



## Policy Bulletin #33 Audited Financial Statements

Issued August 2006

Section 14(3) of the *Employment Pension Plans Act* (the Act) has been amended as a result of the coming into force of the *Employment Pension Plans Amendment Act 2005* (the Amendment Act) on August 10, 2006. The amendment now requires that certain pension plans file audited financial statements on an annual basis. Previously the requirement to file financial statements was limited to Specified Multi-Employer Plans.

This Update highlights the requirements of section 14(3)(d) of the Act as well as section 11(2), (3) and 25(1)(a.1) of the *Employment Pension Plans Regulation* (the Regulation) as amended by the *Employment Pension Plans (General 2006) Amendment Regulation*, which also came into force on August 10, 2006 in respect of filing financial statements for registered pension plans. This Update has no legal authority; the Act and Regulation should be used to determine specific legal requirements.

### **Audited Financial Statements**

Section 2(1)(a.1) of the Regulation defines audited financial statements as statements that are:

- i. prepared in accordance with GAAP, including the accounting recommendations of the CICA set out in the handbook published by that institute as amended up to the relevant date, and
- ii. accompanied by an audit report that is prepared
  - A. by or under the auspices of a public accounting firm within the meaning of the *Regulated Accounting Profession Act*, and
  - B. in accordance with generally accepted auditing standards, including the auditing recommendations of that institute set out in the Handbook, as amended, referred to in subclause (i).

**Specified Multi-Employer Pension Plans**

Administrators of a SMEPP are required to file audited financial statements of the plan. Previously the deadline associated with this filing was 60 days after the plan administrator received the statements. The deadline is now 180 days after the plan's fiscal year end.

It should be noted that a plan audited financial statement is more comprehensive than an audited financial statement of a plan fund. Administrators should consult their auditors, Section 4100 of the handbook of the Canadian Institute of Chartered Accountants (CICA), as well as the requirements of Generally Accepted Accounting Principles (GAAP) for additional clarification.

**Pension Plans with Defined Benefit Provisions (non-SMEPP)**

In the case of a pension plan that contains defined benefit provisions and where the market value of assets related to those provisions, at the end of the fiscal year, equals or exceeds \$3,000,000, the plan administrator must file the audited financial statements of the fund.

**Pension Plans with Defined Contribution Provisions (non-SMEPP)**

In the case of a pension plan that contains defined contribution provisions, and the employer directs the investment of all, or a part of, the assets in the Plan, if the value of the employer-directed assets equals or exceeds \$1,000,000, the plan administrator must file the audited financial statements of the fund. Pension plans must state in their plan text who directs the investments, employers or employees.

**Pension Plans with Members Governed by the Pension Benefits Standard Act, 1985 (PBSA)**

In the case of a pension plan that has members governed by the Federal PBSA, the plan administrator must file an OSFI 60 – Certified Financial Statements, in accordance with guideline outlined by the Office of the Superintendent of Financial Institutions (OSFI). More information can be found at [www.osfi-bsif.gc.ca](http://www.osfi-bsif.gc.ca).

**Other Financial Statements**

Notwithstanding sections 11(2)(a) and (b) of the Regulation, the Superintendent can request, by notice in writing to any plan administrator, the audited financial statements of the plan or any other financial statements covering any material and in the form specified by the Superintendent as of the date he specifies.

**Review of Audited  
Financial Statements by  
Plan Members**

Section 25(1)(a.1) of the Regulation permits a member of pension plan to review the plan's 3 most recent audited financial statements. If a pension plan has a DC and a DB component, then only those portions of those statements that relate to the provisions applicable to the person entitled to the benefit must be provided to the person making the request for the information.

**Transitional**

The relevant financial statements must be filed with the Superintendent within 180 days from the fiscal year end of the pension plan. Section 11(3) also permits the Superintendent to request that the financial statements be filed sooner than the 180-day deadline where the Superintendent deems it necessary.

Pension plans that were not required to file annual audited financial statements before the coming into force of these rule changes will not be required to file statements with respect to fiscal years ending before August 10, 2006.

Specified Multi Employer Pension Plans continue to be required to file audited financial statements for fiscal year ends which are prior to August 10, 2006.

For further information please contact:

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