

# Commentary on the **2024–2025** Financial Audits



Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

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# What this report is and what it contains

As legislative auditors, our office conducts financial and performance audits of the federal government and other entities, and special examinations of Crown corporations. In addition, we follow up on selected audit recommendations to track and report on progress.



The Auditor General of Canada audits the **financial statements** of the Government of Canada and **70 other federal organizations**.



This report provides a **commentary** of these federal financial audits for the fiscal years ended between May 1, 2024 and April 30, 2025. We refer to these as the 2024–2025 financial audits and this period as “this year.”



The commentary contains information that will help readers better understand the results of our federal audits and **how the federal government manages its finances**.

## Our commentary includes:



Our **audit opinions** on the 2024–25 consolidated financial statements of the Government of Canada and the 70 other federal organizations we audit



Our commentary on **what happened this year**, what **improved**, and what we were **concerned about**



The **Auditor General's observations** on significant findings identified as part of our audit of the consolidated financial statements of the Government of Canada



**Insights** on additional matters from our financial audits, including environmental, social, and governance reporting by federal organizations and upcoming changes to accounting standards

# Why our financial audits are important

Our financial audits support:



the **accountability relationship** between Parliament and the government organizations that spend taxpayer dollars to deliver programs and services



**Parliament's oversight** of the government, which supports good financial management and promotes transparency

# What our audit opinions were

We issue audit opinions as a result of our financial audit work. An **unmodified opinion** signals that we concluded that the financial statements were:



**credible**  
they faithfully represented the financial results in accordance with applicable financial reporting standards



**fairly presented**  
they faithfully represented the underlying transactions and events



**timely**  
they were finalized within the legislated timeframe

We provided the Government of Canada with an unmodified audit opinion on its 2024–25 consolidated financial statements, which are included in the Public Accounts of Canada. We also issued unmodified opinions for 68 of the 70 other federal organizations we audited.



## We issued a modified opinion for 2 federal organizations

### National Film Board

We issued an unmodified opinion on the financial statements of the National Film Board. However, we provided a modified opinion on the National Film Board's compliance with a section of the National Film Act. The National Film Board is a cultural agency that produces and promotes the production and distribution of films in the national interest. The act requires it to obtain the approval of the Treasury Board on the recommendation of the National Film Board's minister before entering into a contract involving an expenditure in excess of amounts determined by the Treasury Board. The National Film Board did not obtain the required approval before entering into a non-competitive contract that exceeded the contracting limits by more than 3 times.

#### Why this matters

Adherence to contracting rules is important to ensure transparency and accountability regarding the use of public funds. Upholding legislative compliance contributes to effective oversight and maintaining public trust.

### Canada Infrastructure Bank

We issued an audit opinion, jointly with another independent auditor, on the financial statements of the Canada Infrastructure Bank, a Crown corporation that funds infrastructure projects. The opinion on the corporation's financial statements was unmodified.

However, we provided a modified opinion on the Canada Infrastructure Bank's compliance with certain provisions of the Financial Administration Act and the Canada Infrastructure Bank Act.

We issued the modified opinion because the Canada Infrastructure Bank did not follow the requirements in the 2 acts to submit its **corporate plan** annually to its minister. A corporate plan sets out a Crown corporation's planned activities, objectives, strategies, and operational and performance measures, targets, and risks for the upcoming 5 years. Under regulations, Crown corporations are required to submit their corporate plan 8 weeks before the start of each fiscal year. As of the date we completed our annual audit, June 19, 2025, the corporate plan for 2025–26 to 2029–30 had not yet been completed by management or submitted to the minister. The Canada Infrastructure Bank was operating under the authorities provided by its previously approved corporate plan.

#### Why this matters

Given a Crown corporation's arm's-length relationship with the government, timely completion and submission of the corporate plan is important so that the government can provide its approval and oversight of the corporation's planned activities.



## Our auditor's reports drew attention to important matters for 2 Crown corporations

### Canada Post Corporation

For the second year in a row, we included an additional paragraph in our independent auditors' report, which we issued jointly with another independent auditor, for our audit of the financial statements of the Canada Post Corporation. We wanted to draw attention to specific matters of significance regarding the Canada Post Corporation's financial situation that were disclosed in its December 31, 2024 consolidated financial statements.

For its 2024 fiscal year, the Canada Post Corporation submitted its corporate plan to its minister but it had not been approved. This plan set out its planned activities, objectives, strategies, and operational and performance measures, targets, and risks for the upcoming 5 years. This matter did not cause us to modify our audit opinion because the corporation had submitted its plan to its minister by the legislated timeframe. However, the impact of the challenges the corporation is facing and the threat to the corporation's ability to be financially self-sustaining were important enough that we drew attention to its lack of an approved corporate plan in the independent auditors' report.

In November 2024, the Canada Post Corporation's corporate plan for 2025 was approved by the Treasury Board. That corporate plan included a request for the government to provide \$1 billion in support to the corporation during the government's 2025–26 fiscal year.

### Freshwater Fish Marketing Corporation

In November 2023, the government announced its intention to divest of the Freshwater Fish Marketing Corporation, which supports Canada's inland commercial fishery industry. The divestiture process is ongoing. The corporation's 2024–25 financial statements disclosed information about the status of the divestiture process.

As we did last year, given that this will be a significant change for the corporation, we drew attention to the planned divestiture in our independent auditor's report that we issued on the Freshwater Fish Marketing Corporation's April 30, 2025 financial statements. This matter did not cause us to modify our audit opinion on those statements.

