

Employment and Social Development Canada

Schedule of the Common Experience Payment
Designated Amount Fund
December 31, 2023

**Not for redistribution without the express written consent of the
Internal Audit and Enterprise Risk Management Branch (IAERMB) at
Employment and Social Development Canada (ESDC)**

Common Experience Payment Designated Amount Fund of Employment and Social Development Canada (ESDC) for the period from October 1, 2015 to December 31, 2023

Large print, Braille, MP3 [audio], e-text and DAISY formats are available on demand by [ordering online](#) or calling 1 800 O-Canada [1-800-622-6232]. If you use a teletypewriter [TTY], call 1-800-926-9105.

© His Majesty the King in Right of Canada, 2024

For information regarding reproduction rights:
droitdauteur.copyright@HRSDC-RHDCC.gc.ca.

PDF

Cat. No. Em20-195/2024E-PDF
ISBN 978-0-660-73788-1



Independent auditor's report

To the Internal Audit and Enterprise Risk Management Branch
of Employment and Social Development Canada

Our opinion

In our opinion, the accompanying financial information with respect to the Schedule of the Common Experience Payment Designated Amount Fund of Employment and Social Development Canada (ESDC) as at December 31, 2023 and for the period from October 1, 2015 to December 31, 2023, is prepared, in all material respects, in accordance with Article 5 of the Indian Residential Schools Settlement Agreement (IRSSA) effective September 19, 2007.

What we have audited

ESDC's financial information comprises the Schedule of the Common Experience Payment (CEP) Designated Amount Fund as at December 31, 2023 and for the period from October 1, 2015 to December 31, 2023, and the notes to the financial information, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of ESDC in accordance with the ethical requirements that are relevant to our audit of the financial information in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of accounting and restriction on use

We draw attention to note 2 to the financial information, which describes the basis of accounting. The financial information is prepared to assist ESDC to comply with the financial reporting requirements of the IRSSA. As a result, the financial information may not be suitable for another purpose. Our report is

PricewaterhouseCoopers LLP

99 Bank Street, Suite 710, Ottawa, Ontario, Canada K1P 1E4

T: +1 613 237 3702, F: +1 613 237 3963, ca_ottawa_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



intended solely for ESDC and the parties listed in the IRSSA in accordance with the terms of our engagement.

Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the financial information

Management is responsible for the preparation of the financial information in accordance with the basis of accounting described in note 2 to the financial information; and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing ESDC's financial reporting process.

Auditor's responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ESDC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

PricewaterhouseCoopers LLP

99 Bank Street, Suite 710, Ottawa, Ontario, Canada K1P 1E4

T: +1 613 237 3702, F: +1 613 237 3963, ca_ottawa_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Signed by PricewaterhouseCoopers LLP]

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario

April 29, 2024

PricewaterhouseCoopers LLP

99 Bank Street, Suite 710, Ottawa, Ontario, Canada K1P 1E4

T: +1 613 237 3702, F: +1 613 237 3963, ca_ottawa_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Employment and Social Development Canada

Schedule of the Common Experience Payment Designated Amount Fund

As at December 31, 2023 and for the period from October 1, 2015 to December 31, 2023

(in thousands of dollars)

	\$
Designated Amount Fund, opening balance as at October 1, 2015 (note 1)	167,349
Interest revenue (note 2.c.)	2,016
Administration costs (note 2.d.)	(2,480)
Payments to CEP recipients (note 3)	(3,582)
Payments of Personal Credits (note 4)	(706)
Payments to organizations (note 5)	<u>(160,703)</u>
Designated Amount Fund, closing balance as at December 31, 2023 (note 6)	<u>1,894</u>

Contractual obligations (note 6)

Contingencies (note 7)

The accompanying notes are an integral part of this financial information.

Employment and Social Development Canada

Notes to the Schedule of the Common Experience Payment Designated Amount Fund As at December 31, 2023 and for the period from October 1, 2015 to December 31, 2023

1 Nature of Designated Amount Fund

The Indian Residential Schools Settlement Agreement (IRSSA) is the result of a class action and other lawsuits brought against the Government of Canada and the Church entities involved in running Indian Residential Schools. The IRSSA includes the Common Experience Payment (CEP), which the Government of Canada pays to all eligible former students who resided at recognized Indian Residential Schools, an Independent Assessment Process for claims of sexual and serious physical abuse, as well as measures to support healing, commemorative activities, and the establishment of a Truth and Reconciliation Commission. The IRSSA received court approval on March 21, 2007, and the court approved implementation date was September 19, 2007.

