



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# FINANCIAL STATEMENTS

For the year ended  
March 31, 2020



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

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## Statement of Management Responsibility

Responsibility for the integrity and objectivity of the Financial Statements of the House of Commons for the year ended March 31, 2020, and of all information contained in these statements rests with management.

The Financial Statements have been prepared by management in accordance with Canadian public sector accounting standards, using management's best estimates and judgments where appropriate and giving due consideration to materiality. Financial information submitted to the *Public Accounts of Canada* is consistent with these statements.

Management maintains a system of financial management and internal control, as well as management practices, designed to provide reasonable assurance that the financial information is reliable, that assets are safeguarded, that resources are managed economically and efficiently in the achievement of the House of Commons objectives, and that transactions reflect the By-laws approved by the Board of Internal Economy as well as statutory requirements.

Management also seeks to ensure the objectivity and integrity of data in its Financial Statements by careful selection, training, and development of qualified staff; by organizational arrangements that provide appropriate divisions of responsibility; and by communication programs aimed at ensuring that regulations, policies, guidelines, standards and managerial authorities are understood throughout the House of Commons.

At the request of management, the Financial Statements have been audited by KPMG LLP, the independent auditors of the House of Commons.

On behalf of the House of Commons,

Charles Robert  
Clerk of the House of Commons

Daniel G. Paquette, CPA, CA  
Chief Financial Officer

Ottawa, Canada  
August 11, 2020



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## **INDEPENDENT AUDITORS' REPORT**

To the Clerk of the House of Commons

### ***Opinion***

We have audited the financial statements of the House of Commons (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations and net financial position for the year then ended
- the statement of change in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its results of operations, its accumulated surplus and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the financial statements.

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 statements, 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.



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- 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 the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

August 11, 2020



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
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## Statement of Financial Position

As at March 31

<i>(in thousands of dollars)</i>	<b>2020</b>	<b>2019</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities – <i>note 4</i>	<b>45,927</b>	36,599
Vacation pay and compensatory leave	<b>11,517</b>	11,093
Employee benefits – <i>note 5</i>	<b>26,989</b>	27,485
Centennial Flame Research Award Fund – <i>note 6</i>	<b>25</b>	21
<i>Total liabilities</i>	<b>84,458</b>	75,198
<b>Financial assets</b>		
Cash	<b>9</b>	20
Due from the Consolidated Revenue Fund	<b>30,497</b>	25,001
Accounts receivable – <i>note 7</i>	<b>17,350</b>	14,133
Advances – <i>note 8</i>	<b>900</b>	843
Inventory held for sale	<b>508</b>	405
<i>Total financial assets</i>	<b>49,264</b>	40,402
<b>Net debt</b>	<b>35,194</b>	34,796
<b>Non-financial assets</b>		
Prepaid expenses	<b>9,716</b>	9,625
Inventory held for use	<b>3,093</b>	3,156
Tangible capital assets – <i>note 9</i>	<b>26,790</b>	21,664
<i>Total non-financial assets</i>	<b>39,599</b>	34,445
<b>Net financial position – (surplus)/deficit</b>	<b>(4,405)</b>	351

Contractual obligations – *note 10*

Contingent liabilities – *note 11*

Approved by:

