The DFR is the major internal financial reporting and monitoring vehicle for senior management and is discussed at PMB at regular intervals. It presents budgets, forecasts, commitments and expenditures for resources including Personnel, O&M, Gs&Cs and statutory payments. It also reports and explains major deviations from budgets. Coinciding with the financial review periods, the DFR is produced for fiscal periods 3, 6, 8, 10 and year-end. In the non-review periods, (5, 7, 9 and 11), financial reports are also produced for the CFO to gauge the departmental financial position. These reports highlight current expenditures and commitments against budget, identify developing trends, provide year-over-year comparisons and raise areas of concern needing to be addressed.

Following the review period, the DFR and other supporting briefing material is prepared on a timely basis allowing for senior management discussions at PMB on the department’s financial position and operating results. Informed discussions at the senior management level are held on a regular basis and funding reallocations are discussed in the context of portfolio-wide priorities, strategic investment opportunities and funding pressures facing the department. The reports to senior management are reviewed and adjusted as necessary over the course of the year based on the type/detail of information required and are used to provide recommendations to ensure best utilization of existing resources.

## 3.5. OTHER RESOURCE MANAGEMENT PRINCIPLES

### 3.5.1. Carry Forward Policy

Under the TB operating budget approach, the department is permitted to carry-forward to the next fiscal year a maximum of 5% of its lapsing CRF and CPP operating budgets (based on the Main Estimates) and up to $20M of the EI operating budget. It should be noted that the allocation of carry-forward resources is subject to the Deputy Minister’s approval.

Over the last several years, ESDC has not been permitted to carry forward CPP lapsing funds as the department has received additional funding to offset increases in workload.

### 3.5.2. Re-profiling Requests

TB allows some flexibility to re-profile resources from the current fiscal year to future fiscal years, providing the requests satisfy the following criteria:

* Amounts to be re-profiled are not eligible for the capital or operating budget carry-forward; and
* Re-profiling is requested to meet legal or other non-discretionary obligations.

Justifications for re-profile requests are usually included in the ARLU which is submitted to TBS in early October of each year. If the requests are approved by the Department of Finance, the amounts to be re-profiled are placed in a frozen lapsing fund (B199) for the current fiscal year, and the department will be advised accordingly. Subsequent to approval, the department is authorized to include these amounts in the Main Estimates for the upcoming year.

# 4. DEPARTMENTAL REPORTING AND MONITORING

## 4.1. EXTERNAL PERFORMANCE REPORTING

In a results-based management environment, performance is measured, assessed, reported, and used as a basis for management decision-making. Performance reporting is the process of communicating evidence-based performance information. It supports decision-making, serves to meet accountability requirements and provides a basis for citizen engagement and a performance dialogue with parliamentarians.

### 4.1.1. Management Accountability Framework (MAF)

The [MAF](https://www.canada.ca/en/treasury-board-secretariat/services/management-accountability-framework.html) sets out the TB’s expectation of senior managers for effective public service management. It contains the following ten key elements that collectively define and establish the expectations for good management:

1. Leadership and Strategic Direction;
2. Results and Accountability;
3. Public Sector Values;
4. Continuous Learning and Innovation;
5. Governance and Strategic Management;
6. People Management;
7. Financial and Asset Management;
8. Information Management;
9. Management of Policy and Programs;
10. Management of Service Delivery.

Essentially, the MAF defines the conditions that need to be in place to ensure government is well-managed and promoting management excellence. The process includes an annual MAF assessment which is used as an analytical tool to identify management strengths and weaknesses, and ultimately results in specific management improvement action plan and public reporting on the state of management in the department.

### 4.1.2. Departmental Quarterly Financial Report

Parliament and Canadians expect timely and reliable reporting that provides transparency and accountability as to how government spends public funds to achieve results for Canadians. To this end, departments must produce and make public a [quarterly financial report](https://www.canada.ca/en/employment-social-development/corporate/reports/quarterly-fiancial.html) for each of the first three quarters of each fiscal year, outlining results, risks and significant changes in relation to operations, personnel and programs.