# What happened this year

## **The government provided additional funding for the Trans Mountain pipeline expansion project to repay external financing**



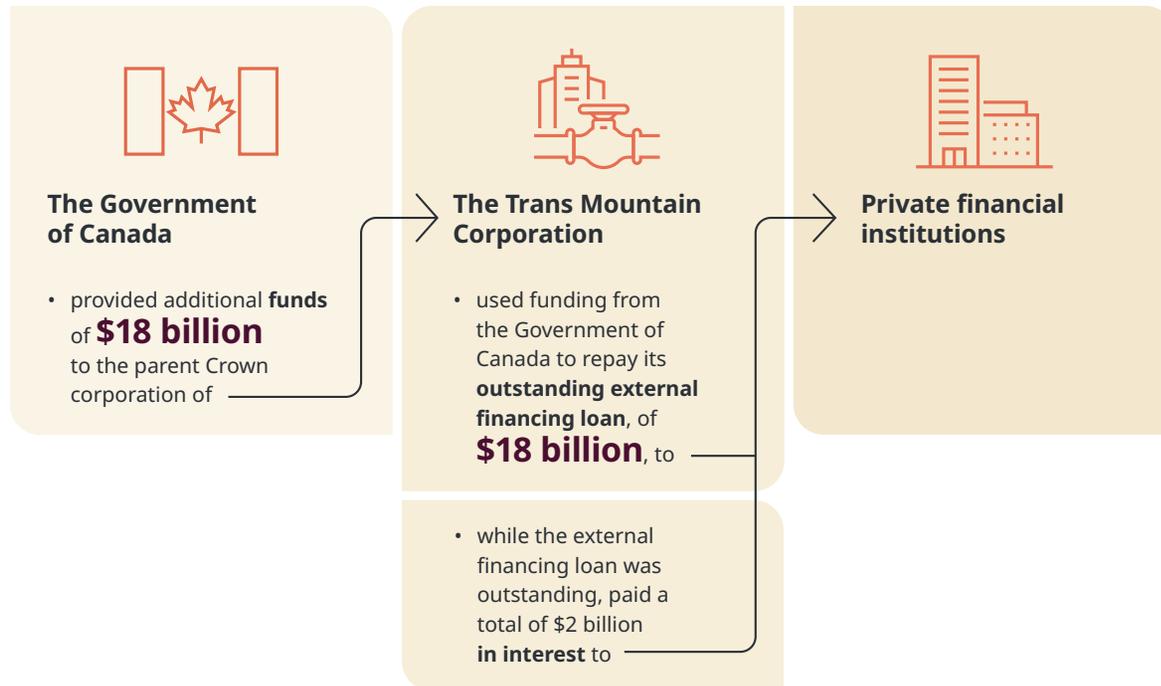
The Trans Mountain Corporation operates an oil pipeline and over the past several years has been completing a pipeline expansion project. The government provided loans to fund the purchase of the Trans Mountain pipeline in August 2018 and to pay for a portion of the ongoing construction of the Trans Mountain expansion project. In February 2022, the government announced that it would spend no additional money on the pipeline and that the Trans Mountain Corporation had to obtain government-guaranteed financing from private financial institutions to fund the remaining project costs.

For the past 3 years, we reported on conditions that led to uncertainty about the ability of the Trans Mountain Corporation to continue operating. For those years, we included an additional paragraph to draw attention to this matter in our independent auditors' report, which we issued jointly with another independent auditor, on the corporation's financial statements.

This year, the corporation assessed that the uncertainty about its ability to continue operating was resolved because the pipeline expansion began operations on May 1, 2024. As a result of our audit work, we agreed that the uncertainty was resolved, and the independent auditors' report for the corporation's 2024 financial statements did not include an additional paragraph highlighting this uncertainty.

In December 2024, after the pipeline began operations, the government provided additional funds of \$18 billion to the corporation to repay its external financing, which brought the total amount owed to the Government of Canada to \$35.6 billion. These loans were included in the consolidated financial statements of the Canada Development Investment Corporation (Trans Mountain Corporation's parent Crown corporation).

During the year ended December 31, 2024, the flow of transactions is summarized as follows:



» Read the visual 1 text description

The government also reduced the interest rate that the Canada Development Investment Corporation would pay on all loans to the government. The new interest rate was below levels that would be charged for similar financing commercially. Therefore, the Canada Development Investment Corporation recognized a \$3.5 billion benefit, which was recorded as a government grant in its December 31, 2024 consolidated financial statements.

**\$35.6  
billion**

**Total amount the  
government was owed from  
the Canada Development  
Investment Corporation  
related to the pipeline at  
December 31, 2024**

# The government reduced the non-permitted surplus in the Public Service Pension Fund

In November 2024, it was announced that the Public Service Pension Fund, which provides benefits to retired federal public servants, had a larger surplus than what is allowed under legislation. A surplus occurs when pension **assets** (the amount it owns) exceed pension **liabilities** (the amount it owes). Under the Public Service Superannuation Act, a **non-permitted surplus** occurs when this surplus grows to be more than 25% of the total pension liabilities.

The act requires the government to stop its employer contributions to the pension fund when the president of the Treasury Board is of the opinion that a non-permitted surplus exists—until the time that there is, in the president’s opinion, no longer a non-permitted surplus.

In the 2024–25 fiscal year, the government transferred that surplus to the general government account—the Consolidated Revenue Fund—to reduce the surplus in the plan to the maximum amount permitted under the Public Service Superannuation Act. This transfer did not have an impact on the annual deficit.