Charles Robert  
Clerk of the House of Commons

Daniel G. Paquette, CPA, CA  
Chief Financial Officer

Ottawa, Canada  
August 11, 2020



## Statement of Operations and Net Financial Position

For the year ended March 31

	<i>Budget</i>	<b>2020</b>	<b>2019</b>
<i>(in thousands of dollars)</i>	<i>note 12</i>		
<b>Expenses</b>			
<b>Operating</b>			
Salaries and benefits	413,898	<b>427,531</b>	407,897
Accommodations	64,408	<b>64,408</b>	71,108
Transportation and telecommunications	39,709	<b>35,572</b>	42,174
Professional and special services	30,668	<b>22,779</b>	24,759
Rentals and licences	25,905	<b>21,033</b>	20,074
Computer, office equipment, furniture and fixtures	14,037	<b>14,527</b>	11,777
Utilities, materials and supplies	13,465	<b>9,890</b>	10,591
Advertising and printing services	12,110	<b>9,682</b>	10,527
Amortization of tangible capital assets	6,233	<b>6,233</b>	7,226
Repairs and maintenance	8,697	<b>4,941</b>	5,269
Net loss (gain) on disposal of tangible capital assets	(2)	<b>(2)</b>	271
Other	580	<b>537</b>	318
<i>Total operating expenses</i>	629,708	<b>617,131</b>	611,991
<b>Transfer payments to international associations</b>	993	<b>1,101</b>	1,032
<b>Total expenses – note 15</b>	630,701	<b>618,232</b>	613,023
<b>Revenues</b>			
Cost recoveries	24,064	<b>22,547</b>	27,078
Food Services – sales	2,243	<b>2,753</b>	3,528
Other	296	<b>157</b>	156
<b>Total revenues</b>	26,603	<b>25,457</b>	30,762
<b>Net cost of operations</b>	604,098	<b>592,775</b>	582,261
<b>Funding and transfers</b>			
Net cash provided by the Consolidated Revenue Fund	-	<b>(498,542)</b>	(493,214)
Change in due from the Consolidated Revenue Fund	-	<b>(5,496)</b>	5,195
Services received without charge – note 14 (a)	-	<b>(90,656)</b>	(94,599)
Transfer of transition salary payments in arrears	-	-	7
Net transfer from federal government departments – note 14 (c)	-	<b>(2,837)</b>	(272)
<b>Net cost of operations after funding and transfers</b>	-	<b>(4,756)</b>	(622)
<b>Net financial position – beginning of year</b>	-	<b>351</b>	973
<b>Net financial position – end of year</b>	-	<b>(4,405)</b>	351





## Statement of Change in Net Debt For the year ended March 31

<i>(in thousands of dollars)</i>	2020	2019
<b>Net cost of operations after funding and transfers</b>	<b>(4,756)</b>	<b>(622)</b>
<b>Change due to tangible capital assets</b>		
Acquisitions of tangible capital assets, net of transfers – <i>note 14 (c)</i>	<b>8,471</b>	7,212
Amortization of tangible capital assets	<b>(6,233)</b>	(7,226)
Net gain (loss) on disposal of tangible capital assets	<b>2</b>	(271)
Transfer of capital assets from federal government departments	<b>2,906</b>	201
Proceeds from disposal of tangible capital assets	<b>(20)</b>	(55)
<b>Total change due to tangible capital assets</b>	<b>5,126</b>	<b>(139)</b>
Change due to inventory held for use	<b>(63)</b>	773
Change due to prepaid expenses	<b>91</b>	(421)
Net increase (decrease) in net debt	<b>398</b>	<b>(409)</b>
<b>Net debt – beginning of year</b>	<b>34,796</b>	<b>35,205</b>
<b>Net debt – end of year</b>	<b>35,194</b>	<b>34,796</b>



## Statement of Cash Flows

For the year ended March 31

<i>(in thousands of dollars)</i>	2020	2019
<b>Operating activities</b>		
Net cost of operations	592,775	582,261
<b>Non-cash items</b>		
Services received without charge – note 14 (a)	(90,656)	(94,599)
Amortization of tangible capital assets	(6,233)	(7,226)
Net loss (gain) on disposal of tangible capital assets	2	(271)
Transfer of salary overpayments to (from) federal government departments	69	(71)
<b>Transition payments for implementing salary payments in arrears</b>	-	7
<b>Variations in Statement of Financial Position</b>		
Decrease in cash	(11)	(33)
Increase in accounts receivable	3,217	304
Increase (decrease) in advances	57	(70)
Increase (decrease) in prepaid expenses	91	(421)
Increase in inventory	40	788
Decrease (increase) in accounts payable and accrued liabilities	(9,328)	6,414
Increase in vacation pay and compensatory leave	(424)	(1,871)
Decrease in employee benefits	496	843
Decrease (increase) in Centennial Flame Research Award Fund	(4)	2
<b>Cash used in operating activities</b>	<b>490,091</b>	<b>486,057</b>
<b>Capital investing activities</b>		
Acquisition of tangible capital assets, net of transfers – note 14 (c)	8,471	7,212
Proceeds from disposal of tangible capital assets	(20)	(55)
<b>Cash used in capital investing activities</b>	<b>8,451</b>	<b>7,157</b>
<b>Net cash provided by the Consolidated Revenue Fund</b>	<b>498,542</b>	<b>493,214</b>



# Notes to the Financial Statements

For the year ended March 31

## 1. Authority and objectives

The **House of Commons** is the elected assembly of the Parliament of Canada, established under the *Constitution Act, 1867*. It is made up of 338 Members.