### 4.1.3. Public Accounts of Canada

The [Public Accounts of Canada](http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html) is the report of the Government of Canada prepared annually by the Receiver General. The report covers the fiscal year of the government, which ends on March 31, and is prepared from data contained in the accounts of Canada and from more detailed records maintained by departments and agencies. The accounts of Canada are the centralized record of the government's financial transactions maintained by the Receiver General in which the transactions of all departments and agencies are summarized. Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

### 4.1.4. Departmental Financial Statements

The primary objective of annual [departmental financial statements](https://www.canada.ca/content/canadasite/en/employment-social-development/corporate/reports/departmental-performance/2016/financial-statements.html) is to demonstrate accountability for the resources provided to and managed by a department to fulfill their mandate, as reflected in their approved Departmental Results Framework.  The department’s results of operations represents expenses incurred and revenues earned to provide an accounting of the full nature and extent of departmental activities for which the deputy head is accountable and over which he is expected to maintain control. Departmental financial statements are published annually as part of the Departmental Performance Reporting process and include a Statement of Financial Position; a Statement of Operations and Departmental Net Financial Assets; a Statement of change in Departmental Net Financial Assets; a Statement of Cash Flow; and notes to financial statements.

### 4.1.5. Departmental Results Report (DRR)

The [Departmental Results Report](https://www.canada.ca/en/treasury-board-secretariat/services/departmental-performance-reports.html) (DRR) (previously known as the Departmental Performance Report (DPR)) provides a departmental account of accomplishments achieved against the performance plans that had been set out in the DP (Previously known as the RPP). The President of the TB tables the DRRs for the fiscal year ending the previous March 31st in Parliament in the fall.

# Annex A: Roles and Responsibilities within ESDC

Planning, reporting and monitoring at ESDC are led primarily by two organizations: the Chief Financial Officer Branch (CFOB) and the Strategic and Service Policy Branch (SSPB).

**a) Chief Financial Officer Branch:**

Within CFOB, these functions are carried out by 3 main directorates as follows:

* **Financial Management Advisory Services Directorate (FMASD**) has authority over financial management and other matters relating to the prudent and effective use of public resources. Responsibilities include the provision of strategic financial advice, direction and guidance to client groups and senior management in all aspects of financial management. FMAS plays a leadership role in providing functional support for the effective management of departmental resources. The Directorate is involved in core financial activities such as funding and financial administration, costing, variance analysis and validation, financial management controls, budgeting, forecasting, TB Submissions and Memorandums to Cabinet, and financial input into external reporting requirements such as Main & Supplementary Estimates, the Departmental Performance Report and Report on Plans and Priorities. The FMAS also has responsibility for these functions in four regional CFOB locations.
* **The Investment, Asset and Procurement Management Directorate** is responsible for investment management and project oversight; the development and implementation of the Departmental Investment Management Process and Investment Plan in support of the Major Project Investment Board (MPIB).
* The **Integrated Corporate Accounting and Accountability Directorate (ICAAD)** is responsible, among other things, to carry out departmental accounting and reporting responsibilities for the following external reports: audited financial statements for the CPP Account, the EI Operating Account, and the Government Annuities Account; ESDC Financial Statements; Future-Oriented Statement of Operations; Public Accounts; Monthly Trial Balance and all proactive disclosure reporting.  This directorate is also responsible for accounts payable and receivable operations, financial policies, internal control over financial management, departmental delegation of financial authorities, grants and contribution monitoring activities, etc.

**b) Strategic and Service Policy Branch:**

Within SSPB, the **Corporate Planning & Management** directorate is a key player with regards to departmental planning. This directorate leads the development and implementation of collaborative processes for corporate planning and accountability, including the departmental Program Alignment Architecture as well as key corporate documents tabled in Parliament (Department Expenditure Plans – Part III), priority setting, performance measurement and executive performance. This group also provides a focal point for the Department’s strengthened and integrated corporate planning, accountability, and decision making processes.