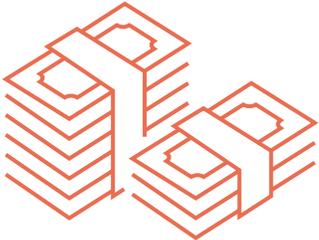


**\$1.9 billion surplus**



In the 2024–25 fiscal year, the government **transferred the non-permitted surplus**, which was \$1.9 billion, and this amount **will no longer be included** within the public sector pension assets

**\$1.9 billion**



In the Government of Canada’s consolidated financial statements, this amount is now included within the **cash and cash equivalents balance**

[» Read the visual 2 text description](#)

The transfer of the surplus to the Consolidated Revenue Fund was done in 3 stages from December 2024 to February 2025. During this period, the government did not stop its employer contributions to the pension fund.

The government reported that the surplus would be held in the Consolidated Revenue Fund while it considers the next steps, which had not been communicated at the time this commentary was published.

There is a risk that a non-permitted surplus could occur again in the future. This risk assumes that the pension plan assets will continue to grow, and returns will exceed the estimated amounts required to meet the pension plan's liabilities. There could then be another non-permitted surplus, and the government will again need to take steps to reduce it.

# What improved this year

We noted improvements in areas we reported on in previous commentaries.

## The Public Accounts of Canada were tabled earlier



In last year's commentary, we noted that the government was delayed in releasing the Public Accounts as they were not tabled in Parliament until December 2024. This year, the government tabled them in early November 2025. This provides timelier information to Parliament and Canadians on the financial results for the government's 2024–25 fiscal year so that they can understand how public funds have been spent and the government's financial performance. It also allows parliamentary committees to perform their oversight role on a timelier basis.

## Management resolved outstanding issues for the Reserve Force Pension Plan



We reported last year that we could not complete our audit of the Reserve Force Pension Plan for its fiscal year ended March 31, 2023. This was due to the pension plan management's ongoing assessment of issues with the accuracy and completeness of transfers of some member pension amounts from the Reserve Force Pension Plan to the Canadian Forces Pension Plan.

This year, these items were resolved, and we issued our unmodified audit opinion for both the 2023 and 2024 fiscal years. The audit for fiscal 2024 was completed on time. We expect that this will continue for future years.

## The government improved its process for accounting for asset retirement obligations



For the past 2 years, our commentary has included an Auditor General's observation related to **asset retirement obligations**. These are legal obligations that will require the government to take certain actions when it retires its assets—meaning it permanently stops using them—such as buildings, equipment, and vehicles. The government must estimate the costs of these future obligations and record them as liabilities in its financial statements.

Last year, we noted weaknesses in how the government determined the amounts of its asset retirement obligations. For example, we reported on data quality issues at some departments and agencies and a need for increased oversight from the **Office of the Comptroller General**. The Office of the Comptroller General resides within the Treasury Board of Canada Secretariat and oversees the government's financial management and spending, including preparation of the consolidated financial statements.

This year, the departments and agencies and the Office of the Comptroller General made changes to how they estimated the amount recorded for asset retirement obligations. This included implementing a new way to track assets to improve data quality and increasing oversight by the Office of the Comptroller General of federal organizations with asset retirement obligations. We are satisfied that the government made progress to address our recommendations from previous years.

### Why this matters

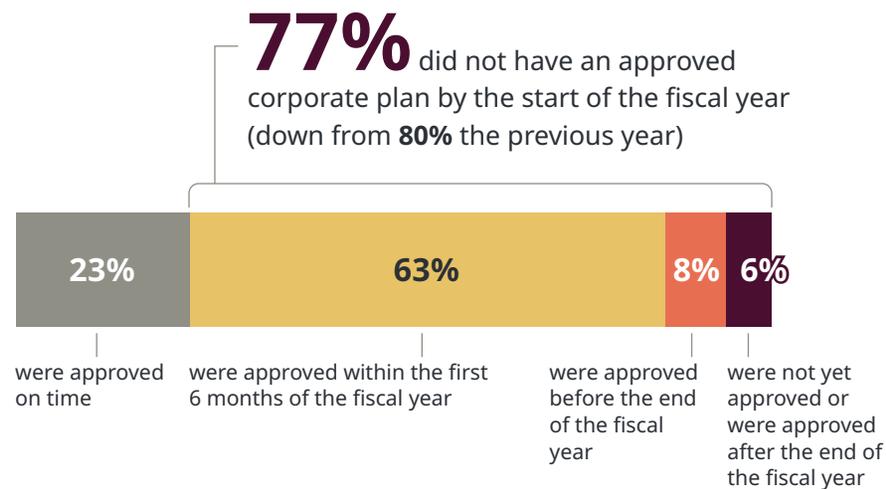
The government's asset retirement obligations are significant liabilities that should be accurately recorded in the Government of Canada's consolidated financial statements.

# What we were concerned about

## Most Crown corporations' corporate plans were still not approved on time

Crown corporations, which operate at arm's length from government, have corporate plans that set out their planned activities and strategies for the upcoming 5 years. Most Crown corporations submit their corporate plans to their responsible minister every year for approval by the Treasury Board. Some Crown corporations are not required to prepare a corporate plan. If a Crown corporation's plan is not approved, the corporation continues to operate under its last approved plan. However, it cannot implement changes or conduct activities that are not consistent with the last approved plan.

In our 2024-2025 financial audits of the 35 Crown corporations that prepare corporate plans,



» Read the visual 3 text description

### Why this matters

If a Crown corporation wants to implement changes or additional activities to help it fulfill its mandate, it needs timely approval of its corporate plan by the government. As noted in the section above related to our audit opinions, a lack of timely approval created challenges for the Canada Post Corporation.