The **Board of Internal Economy** (BOIE) is the governing body of the House of Commons. The Board makes decisions and provides direction on financial and administrative matters of the House of Commons, specifically concerning its premises, services and its staff, as well as Members of the House of Commons. This authority is given to the Board by the *Parliament of Canada Act*. The Board is chaired by the Speaker and comprised of Members representing all recognized parties.

The **Clerk of the House of Commons** is the Secretary to the Board of Internal Economy and the chief executive of the House Administration, reporting to the Speaker.

**Members** carry out the roles of legislators and elected representatives of their constituencies. In their constituencies, Members participate in events and activities and hold discussions with constituents about their concerns. In the Chamber, Members participate in debates and study and vote on legislation. Members sit on standing committees and special or joint committees, since the House of Commons delegates in-depth consideration of bills and the thorough scrutiny of the Government's programs and policies to its committees. Members also participate in parliamentary associations and interparliamentary groups, and are members of delegations in parliamentary exchanges. Finally, in caucus, Members develop strategies, discuss policies and examine important issues with fellow caucus Members, and direct the work of research offices. Some Members, such as the Speaker, Deputy Speaker, House Leaders and Chief Whips, assume additional functions as House Officers.

The **House Administration** provides the support required by Members during a parliament, and serves the House of Commons as an institution on a permanent basis by providing continuity from one parliament to another, access to parliamentary records, and a stable infrastructure to support Members in the legislative process. Advice and support are provided through a wide variety of services such as procedural, legislative, legal, information technology and management, building management, food, finance, human resources, health and safety. The staff of the House of Commons strives to support the institution and Members in their roles as legislators and representatives of 338 constituencies in the Chamber, in committee and in caucus. The House Administration employ a budgeted number of 1,787 permanent full-time equivalent that report to the Clerk who is responsible for the day-to-day management of House operations and oversees the following functions: Corporate Communications, Audit and Improvement, and Curatorial Services. The Law Clerk and Parliamentary Counsel provides comprehensive legal and legislative services to the Speaker, the BOIE, Members, committees, the Clerk and the House Administration.



# Notes to the Financial Statements

For the year ended March 31

## 1. Authority and objectives (continued)

The Deputy Clerk, Procedure is responsible for Procedural Services and offers a broad range of procedural and legislative advice to the Speaker, Members and House Officers. The Deputy Clerk, Administration provides Members with a broad range of administrative services, infrastructure, support and advice to help them carry out their parliamentary functions on the Hill and in their constituencies. The Deputy Clerk, Administration oversees the functionality and service delivery of several service areas: Digital Services and Real Property, the Office of the Sergeant-at-Arms and Corporate Security, Finance Services, Human Resources Services and Parliamentary Precinct Operations, and provides services that support strategic planning and reporting activities, the technical and administrative infrastructure for the Canadian Parliamentary Press Gallery, and oversight of the management of corporate human resource and financial systems.

## 2. Summary of significant accounting policies

### (a) Basis of presentation

The Financial Statements have been prepared in accordance with Canadian public sector accounting standards.

### (b) Parliamentary authorities

The House of Commons is funded through parliamentary authorities. Financial reporting of authorities provided to the House of Commons does not parallel financial reporting according to Canadian public sector accounting standards, since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

### (c) Net cash provided by the Consolidated Revenue Fund

The House of Commons operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the House of Commons is deposited to the CRF, and all cash disbursements made by the House of Commons are paid from the CRF. The net cash provided by the CRF is the difference between all cash receipts and all cash disbursements, including transactions with departments of the Government of Canada and other Parliament institutions.

### (d) Due from the Consolidated Revenue Fund

Amounts due from the Consolidated Revenue Fund (CRF) are the result of timing differences at year-end between the time when a transaction affects authorities and the time when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the House of Commons is entitled to draw from the CRF without further appropriations to discharge its liabilities.



## Notes to the Financial Statements

For the year ended March 31

### 2. Summary of significant accounting policies (continued)

#### (e) Accounts receivable and advances

Accounts receivable and advances are stated as amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

#### (f) Inventory

##### i. Inventory held for sale

Inventory held for sale consists of items in the canteens, cafeterias and the Parliamentary Dining Room. This inventory is valued at the lower of cost or net realizable value using the first in, first out method.