**c) Fund Centre Managers:**

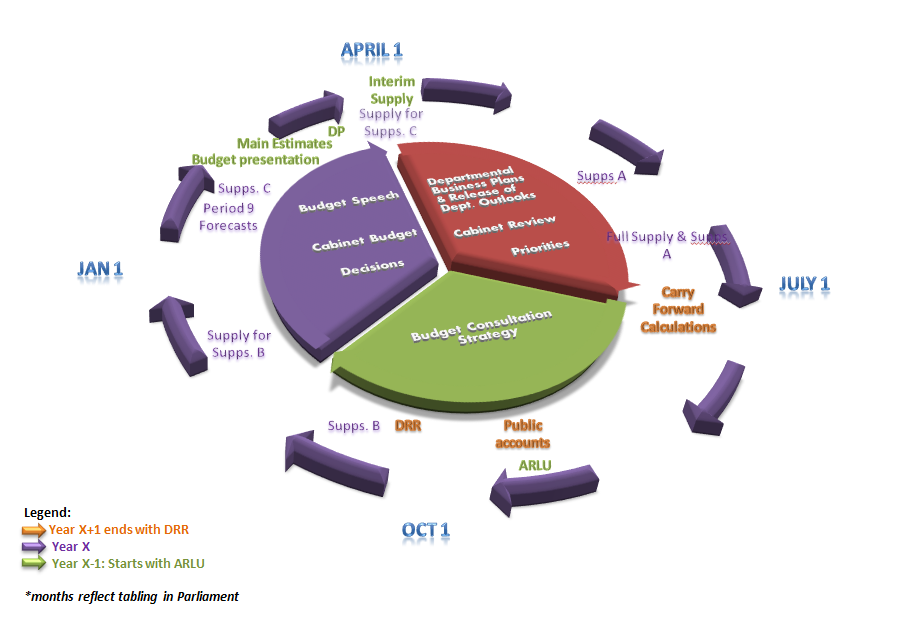
Many aspects of financial administration are performed by managers at various levels. Commonly called Fund Centre Managers (FCM), these managers have been delegated financial authority, among other authorities. The basic role of a FCM is to manage the human and financial resources for which they are responsible, and to obtain results that are consistent with, and contribute to the program objectives of the department. They are called upon to perform this role in a manner that maximizes benefits and minimizes costs, all while fulfilling their accountability requirements. Therefore managers must:

* Make decisions with probity and prudence;
* Ensure that the use of financial, human and physical resources is optimized and contributes to the achievement of the objectives and priorities of the department;
* Ensure that programs are delivered giving due consideration to obtaining the best possible value from public resources;
* Ensure that plans include an analysis of all financial and other resource implications;
* Comply with all legislation, regulations and policies;
* Make decisions in light of timely, relevant and reliable financial and non-financial information, analysis and advice;
* Cost-effective controls are in place to safeguard assets, to ensure probity and compliance with program delegated authorities;
* Ensure proper coding of commitments and expenditures to confirm the validity and the accuracy of financial information; and
* Approve and implement recommendations for performance improvements.

# Annex B: Overview of Expenditure Management System (EMS)

## The Reporting Cycle for Government Expenditures

More information on the EMS cycle can be found at the following link: [Reporting Cycle for Government Expenditures.](https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/expenditure-management-system/reporting-cycle.html)



# Annex C: Role of Key Central Agencies in Financial Administration

**a) Treasury Board (TB):**

Treasury Board acts as the government’s management board. TB provides oversight on the government’s financial management and spending, as well as oversight on human resources issues. It is the employer for the public service, and establishes policies and common standards for administrative, personnel, financial and organizational practices across government. TB Fulfills the role of the Committee of Council in approving regulatory policies and regulations, and most orders-in-council and is responsible for reporting to Parliament.

**b) Treasury Board Secretariat:**

As the administrative arm of the TB, the Secretariat has a dual mandate: to support the TB as a committee of ministers, and to fulfil the statutory responsibilities of a central government agency.

TBS is tasked with providing advice and support to TB Ministers in their role of ensuring value for money as well as providing oversight of the financial management functions in departments and agencies.

The Secretariat makes recommendations and provides advice to the TB on policies, directives, regulations and program expenditure proposals with respect to the management of the government's resources. Its responsibilities for the general management of the government affect initiatives, issues and activities that cut across all policy sectors managed by federal departments and organizational entities (as reported in the Main Estimates). The Secretariat is also responsible for the comptrollership function of government.

Under the broad authority of sections 5 to 13 of the FAA, the Secretariat supports the TB in its role as the general manager and employer of the Public Service.

**c) Department of Finance:**

The Department of Finance Canada helps the Government of Canada develop and implement strong and sustainable economic, fiscal, tax, social, security, international and financial sector policies and programsThey also:

* Administer the transfer of federal funds to the provinces and territories.
* Develop policies on international finance and help design our country’s tariff policies.
* Monitor economic and financial developments in Canada and provide policy advice on a wide range of economic issues.

In short, they help manage the nation’s bank account and provide advice to the Government with the goal of creating a healthy economy for all Canadians.

**d) Privy Council Office:**

The Privy Council Office (PCO) is the hub of public service support to the Prime Minister and Cabinet and its decision-making structures. Led by the Clerk of the Privy Council, PCO facilitates the smooth and effective operations of Cabinet and the Government of Canada through the work of the PCO secretariats.