# Delays persisted in Crown corporation board appointments



In our financial audits of Crown corporations, we review the status of appointments of external members to their boards of directors, or similar governing bodies. The board oversees the management of each corporation and holds management accountable for its performance.

For most Crown corporations, their minister is responsible for appointing the directors with the approval of the **Governor in Council**. That is the Governor General, acting on the advice of Cabinet, as the formal executive body that gives legal effect to those decisions of Cabinet.

Each director is appointed for a specific term. Staggering the timing of appointments is important to avoid a significant loss of corporate memory and expertise, which could disrupt the board’s ability to provide consistent oversight and strategic direction. For the majority of Crown corporations, once a director’s initial appointment term has ended, the director can choose to continue in office until a successor is appointed.

We reported on the status of board appointments in our Commentary on the 2018–2019 Financial Audits for the 42 parent Crown corporations we audited at that time. We found that 31% of corporations had delays in board appointments.

### Why this matters

The board is responsible for establishing the corporation's strategic direction, safeguarding the corporation's resources, monitoring corporate performance, and reporting to the government. Delays in appointments affect the board's ability to fulfill its important governance role. In some cases, it could lead to boards not having enough members to make needed decisions.

We followed up on this matter in this commentary and found that 80% (33 out of 41) of Crown corporations that we audited had delays in board appointments.



In 2024-2025, we audited the financial statements of  
**41 parent Crown corporations**



**33** experienced **delays** in appointing directors for vacant positions or for terms that had expired



**8** experienced **no delays** in appointing directors



**5** had at least 1 director whose term had been **expired for at least 1 year** and of those, 3 had been expired for at least 3 years



**2** had directors with appointments **expiring in the next 6 months**

» [Read the visual 4 text description](#)

# What we have to say about COVID-19 benefit programs

In the 5 years since the start of the COVID-19 pandemic in March 2020, the government has spent over \$270 billion on direct income support programs for individuals and businesses. Our commentaries on financial audits have summarized the effects of these programs on the Government of Canada's consolidated financial statements.

The government also had a program to provide loans to small businesses and not-for-profit corporations through the Canada Emergency Business Account. The effects of this program on the Government of Canada's consolidated financial statements are summarized in a separate section below.

## The government reported on overpayments and ineligible payments of COVID-19 benefits

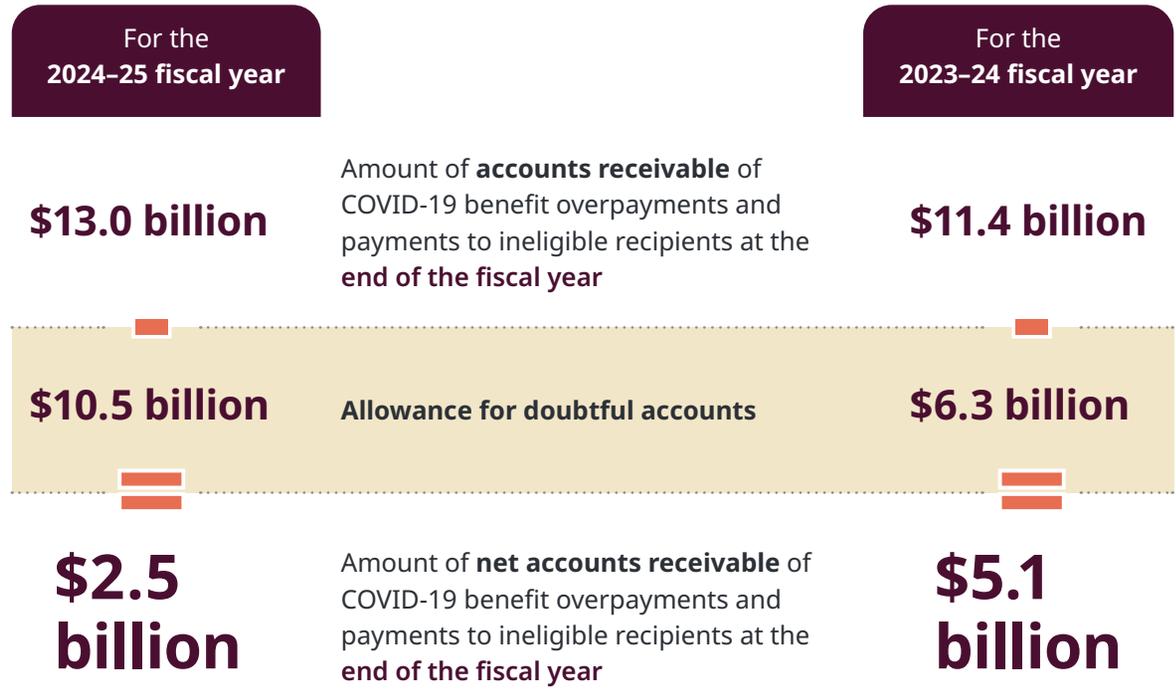


In cases where the government determined that it had overpaid eligible recipients or paid benefits to recipients who were not eligible, it recorded the amounts as **accounts receivable**, the amounts owing to the government. The government provided information about these accounts receivable in the notes to its consolidated financial statements.

As with any accounts receivable, because some of the amounts are at risk of not being repaid, the government estimated an allowance for anticipated losses, known as the **allowance for doubtful accounts**.

As at March 31, 2025, the allowance for doubtful accounts related to COVID-19 benefits programs was **\$10.5 billion**. This amount is part of the total amount of the allowance for doubtful accounts disclosed in note 17 of the consolidated financial statements.