A Designated Amount Fund was established on September 19, 2007 pursuant to Section 21 of the *Financial Administration Act*, to record amounts received and paid under Article 5 (Common Experience Payment) of the IRSSA. The Designated Amount Fund provides for payments to eligible former students of recognized Indian Residential Schools. The Designated Amount Fund is co-administered by the Trustee, the Government of Canada, represented jointly by the Minister of Families, Children and Social Development (formerly the Minister of Employment and Social Development) and the Minister of Indigenous and Northern Affairs (formerly the Minister of Aboriginal Affairs and Northern Development), respectively. Crown- Indigenous Relations and Northern Affairs Canada (CIRNAC) is responsible for determining the eligibility of the clients requesting CEP and oversight of a third party service provider in the processing of all Personal Credits, and Employment and Social Development Canada (ESDC) manages all the financial activities related to the Designated Amount Fund through Service Canada.

An initial audit of the schedule of the CEP Designated Amount Fund of ESDC (formerly named Human Resources and Skills Development Canada) was performed as at September 30, 2012 and for the period from September 19, 2007 to September 30, 2012. A subsequent audit of the schedule of the CEP Designated Amount Fund of ESDC was performed as at September 30, 2012 and for the period from October 1, 2012 to September 30, 2015. The audited balance of the Designated Amount Fund as at September 30, 2015 was \$167,349,267 and is shown in the accompanying schedule as the opening balance as at October 1, 2015 (in thousands of dollars).

2 Significant accounting policies

a. Basis of accounting

The schedule of the Common Experience Payment Designated Amount Fund is prepared in accordance with Article 5 of the IRSSA effective September 19, 2007.

b. Common Experience Payment

A Common Experience Payment is recorded on a cash basis when authorization for the payment exists and the payment has been issued.

Employment and Social Development Canada

Notes to the Schedule of the Common Experience Payment Designated Amount Fund As at December 31, 2023 and for the period from October 1, 2015 to December 31, 2023

c. Interest revenue

As per Article 5.03 of the IRSSA, interest revenue on the Designated Amount Fund balance is recognized in the period it is earned and as provided in Order in Council P.C. 1970-300 of February 17, 1970, made pursuant to Section 21(2) of the *Financial Administration Act*.

Interest on the balance of the Designated Amount Fund is calculated daily and is credited to the Fund. The interest rate used in the determination of interest revenue is equal to 90 percent (%) of the simple arithmetic mean of the accepted bi-weekly three-month Treasury Bill tender rates for the month immediately preceding the month in respect of which interest revenue is earned. The calculation of interest commenced on September 19, 2007.

d. Administration costs

Per Article 5.08 of the IRSSA, all internal administration costs relating to the CEP and its distribution are assumed by the Government of Canada, whereas all internal administration costs relating to the Personal Credits and their distribution are to be paid directly from the Designated Amount Fund.

Administration costs are recorded on a cash basis when authorization for the payment exists and the payment has been issued.

e. Personal Credits

A Personal Credit payment is recorded on a cash basis when authorization for the payment exists and the payment has been issued to the agent of the Trustee to pay the named Educational Entities/Groups on behalf of a Personal Credit recipient.

f. Payments to Organizations

Per Article 5.07 (2) and 5.07.(5) of the IRSSA, the net reserve balance in the Designated Amount Fund is to be paid to two designated organizations: the National Indian Brotherhood Trust Fund (NIBTF) and to the Inuvialuit Education Foundation (IEF).

Payments are made in periodic instalments based on calculations approved by court order and are recorded on a cash basis when authorization for the payment exists and the payment has been issued.

3 Payments to CEP recipients

Subject to Sections 17.01 and 17.02 of the IRSSA, a CEP is made out of the Designated Amount Fund to every eligible CEP recipient who submits a CEP Application provided that:

- the CEP Application is submitted to ESDC in accordance with the provisions of the IRSSA;
- the CEP Application is received prior to the CEP Application Deadline;
- the CEP Application is validated in accordance with the provisions of the IRSSA; and

Employment and Social Development Canada

Notes to the Schedule of the Common Experience Payment Designated Amount Fund As at December 31, 2023 and for the period from October 1, 2015 to December 31, 2023

- the eligible CEP recipient was alive on May 30, 2005, or was a member of the Cloud certified class and was alive on October 5, 1996.

As per Article 5.02 of the IRSSA, a CEP is determined as follows:

- ten thousand dollars (\$10,000.00) to every eligible CEP recipient who resided at one or more Indian Residential Schools for one school year or part thereof; and
- an additional three thousand (\$3,000.00) to every eligible CEP recipient who resided at one or more Indian Residential Schools for each school year or part thereof, after the first school year; and less the amount of any advance payment on the CEP received.