PCO helps to clearly articulate and implement the Government’s policy agenda and to coordinate timely responses to issues facing the government and the country. It also works to maintain the highest professional and ethical standards in the federal Public Service.

Some of PCO’s main roles are:

* Providing professional, non-partisan advice to the Prime Minister and Cabinet;
* Managing the Cabinet’s decision-making system (including coordinating departmental policy proposals and conducting policy analysis);
* Arranging and supporting meetings of Cabinet and Cabinet committees;
* Advancing the development of the Government’s agenda across federal departments and agencies and with external stakeholders;
* Providing advice on the government’s structure and organization;
* Managing the appointment process for senior positions in federal departments, Crown corporations and agencies;
* Preparing Orders-in-Council and other statutory instruments to give effect to Government decisions;
* Fostering a high-performing and accountable public service; and
* Submitting an annual report to the Prime Minister on the state of the Public Service.

**e) Parliamentary Budget Officer**

The Parliamentary Budget Officer position was established in the Library of Parliament through amendments to the Parliament of Canada Act.

The mandate of the Parliamentary Budget Officer is to provide independent analysis to Parliament on the state of the nation's finances, the government's estimates and trends in the Canadian economy; and upon request from a committee or parliamentarian, to estimate the financial cost of any proposal for matters over which Parliament has jurisdiction.

**f) Office of the Auditor General:**

The Office of the Auditor General audits federal government operations and provides Parliament with independent information, advice and assurance to help hold the government accountable for its stewardship of public funds. They are responsible for performance audits and studies of federal departments and agencies. They conduct financial audits of the government's financial statements (public accounts) and perform special examinations and annual financial audits of Crown Corporations.

**g) Office of the Comptroller General:**

The Comptroller General of Canada is responsible for providing functional direction and assurance for financial management, internal audit, investment planning, procurement, project management and the management of real property and material across the federal government.

The Office of the Comptroller General (OCG) supports the Comptroller General of Canada in this by working to ensure sound policies, standards and practices are in place, overseeing performance and compliance across government, and maintaining and building vibrant professional communities through a range of recruitment and development activities.

# Annex D: ESDC Corporate Committees

The Employment and Social Development (ESD) portfolio governance structure is comprised of several executive [committees](http://hrsdc.prv/eng/cs/corp_index.shtml) that play a key role in supporting the legislative mandate, and the policy, program and service delivery priorities of the Portfolio. In addition to supporting decision making, these committees provide a venue to ensure the use of horizontal approaches and coordination of activities across the Portfolio.

**a) Portfolio Management Board Steering Committee (PMBSC)**

The Portfolio Management Board (PMB) Steering Committee is the Department’s de facto risk committee, overseeing the Department’s key transformation initiatives that are deemed high risk and have broad and material consequences for the portfolio.

**b) Portfolio Management Board (PMB)**

The Portfolio Management Board (PMB) acts as the main decision-making body of the portfolio (ESDC, Labour Program, and Service Canada) by:

* Determining strategic directions and priorities;
* Approving portfolio-wide plans and strategies; and
* Making decisions on strategic issues that affect the portfolio as a whole.

In addition, the PMB functions as a key portfolio vehicle for information sharing, consultation and collaboration at the Deputy Minister and Assistant Deputy Minister level.

**c) Departmental Audit Committee (DAC)**

The Departmental Audit Committee (DAC) is a strategic resource which provides objective advice and recommendations to the DM regarding the sufficiency, quality and results of assurance on the adequacy and functioning of the Department's risk management, control and governance frameworks and processes (including accountability and auditing systems).

**d) Departmental Evaluation Committee (DEC)**

The Departmental Evaluation Committee (DEC) serves as an advisory body to the Deputy Minister on matters relating to the Departmental Evaluation Plan, resourcing, and final evaluation reports. It also serves as a decision-making body on other evaluation and evaluation-related activities of the Department.

**e) Deputy Minister’s Policy Committee (DMPC)**

The Deputy Minister Policy Committee (DMPC) is a forum for the robust discussion of strategic and program policy. The DMPC provides an opportunity for engagement at the senior management level on specific issues and challenges related to program and policy priorities. This includes diagnostics, key drivers, policy frameworks, emerging trends, and file issues, as well as medium- and longer-term policy planning. Other areas of focus include federal-provincial/territorial, international, and stakeholder relations strategies and issues.