The COVID benefit programs for individuals and businesses in Canada had the following effects on the Government of Canada's consolidated financial statements:



» Read the visual 5 text description

### Why this matters

Some amounts due from recipients have been outstanding for several years and the allowance for doubtful accounts has been increasing. As time passes, it significantly increases the risk of loss of public funds as amounts are harder to collect.



## The allowance for potential losses for Canada Emergency Business Account loans has been increasing

For another COVID benefit program, the Canada Emergency Business Account, the government provided interest-free loans to small businesses and not-for-profit corporations. Export Development Canada managed this program and provided loans of up to \$60,000 to each recipient.

The government lent a total of **\$49.1 billion** under the program. The government forgave a portion of the loans, up to 33%, if the recipient repaid the balance of the loan by a specific date. If not repaid by that time, the loans began accruing interest.



» Read the visual 6 text description

The allowance for potential losses of \$5.4 billion increased from \$4.9 billion at the end of the prior year. These amounts are disclosed in note 20 of the Government of Canada's consolidated financial statements within the line item for the Canada Emergency Business Account program.

In our 2024 performance audit **Report 8—Canada Emergency Business Account**, we noted that while the loans were given out quickly, we estimated that some amounts were paid to ineligible recipients. We recommended that Export Development Canada identify all the ineligible recipients and recover those amounts. Export Development Canada only partially agreed with our recommendation and provided its action plan to Parliament.

Export Development Canada has stated that it will undertake this work only if it identified viable options to recover payments to ineligible recipients. As we noted in last year’s commentary, despite the work carried out by the government, we remain concerned that significant amounts paid to ineligible recipients may not be identified or recovered.

## Why this matters

It has been several years since the program started and the more time that passes, the harder it will be to identify and collect amounts from ineligible loan recipients. The government should continue its collection efforts to recover as much of the outstanding loans as possible.

# What the Auditor General's observations are on the 2024–25 consolidated financial statements

The Auditor General's observations explain significant items that we identified as part of our audit of the Government of Canada's consolidated financial statements, and that we felt should be brought to Parliament's attention.

## Changes to the process for the preparation of the consolidated financial statements continue



In our commentary last year, we noted opportunities for the Office of the Comptroller General to improve the preparation of the Government of Canada's consolidated financial statements. This year, the Office of the Comptroller General took steps to make improvements.

## Why this matters

The Government of Canada's consolidated financial statements, included in the Public Accounts of Canada, are an important accountability document. These statements show Canadians how the government is managing public funds and they also close the accountability loop on the promises and commitments made in the government's budget.

 <p><b>Opportunities for improvement we identified in our commentary last year</b></p>	 <p><b>Actions taken by the Office of the Comptroller General</b></p>
<p><b>Improve the process to identify, assess, and respond to key financial statement preparation risks</b></p>	<p>A risk management framework was being developed to guide the process to identify, assess, and respond to key financial statement preparation risks.</p>
<p><b>Improve the consistency in accounting treatment across departments and agencies</b></p>	<p>Training sessions were provided to departments and agencies.</p> <p>Increased reporting on significant transactions was requested from departments and agencies.</p>
<p><b>Reduce errors in the cash flow statement</b></p>	<p>Additional guidance was issued to departments and agencies on how to prepare the cash flow statement.</p> <p>A new mandatory questionnaire was required from departments and agencies to identify their adjustments to the cash flow statement.</p> <p>Additional reviews of the cash flow statement were performed.</p>
<p><b>Increase oversight over important estimates</b></p>	<p>Increased senior executive review of the reasonableness of important estimates was performed.</p>

During our audit of the 2024–25 financial statements of the Government of Canada, we noted improvements in some areas where the Office of the Comptroller General made changes. For example, we found no errors in the cash flow statement this year and there were improvements in the process for recording important estimates.

Over the 2025–26 fiscal year, as the Office of the Comptroller General finalizes the risk assessment framework and other changes have been implemented for a longer period, we will review and evaluate the impact of the changes on the consolidated financial statements to fully assess their implementation.

## We continue to identify errors in public service employees' pay



We continued to test the accuracy of a sample of transactions in the system that pays federal public service employees. Since the Phoenix system was launched in 2016, we have reported in our commentary on the number of pay errors we found.

We found that **29%** of employees in our sample **had an error** in their basic or acting pay during the 2024–25 fiscal year, compared with 32% in the prior year; **21%** of employees in our sample **still required corrections** as of March 31, 2025, to fix the error that we found, an increase from the 14% reported in the prior year.

Again this fiscal year, we found that errors were not due to calculations made by the Phoenix system but instead resulted from data entry errors or delays in processing pay changes. All departments and agencies that use Phoenix have a responsibility to provide accurate and timely information on pay changes that impact their employees. Of the 29% of employees in our sample that had errors, roughly two thirds were because of data entry errors and roughly one third were because of delays in processing pay changes.

Overall, the errors we noted did not have a significant effect on the consolidated financial statements. Therefore, we concluded that pay expenses were fairly presented in the Government of Canada's 2024–25 consolidated financial statements.