On December 18, 2015, the Supreme Court of British Columbia ordered that the Government of Canada is absolved of any further responsibility or liability, including any claims relating to its role as Trustee of the Designated Amount Fund, with respect to any CEP overpayments, currently known or in future, once reported to Court Counsel.

4 Personal Credits

Per Article 5.07 of the IRSSA, if the balance in the Designated Amount Fund exceeds the amount required to make payments to all eligible CEP recipients by more than \$40,000,000, the excess will be apportioned pro rata to all those who received a CEP to a maximum amount of \$3,000 per person in the form of Personal Credits.

Personal Credits are defined as credits that do not have cash value; are transferable to a family member who is a member of the Family Class; may be combined with the Personal Credits of other individuals; and are redeemable for either personal or group education services provided by Educational Entities/Groups jointly approved by Canada, the Assembly of First Nations and Inuit Representatives.

5 Payments to organizations

Per Article 5.07(2) of the IRSSA, after the payment of the maximum amount of Personal Credits to all eligible CEP recipients who have received the CEP, including payment of all administration costs related thereto, all excess funds remaining in the Designated Amount Fund are to be transferred to the National Indian Brotherhood Trust Fund (NIBTF) and to the Inuvialuit Education Foundation (IEF) consistent with applicable Treasury Board policies set out in Section 5.07(5). The monies transferred are to be used for educational programs based on terms and conditions agreed between Canada and NIBTF and IEF.

Per Article 5.07(5) of the IRSSA, funds in the Designated Amount Fund are to be transferred to the NIBTF and the IEF respectively proportionately based on the total number of eligible CEP Recipients other than Inuit and Inuvialuit who have received the CEP in the case of the NIBTF and the total number of Inuit and Inuvialuit eligible CEP recipients who have received the CEP in the case of the IEF.

On July 27, 2015, the Supreme Court of British Columbia instructed Canada to initiate progressive payments to the NIBTF and the IEF based on the net reserve balance in the Designated Amount Fund. The net reserve balance consists of the funds left in the Designated Amount Fund after consideration for contractual obligations

Employment and Social Development Canada

Notes to the Schedule of the Common Experience Payment Designated Amount Fund As at December 31, 2023 and for the period from October 1, 2015 to December 31, 2023

and contingencies, as estimated by Canada. The first two instalment payments were made on August 3, 2015 and August 15, 2015, respectively.

Payments to organizations processed during the period from October 1, 2015 to December 31, 2023 totalled \$160,702,869. The payments were based on the net reserve balance in the Designated Amount Fund as at a point in time, as calculated and approved by the Supreme Court of British Columbia as follows:

- On November 23, 2015, a third instalment payment made to organizations in the amount of \$82,765,784, based on the net reserve balance as at April 30, 2015;
- On May 29, 2018, a fourth instalment payment made to organizations in the amount of \$64,869,049, based on the net reserve balance as at January 31, 2018; and;
- On November 18, 2020, a fifth instalment payment made to organizations in the amount of \$13,068,036, based on the net reserve balance as at June 30, 2020.

6 Contractual obligations

The nature of the activities affecting the Designated Amount Fund can result in significant obligations whereby the Trustee will be obligated to make future payments as required under the instructions from the Court.

Additional Common Experience Payments are expected to be paid out of the Designated Amount Fund subsequent to December 31, 2023. As at December 31, 2023, these estimated future payments amount to \$50,000. This additional amount is not accounted for in the Designated Amount Fund as at December 31, 2023.

Additional Personal Credit payments are expected to be paid out of the Designated Amount Fund subsequent to December 31, 2023. As at December 31, 2023, this estimated future payment amounts to \$2,977. This additional amount is not accounted for in the Designated Amount Fund as at December 31, 2023.

Additional administration costs relating to the processing of Personal Credits and their distribution are expected to be paid out of the Designated Amount Fund subsequent to December 31, 2023. As at December 31, 2023, these estimated future payments amount to \$50,600. These additional amounts are not accounted for in the Designated Amount Fund as at December 31, 2023.

7 Contingencies

On December 18, 2015, the Supreme Court of British Columbia ordered that the Government of Canada is absolved of any further responsibility or liability, including any claims relating to its role as Trustee of the Designated Amount Fund, with respect to any CEP overpayments, currently known or in future, once reported to Court Counsel.

As at December 31, 2023, there are no other known contingencies for claims or pending litigation related to the Designated Amount Fund.