**f) Corporate Management Committee (CMC)**

The Corporate Management Committee (CMC), a standing committee of the PMB, oversees the implementation of the Portfolio’s management agenda, as approved by the PMB, including the achievement of the management outcomes and objectives set out in the Integrated Business Plan, the Management Accountability Framework, and the corporate fiscal and planning processes. The committee also oversees departmental activities related to the operationalization of departmental security measures.

**g) Service Management Committee (SMC)**

The Service Management Committee (SMC), a standing committee of the PMB:

* provides enterprise-wide leadership in determining the department-wide service strategy and priorities, ensuring alignment with the department’s policy agenda and objectives related to service excellence; and
* acts as the main body for decision-making related to the service delivery mandate of the department, focusing particularly on the effective execution of the service delivery transformational agenda.

**h) Internal Review Committee (IRC)**

The Internal Review Committee (IRC), a sub-committee of the CMC, provides advice and recommendations to the CMC on ESD internal and external audits, including corresponding management action plans, as part of the consultation process in advance of discussions at the Departmental Audit Committee. More specifically, the IRC will review and provide advice to CMC on:

* audit plans, terms of reference and results;
* corresponding management responses and action plans; and
* the ESD multi-year audit plan.

**i) Legal Issues Management Committee (LIMC)**

The purpose of the Legal Issues Management Committee (LIMC) is to enable ESDC to improve its management of significant legal issues and risks arising from the Department’s legislation, regulations, operations, policies and procedures, and to strengthen procedures for managing legal costs incurred by the Department.

**j) Major Projects and Investments Board (MPIB)**

The Major Projects and Investments Board (MPIB) reports to the PMB and has a mandate to support rigorous and transparent project planning, project management, and investment decisions by:

* Providing timely, objective oversight of all major projects being conducted across the portfolio as they pass through the third, fourth, and fifth gates of the [StageGate process](http://hrsdc.prv/eng/corporate/department/corporate_committees/mpib.shtml#sg_process#sg_process);
* Playing a key role in the context of the annual Departmental priority and business planning process, in the development of a multi-year portfolio Investment Plan and the establishment of annual investment priorities;
* Approving procurement strategies for projects and asset plans; and
* Supporting capacity-building across the portfolio with respect to project planning and management.

**k) Privacy and Information Security Committee (PISC)**

The Privacy and Information Security Committee (PISC) serves as a sub-committee of the CMC on matters related to privacy and the protection of personal information.

# Annex E: Budget Transfer Process

**a) Increase or Decrease in Funding Levels – Operating and Grants and Contributions**

A budget increase is required to record funding when a TB submission is approved, collective agreement is signed or from any other TB decisions/ announcements. Once approved, the funding is recorded in the FAR and Supplementary Estimates will be voted in Parliament. Following the approval of royal assent on Supplementary Estimates (A, B, C), an update of the departmental reference levels is required. Based on TB Submissions, Inter-departmental letters, TB letters or other supporting documents, a request will be sent from CRM to the responsible Financial Management Advisor (FMAs) in order to complete a distribution template for an internal budget allocation. The funding will then be recorded in myEMS accordingly by CRM.

An exception applies to funding which is entirely recoverable from the EI or CPP accounts or which is a Vote Netted Revenue Authority (VNR). This funding may be allocated prior to receiving receive Royal Assent as long as the authority to recover has been approved.

**b) Transfers Between Regional Business Lines – Operating Funds**

All Service Canada regional business lines are nationally managed and are under the functional direction of an NHQ ADM. Transfers in or out of these business lines require the respective business line NHQ ADM and regional ADM approvals.

However, to assist in managing day-to-day operations, regional ADMs have the flexibility of doing temporary transfers (i.e. not affecting the funding level of the regional business lines for subsequent years) of up to 2% of the total regular operating resources for each business line, without the prior approval of the functional NHQ ADM.

As Key Performance Indicators (KPIs) are associated with the level of funding allocated to each business line, the 2% flexibility is conditional that all service levels remain unaffected.

The following business lines are subject to the 2% flexibility:

* Strategic Services
* Citizen Services
* Benefits Delivery Services (incl. Call Centers)
* Integrity Services
* LMSDP (i.e. Program Operations, Homelessness, Skills & Employment, and New Horizons)

**c) Transfers Between Branches and/or Regions – Operating and Grants and Contributions**

At the Branch/Region level (not affecting business lines), both the ADM transferring the funds and the ADM receiving the funds, must approve the budget transfer as they are accountable for the program objectives, national standards, and performance expectations.