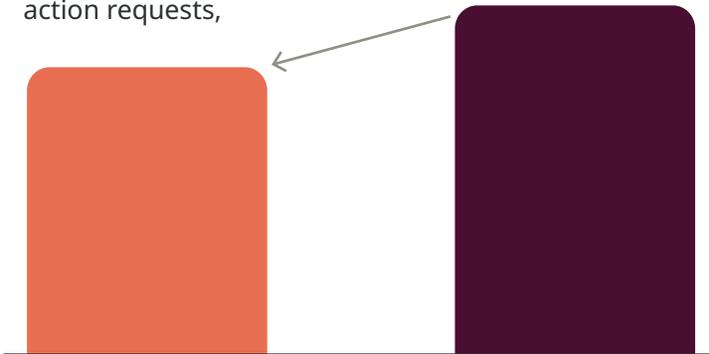
### Why this matters

Ongoing errors in employee pay have an impact on numerous public service employees. It is important that they are paid accurately and on time.

The number of **outstanding pay action requests decreased** in the 2024–25 fiscal year, as reported by the Public Service Pay Centre, the service within Public Services and Procurement Canada that processes pay for 49 departments and agencies. Pay action requests are requests to change employee pay due to reasons such as a promotion or a change in the employee’s personal information, or to fix a pay error.

As of **March 31, 2025**, there were  
**349,000**  
outstanding pay action requests,

down from  
**424,000**  
reported a year earlier

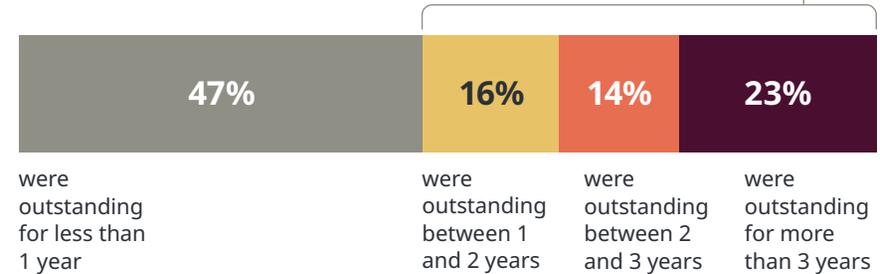


» Read the visual 7 text description

Some pay action requests have been outstanding for long periods of time. While there was a decrease this fiscal year, the backlog of pay action requests remains high. It is important for the government to reduce the backlog to address these issues, particularly so that issues are not carried forward into the next pay system once Phoenix is replaced.

## More than half

of pay action requests in the departments and agencies served by the Public Service Pay Centre were outstanding for **more than 1 year**, as of March 31, 2025.



» Read the visual 8 text description

The government also has outstanding cases involving overpayments made to employees. Some amounts have been outstanding for several years.

**As of March 31, 2025, on the basis of data in the pay system, Public Services and Procurement Canada reported that:**

- The Public Service Pay Centre was working to collect outstanding overpayments totalling more than **\$472 million** (compared with \$488 million as at March 31, 2024).
- Approximately 48% of these overpayments had been outstanding for more than 5 years (compared with 40% last year).
- The government made an assessment of the amounts receivable and recorded an allowance for doubtful accounts of **\$164 million**. So the net amount of overpayments receivable was **\$308 million**.

## Why this matters

There is a risk that the options to recover the overpayments to employees will decrease over time. This could result in the government writing off some amounts.

To help fix the pay problems, the government is going to replace Phoenix with a new human resources and pay system, Dayforce. In June 2025, the government announced that it would move forward with the final development and testing phase of Dayforce. The government said it would finalize the system's configuration and start testing with some departments by June 2026, with the aim of rolling out the system in phases for all departments and agencies beginning in July 2027.

Our office is conducting a performance audit of the modernization of the pay system, scheduled to be reported in 2026.

# We found deficiencies in controls for operating expenses and inventory at National Defence



In June 2025, the government announced that it would increase its spending on defence initiatives in the 2025–26 fiscal year and future years. This plan includes increased spending in several areas, including capital assets, inventory, salaries, and other expenditures at National Defence. With this increased spending, it is important that there are strong financial management controls in place in the department. During our audit work for the 2024–25 fiscal year, we found errors in 2 areas: operating expenses and inventory.

## Operating expenses

Each year during our audit, we test a sample of operating expenses at the department. For the 2024–25 audit, we found errors that indicated there were weaknesses in the accounting procedures and deficiencies in controls for recording these expenditures.

We found expenses in the 2024–25 fiscal year that should not have been recorded because the goods or services had not been received before the end of the fiscal year. When amounts are not recorded in the appropriate fiscal year, it impairs accuracy and the ability to compare with budgets developed for the year.

**We found errors for 6% of the expense samples we tested in 2024–25 because the expenses were recorded in the wrong fiscal year.**

**This resulted in a combined estimated \$846 million overstatement of expenses and overstatement of the annual deficit.**

## Management of inventory and asset pooled items

For over 2 decades, we have raised concerns about National Defence's ability to properly account for the quantities and values of its inventory and **asset pooled items**, which are tangible capital assets that are managed like inventory. The department manages two thirds of the value of the government's inventory and all its asset pooled items.

In 2016, National Defence produced an action plan to better manage its inventory. As we reported in last year's commentary, the final commitment to be actioned is the implementation of a modern scanning and barcoding system. Work to implement this system is ongoing. The department projects the system will be fully operational in the 2030–31 fiscal year—a 4-year delay from its original expected implementation date.

In this year's audit, we continued to find errors in inventory and asset pooled items.

We found **ERRORS** in either the quantities, valuation, or classification in

**12%** of the samples we tested in 2024–25 (compared with 20% in 2023–24).

This resulted in a

**\$185 million**

combined estimated overstatement of inventory and asset pooled items in 2024–25 (compared with an

understatement of \$194 million in 2023–24).