Operational budget transfers between Fund Centres not affecting control points (lower than Branch/Regional level) may be processed by the FMA, or Branch Management Services (BMS) group if applicable, based on the applicable Funds Centre Manager approval. For grants and contributions, transfers between provinces within the same region and program are subject to the prior approval of functional area ADM (POB ADM for POB projects).

**d) Transfers Between Funds – Operating and Grants and Contributions**

Transfers between funds may occur in Operating Funding mostly for the purposes of accessing the Learning Investment Fund (LIF) which is regular funding that has been segregated for tracking purposes. These transfers must be initiated at the FMA level to ensure the requests are based on Branch resource needs. The request will be sent through workflow for approval. Fund transfers for any cash management purposes for a Separately Controlled Account (SCA) require ADM approval.

**e) Budget Transfers Between Personnel Budget and O & M budget – Regular Operating only**

The operating budget adjustment allows business entities the flexibility to reallocate budget between Personnel and O&M provided that Employee Benefit Plan (EBP) costs are considered when moving funds in or out of the Personnel component of budgets. This type of transfer is also referred to as an OBA (Operating Budget Adjustment).

The department applies a transfer price of 20% for any departmental transfer from O&M to Personnel. This implicitly accounts for costs not paid by ESDC related to EBP (which includes costs to the government for the employer’s matching contributions and payments to the Public Service Superannuation Plan, the Canada and the Québec Pension Plans, Death Benefits, and the EI Operating Account).

OBA transfers can be processed as required up until (and as included in) the P10 forecast unless otherwise communicated depending on the departmental financial situation, after which time transfers from Personnel to O&M are subject to CFO decision.

*Note:  Student budgets are considered salary budget and are subject to the 20% transfer price.*

**f) Transfer to/from Reserves - Operating and Grants and Contributions**

Reserves are managed at the corporate level. Transfers include repatriation of surpluses, funding of financial pressures, distribution of collective agreements, and others. These transactions will arise following the forecasting process, senior management decisions, or TB approval of new funding. The CRM unit will ensure proper approval is obtained and will prepare and process the myEMS entry.

**g) Centrally Managed Cost Pools (CMCPs) - Operating**

The purpose of CMCP is to isolate specific expenditure categories into pools for additional control and monitoring, and potential efficiency savings. Each cost pool is managed by a process owner (usually an ADM) who is responsible for providing the governance and process to access and manage these resources. Consequently, the movement of resources in and out of CMCPs requires the approval of the process owner.

The following CMCPs are in place:

* NCR Facilities & Asset Mgt Operations
* Medical Expenses
* Vital Events
* Corporate Fleet
* National Accommodation Plan
* Learning Investment Funds (LIF)
* Justice External Billing Project
* Personal Computer Devices
* Hardware and Software Maintenance
* Software Acquisition
* EI Warrants
* Managed Print Services
* Worker’s Compensation
* Cyber Authentication Services

# Annex F: ESDC Financial System, Coding and Reporting Tools

**a) My Enterprise Management Solution (myEMS) (SAP).**

The departmental financial system is called myEMS (SAP) [My Enterprise Management Solution] was introduced. It includes:

* myEMS (SAP) desktop application for practitioners (entries, reporting, etc.).
* myEMS SAP Business Intelligence solution for financial reporting.
* myEMS (SAP) self-service portal accessible via intranet which provides ESDC employees access to many SAP functions. Access to the functions is based on each individual role. Only those roles that apply to an employee's job will be visible when navigating in the portal. It also includes administrative components such as Travel Management, Project Systems and Time Sheets.

**Forecasting Tools**

**Salary Forecasting Tool:** [Salary Forecasting Tool](http://iservice.prv/eng/service_catalogues/index.shtml#salary_forecasting_tool) (SFT) is the myEMS (SAP) salary management module. It is used to capture current year and future year [forecasts](http://iservice.prv/eng/service_catalogues/index.shtml#forecasting), as well as [financial coding](http://iservice.prv/eng/finance/FCM/index.shtml) for salary expenditure allocation. Specifically, the SFT is used for:

* Employee Forecasts and Cost Assignments;
* Planned Staffing Forecasts;
* Global Forecasts; and
* Salary Expenditures processing

**Non-Salary Forecasting Tool :** The non-salary forecasting tool, accessible through the portal, provides managers with access to do their non-salary forecasting, including Operations and Maintenance (O&M), Vote-netted Revenues and Grants and Contributions (G&C).