The department needs to continue working on the implementation of its action plan for inventory to ensure that it meets the revised timelines. It also needs to conduct a comprehensive review and implement changes to its internal controls over expenditures. The department has communicated that it is committed to work on an action plan to address these issues.

## Why this matters

Given that National Defence plans to increase spending over the next several years, improvements to internal controls are needed. This will help ensure accurate and reliable financial information for effective budget management and decision making to be able to respond to the needs of the Canadian Armed Forces.

# Improvements are still required for information technology general controls



Every year as part of our financial audit, we examine certain general controls that the government uses to ensure the integrity of the data in its financial information technology systems. The data stored in these systems is used to prepare financial reporting documents, such as the Public Accounts of Canada.

For the third year, our testing of **IT general controls** found that issues continued in controls over access to key systems that store and process data related to payments, receipts, and accounting records.

Certain users had access to government systems and databases that they did not need to fulfill their duties. Controls should have been in place to deny this access or to detect it later. This access gave these users the ability to make changes to the government's systems and financial data, which increases the risk of fraud, privacy breaches, or other wrongdoing.

While the government made progress in addressing some access risks, there were still deficiencies that remained unaddressed at Shared Services Canada, the department responsible for providing information technology services to federal organizations.

As a result, we performed additional audit work. We did not find any inappropriate changes made to data or any data breaches because of the inappropriate access.

Because the actions needed to address the deficiencies were not completed before March 31, 2025, we could not rely on IT general controls for key systems again this year. These systems are important to the government. We encourage Shared Services Canada to address the remaining control deficiencies in the upcoming year.

### Why this matters

Data that is essential to the government's preparation of its consolidated financial statements is stored in the systems where we found deficiencies. Without appropriate access controls, the data risks being incomplete, inaccurate, or compromised. It has been 3 years since we first identified problems with access controls. The longer these problems remain, the higher the risk of such data issues occurring. It is also less efficient for our audit when IT general controls cannot be relied upon.

# What our additional insights are

## Environmental, social, and governance reporting

There were several developments this year on the reporting by federal organizations on their environmental, social, and governance issues.

### Why this matters

Reporting on sustainability in a consistent and transparent manner is important to provide decision makers with reliable information. It also provides clarity on federal organizations' contributions to national and international commitments that support long-term sustainable outcomes.

## Sustainability reporting increased

The federal government has required more sustainability reporting from federal organizations to increase accountability and transparency on sustainable outcomes for Canadians. The 2024–25 fiscal year was a landmark year for increased public reporting on sustainability and environmental, social, and governance matters from federal organizations and federally regulated organizations.



90+

federal entities published their **sustainable development strategy reports** under the Federal Sustainable Development Act



1<sup>st</sup>

annual report on **climate-related financial risks** and opportunities of key measures for the federal public administration was published by the Department of Finance Canada under the Canadian Net-Zero Emissions Accountability Act



10

federally regulated financial institutions (including banks and insurance groups) reported on **climate-related financial risks**, as required by the Office of the Superintendent of Financial Institutions Canada and guided by its Guideline: Climate Risk Management



1<sup>st</sup>

annual report required by the **Fighting Against Forced Labour and Child Labour in Supply Chains Act** was published by Public Safety Canada

» [Read the visual 9 text description](#)

## Crown corporation reporting on climate-related financial risks increased

The federal Budget 2021 asked Crown corporations to report on their climate-related risks and opportunities by adopting the framework developed by the international Task Force on Climate-related Financial Disclosures.



» [Read the visual 10 text description](#)

Crown corporations are at varying stages of maturity in their reporting on climate-related risks and opportunities. We encourage Crown corporations to continue to increase and further align their disclosures with the Task Force on Climate-related Financial Disclosures framework.

## Why this matters

The Task Force on Climate-related Financial Disclosures framework allows for reliable, consistent, and comparative information among organizations. When followed by Crown corporations, it provides more transparency on how Crown corporations are aligning with federal climate change commitments and reporting.

## Sustainability-related standards continued to develop

Standards for sustainability matters continued to develop nationally and internationally. Events this year included:

- The Canadian Sustainability Standards Board published its inaugural Strategic Plan for 2025–2028 to develop sustainability disclosure standards in Canada.
- The Canadian Auditing and Assurance Standards Board continued to refine its proposed sustainability assurance standard General Requirements for Sustainability Assurance Engagements.
- The International Public Sector Accounting Standards Board proposed a Climate-related Disclosures Standard for public sector entities. Phase 1 aims to be published by the end of 2025 and Phase 2 by the end of 2026.

### Why this matters

These standards will help to increase environmental, social, and governance reporting and enhance its credibility, transparency, and reliability.

## Upcoming changes to public sector accounting standards



The government uses public sector accounting standards in the preparation of its consolidated financial statements. The Canadian Public Sector Accounting Board issued revised standards that include a new **conceptual framework** as well as a new standard, PS 1202—Financial statement presentation. A conceptual framework is a structured set of principles guiding financial accounting and reporting. These changes will apply for fiscal years beginning on or after April 1, 2026.

### The board revised the conceptual framework in order to:

- maintain the framework's relevance
- address concerns about its alignment with the public sector environment and issues raised from interested and affected parties concerning other existing standards

**Among the changes to expect with the new conceptual framework and PS 1202 are:**

- significant structural changes to 2 statements to allow users to better understand financial results
- the requirement that liabilities will have to be separated between financial and non-financial liabilities, which may not always be straightforward

Given the significance of these changes, it is important for entities that use public sector accounting standards to plan ahead. These changes will apply to the consolidated financial statements of the Government of Canada for the year ending March 31, 2027. The Office of the Comptroller General within the Treasury Board of Canada Secretariat has an action plan to manage the changes across the government.