**Business Intelligence Tool (BI) – Reporting Tool**

The business intelligence (BI) provides access to data and information from myEMS (SAP) desktop application and through the Portal. Data is accessible to authorized departmental users based on individual roles. BI provides access to data and information stored in the Business Warehouse (BW) and information sourced directly from operational systems (myEMS (SAP) and CSGC). BI also provides pre-generated and ad-hoc reports on all resources (budget, expenditures, commitments, assets) to aid in management decisions. Data is uploaded on a daily basis (1 day old) in the BW.

More information concerning financial management forecasting and reporting tools can be found under [Resource Planning, Forecasting & Reporting](http://iservice.prv/eng/service_catalogues/index.shtml#rpfr).

**b) Financial Coding:**

Financial coding is the method by which allocated resources, and the receipts and disbursements of funds made pursuant to these resource allocations, are given a series of codes to properly reflect and display the authority, responsibility, purpose, and nature for each individual transaction. This process is of concern to all staff involved in the collection, analysis and reporting of financial information, the allocation and control of resources, and the financial planning and decision-making process.

**Why is financial coding important?**

Legislation and Central Agency policies require all financial transactions to be accurately accounted for and recorded on a timely basis in departmental financial management systems and in the Accounts of Canada. Good financial coding is the foundation of our financial management systems information, and is essential to the proper identification, aggregation and reporting of financial transactions in order to meet these requirements.

Accuracy in the recording of financial transactions ensures factual reporting, both on a government-wide and departmental basis, which supports decision making and reporting requirements at various levels. If the financial coding is not understood and is improperly used, the integrity of the department’s financial information is threatened.

Accurate financial coding also supports the Deputy Minister in his role as Accounting Officer in compliance with the Federal Accountability Act.

**Purpose and Use of Coding**

ESDC financial coding is designed to meet several requirements:

* departmental management’s internal accountability and financial reporting information needs;
* external accountability and financial reporting to central agencies including Treasury Board (TB), and the Government of Canada Central Financial Management Reporting System (Receiver General);
* reporting to Parliament and the public through the Public Accounts, the Quarterly Financial Report, and the Department’s Financial Statements; and
* for other internal and external reporting requirements, including Parliamentary questions and Access to Information requests.

All financial transactions entered into the department’s financial system and transmitted from related internal departmental systems, such as the Departmental Accounts Receivable System (DARS), Common System for Grants and Contributions (CSGC), EI Daily Benefit and Overpayment (BNOP) System, and other similar systems, must include the applicable financial coding in financial transactions.

**What is the Financial Coding Block?**

* The ESDC financial coding block is comprised of five primary codes and one or more optional codes. The individual codes may be changed from year to year to reflect new or modified requirements.
* The standard MyEMS (SAP) financial coding block structure is Company Code + General Ledger Account (GL) + Cost Center (CC) + Fund + Functional Area (FA). In some transactions an Internal Order (IO) code or one or more Work Breakdown Structure (WBS) codes may also be entered. Codes will normally be entered in the order shown above, but, depending on the transaction, some codes may be pre-filled or not shown at all.

The [ESDC Financial Coding Manual](http://iservice.prv/eng/finance/FCM/index.shtml) can be referenced for description of all codes.

**Treasury Board Requirements**

TB requires that expenditures be reported properly at the main allotment level. The functional area coding structure reflects the department’s PAA and is used to provide funding and expenditure information as well as non-financial information of the different program activities and their related strategic outcomes.

**Roles and Responsibilities**

The departmental [Financial Coding](http://iservice.prv/eng/finance/FCM/index.shtml) unit of the Integrated Corporate Accounting and Accountability Directorate (ICAAD) in CFOB provides advice and guidance to financial advisory areas, regions and specialized accounting groups on all matters related to financial coding. It responds to inquiries from central agencies on all financial coding related matters. The unit ensures the maintenance of the departmental chart of accounts and the validation of the mapping to government-wide coding. It also coordinates the annual financial coding review. Finally, this unit develops departmental standards/guidelines related to financial coding.

FMA in CFOB generally review and recommend changes to the budgetary and statutory expenditure coding based on departmental budget and on government and management reporting requirements. The FMAs ensure liaison with their respective program areas in order to communicate their financial coding requirements and changes to the Financial Coding unit.