# Appendix— Text descriptions of visuals

## Visual 1—Text description

This infographic summarizes the flow of transactions involving the Trans Mountain Corporation during the year ended December 31, 2024. The following transactions occurred:

The Government of Canada provided additional funds of \$18 billion to the parent Crown corporation of the Trans Mountain Corporation.

The Trans Mountain Corporation used funding from the Government of Canada to repay its outstanding loan, of \$18 billion, to private financial institutions. The Trans Mountain Corporation, throughout the duration of the loan, paid a total of \$2 billion in interest to private financial institutions.

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## Visual 2—Text description

This infographic shows the transfer of a surplus from the Public Service Pension Fund to the Consolidated Revenue Fund.

In the 2024–25 fiscal year, the government transferred the non-permitted surplus in the Public Service Pension Fund, which was \$1.9 billion, to the Consolidated Revenue Fund. This amount will no longer be included within the public sector pension assets.

In the Government of Canada's consolidated financial statements, this amount, \$1.9 billion, is now included within the cash and cash equivalents balance.

[» Back to visual 2](#)

## Visual 3—Text description

This bar chart shows that in our 2024–2025 financial audits of the 35 Crown corporations that prepare corporate plans, 77% did not have an approved corporate plan by the start of the fiscal year, down from 80% the previous year.

The 77% amount is broken down as follows:

- 63%: Their plans were approved within the first 6 months of the fiscal year.
- 8%: Their plans were approved before the end of the fiscal year.
- 6%: Their plans were not yet approved or were approved after the end of the fiscal year.

For the remaining 23% of Crown corporations, their corporate plans were approved on time.

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## Visual 4—Text description

This bar chart shows that in 2024–2025, we audited the financial statements of 41 parent Crown corporations.

Of those, 33 Crown corporations experienced delays in appointing directors for vacant positions or for terms that had expired. Of those 33 Crown corporations with delays, 5 had at least 1 director whose term had been expired for at least 1 year and 3 had at least 1 director whose term had been expired for at least 3 years.

The remaining 8 Crown corporations experienced no delays in appointing directors. Of those, 2 corporations had directors with appointments expiring in the next 6 months.

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## Visual 5—Text description

This flowchart shows the effects of COVID-19 benefit overpayments and payments to ineligible recipients on the Government of Canada's consolidated financial statements. Two columns show how the net accounts receivable amounts were calculated for the past 2 fiscal years.

For the 2024–25 fiscal year, the calculation was as follows:

- \$13.0 billion: Amount of accounts receivable of COVID-19 benefit overpayments and payments to ineligible recipients at the end of the fiscal year
- Minus \$10.5 billion: Allowance for doubtful accounts

- Equals: \$2.5 billion: Amount of net accounts receivable of COVID-19 benefit overpayments and payments to ineligible recipients at the end of the fiscal year

For the 2023–24 fiscal year, the calculation was as follows:

- \$11.4 billion: Amount of accounts receivable of COVID-19 benefit overpayments and payments to ineligible recipients at the end of the fiscal year
- Minus \$6.3 billion: Allowance for doubtful accounts
- Equals: \$5.1 billion: Amount of net accounts receivable of COVID-19 benefit overpayments and payments to ineligible recipients at the end of the fiscal year

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## Visual 6—Text description

This bar chart shows that as at March 31, 2025, approximately \$7.8 billion of the Canada Emergency Business Account loans were still to be repaid.

Because some of that amount was at risk of not being repaid, the government estimated an allowance for potential losses of \$5.4 billion. That left a net balance of loans receivable of \$2.4 billion.

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## Visual 7—Text description

This bar chart shows that as of March 31, 2025, there were 349,000 outstanding pay action requests, down from 424,000 reported a year earlier.

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## Visual 8—Text description

This bar chart shows the aging of outstanding pay action requests as of March 31, 2025.

More than half of pay action requests in the departments and agencies served by the Public Service Pay Centre were outstanding for more than 1 year.

That amount is broken down as follows:

- 16% were outstanding between 1 and 2 years
- 14% were outstanding between 2 and 3 years
- 23% were outstanding for more than 3 years

The remaining pay action requests, 47%, were outstanding for less than 1 year.

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## Visual 9—Text description

This infographic shows 4 key developments this year related to environmental, social, and governance reporting and sustainability initiatives in Canada.

Square 1: States that over 90 federal entities published their sustainable development strategy reports under the Federal Sustainable Development Act.

Square 2: States that the first annual report on climate-related financial risks and opportunities

for the federal public administration was published by the Department of Finance Canada under the Canadian Net-Zero Emissions Accountability Act.

Square 3: States that 10 federally regulated financial institutions, including banks and insurance groups, reported on climate-related financial risks, as required by the Office of the Superintendent of Financial Institutions Canada and guided by its Guideline: Climate Risk Management.

Square 4: States that the first annual report required by the Fighting Against Forced Labour and Child Labour in Supply Chains Act was published by Public Safety Canada.

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## Visual 10—Text description

This bar chart shows that 48 Crown corporations (parents and subsidiaries whose financial statements we audited) were asked to report on their climate-related risks.

Of these 48 Crown corporations, 18 of them, with more than \$1 billion in assets, were asked to do so by 2022. All 18 had reported.

The rest of the corporations, 30 of them, with less than \$1 billion in assets, were asked to do so by 2024. Nineteen had reported, and 11 had not reported yet.

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