**Financial Coding Changes**

Requests for modifications to existing financial coding or for new financial coding should be submitted through the FMA office for review and approval of the financial management and business requirements. Requests are then forwarded to the Departmental Financial Coding Unit for review and approval of the departmental and government-wide accounting and reporting requirements. Finally, requests will be forwarded to the myEMS system management office for review and approval of the myEMS system requirements and implementation in myEMS.

All ESDC financial coding must follow the TB standards for financial coding. Refer to the [ESDC Financial Coding Standards Guideline](Financial_Coding_Guidelines.docx) for details of the implementation of the TB standards for ESDC.

It is recommended that the departmental Financial Coding unit be contacted for advice on any proposed changes to Fund or General Ledger codes, and any significant changes to Cost Center or Functional Area codes. This will help ensure that the proposed changes will comply with the government and ESDC standards and prevent possible delays or rejections of financial coding change requests.

# Annex G: Acronyms

|  |  |
| --- | --- |
| ABC | Activity Based Costing |
| ACL | Authorized Commitment Level |
| ADM | Assistant Deputy Minister |
| ARLU | Annual Reference Level Update |
| BI | Business Intelligence |
| BI-IP | Business Intelligence – Integrated Planning |
| BMS | Branch Management Services |
| CFO | Chief Financial Officer |
| CMC | Corporate Management Committee |
| CMCP | Centrally Managed Cost Pool |
| CPP | Canada Pension Plan |
| CRA | Canada Revenue Agency |
| CRF | Consolidated Revenue Fund |
| CRM | Corporate Resource Management (unit under the DCFO) |
| CSGC | Common System for Grants and Contributions |
| DAC | Departmental Evaluation Committee |
| DCFO | Deputy Chief Financial Officer |
| DEC | Departmental Evaluation Committee |
| DFR | Departmental Financial Report |
| DMPC | Deputy Minister’s Policy Committee |
| DPR | Departmental Performance Report |
| EBP | Employee Benefit Plans |
| EBSM | Employment Benefits and Support Measure |
| EI | Employment Insurance |
| EMS | Expenditure Management System |
| ESDC | Employment and Social Development Canada |
| FAA | Financial Administration Act |
| FAR | Financial Allotment Report |
| FC | Fund Center |
| FCM | Fund Center Manager |
| FIS | Financial Information Strategy |
| FMA | Financial Management Advisor |
| FMASD | Financial Management Advisor Services Directorate |
| FMF | Financial Management Framework |
| Gs&Cs | Grants & Contributions |
| HR | Human Resource |
| ICAAD | Integrated Corporate Accounting and Accountability Directorate |
| IO | Internal Order |
| IRC | Internal Review Committee |
| LIF | Learning Investment Fund |
| LIMC | Legal Issues Management Committee |
| LMDA | Labour Market Development Agreement |
| LMSDP | Labour Market & Social Development Program |
| MAF | Management Accountability Framework |
| MC | Memorandum to Cabinet |
| MOU | Memorandum of Understanding |
| MPIB | Major Project Investment Board |
| MRRS | Management Resources and Results Structure |
| MyEMS | My Enterprise Management System |
| NHQ | National Head Quarters |
| OAS | Old Age Security |
| OBA | Operating Budget Adjustment |
| O&M | Operating & Maintenance |
| OSFI | Office of the Superintendent of Financial Institutions |
| PAA | Program Alignment Architecture |
| PCO | Privy Council Office |
| PEM | Planning and Expenditure Management (unit under the DCFO) |
| PISC | Privacy and Information Security Committee |
| PMB | Portfolio Management Board |
| PMBSC | Portfolio Management Board Steering Committee |
| POB | Program Operations Branch |
| PWGSC | Public Works and Government Services Canada |
| RADM | Regional Assistant Deputy Minister |
| RCMP | Royal Canadian Mounted Police |
| RDF | Regional Director of Finance |
| RDM | Resource Determination Model |
| RMS | Regional Management Services |
| RPP | Report on Plans and Priorities |
| SFT | Salary Forecasting Tool |
| SMC | Service Management Committee |
| SPA | Specified Purpose Account |
| SPRB | Strategic Policy and Research Branch |
| TB | Treasury Board |
| TBS | Treasury Board Secretariat |
| VNR | Vote-Netted Revenue |

1. While the revised Directive on Travel, Hospitality, Conference and Event Expenditures came into force on April 1, 2017, the department will implement it in fall 2017 once the required steps are in place to operationalize the new requirements.  [↑](#footnote-ref-1)