##### ii. Inventory held for use

Inventory held for use consists of consumable parts, material, stationery and office supplies held for future activities. Inventory is valued at the lower of cost or net realizable value using the average cost method, and using the first in, first out method for other items.

#### (g) Tangible capital assets

The House of Commons does not capitalize intangibles (other than software), works of art or historical treasures that have cultural, aesthetic or historical value. Amounts included in assets under development are transferred to the appropriate class of asset upon completion and are then amortized. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

<u>Asset class</u>	<u>Amortization period</u>
Informatics hardware and infrastructure	3 years
Software	3 to 5 years
Machinery and equipment	5 to 10 years
Vehicles	5 to 7 years
Other equipment	5 to 10 years
Leasehold improvements	Lesser of 10 years or term of lease



## Notes to the Financial Statements

For the year ended March 31

### 2. Summary of significant accounting policies (continued)

#### (h) Employee benefits

##### i. Salaries, benefits and vacation leave

Salaries, benefits and vacation leave are expensed as they accrue in accordance with the terms of employment. The salaries and benefits liability is calculated based on terms of employment using the salary levels at year-end and the number of days remaining unpaid at the end of the year. The liability for vacation leave is calculated at the salary levels in effect at March 31 for all unused vacation leave benefits. Vacation pay liabilities payable upon cessation of employment represent House of Commons obligations that are normally funded through future years' parliamentary authorities.

##### ii. Employee severance benefits

Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as the services necessary to earn them are rendered. The obligation relating to the benefits earned by these employees is calculated as at March 31, based on the employees' earned number of weeks and their salary as at March 31.

As part of collective agreement negotiations with certain employee groups and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees as of 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of earned benefits or collect the full or remaining value of benefits upon termination of their employment. The obligation relating to the benefits earned by these employees is calculated based on their earned number of weeks and their salary as at March 31.

##### iii. Pension benefits

###### a. Employee pension benefits

Eligible employees participate in the Public Service Pension Plan under the *Public Service Superannuation Act*, which is sponsored and administered by the Government of Canada. The House of Commons' contributions to the Plan are charged to expenses in the year incurred and represent the total obligation of the House of Commons to the Plan. The House of Commons is not required under current legislation to make contributions for any actuarial deficiencies of the Plan.



## Notes to the Financial Statements

For the year ended March 31

### 2. Summary of significant accounting policies (continued)

#### b. Members' pension benefits

Eligible Members participate in a defined benefit pension plan under the *Members of Parliament Retiring Allowances Act*, which is sponsored and administered by the Government of Canada. Assets and liabilities for the Members' pension accounts are not included in the House of Commons' Statement of Financial Position, as these accounts are the responsibility of the Government of Canada. The House of Commons' contributions to these accounts are charged to the salaries and benefits expenses in the year incurred. Members who are not eligible for an immediate pension are entitled to a severance allowance under the *Parliament of Canada Act* upon ceasing to perform their parliamentary functions. The severance allowance liability is reported in the Government of Canada's financial statements.

#### iv. Sick leave benefits

Employees are eligible to accumulate sick leave until termination of employment. Unused sick leave is not eligible for payment upon retirement or termination and may not be used as vacation. Sick leave is an accumulated non-vesting benefit. A liability is recorded for sick leave balances expected to be taken in excess of future allotments. The cost of sick leave as well as the present value of the obligation are determined using an actuarial valuation. Any gains and losses are recognized in net results in the period in which they arise.

#### (i) Contingent liabilities

Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the Notes to the Financial Statements.

#### (j) Revenues

Revenues are mostly derived from the provision of information technology and information management services to other parliamentary institutions; long-term accommodation planning related to the parliamentary precinct renovations; and catering and restaurant services. Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.



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## Notes to the Financial Statements

For the year ended March 31

### 2. Summary of significant accounting policies (continued)

#### (k) Services received without charge

Services received without charge from federal government departments and agencies for accommodation services provided by Public Services and Procurement Canada, employer contributions to the health and dental insurance plans paid by Treasury Board Secretariat, and workers' compensation services provided by Employment and Social Development Canada are recorded as operating expenses at their estimated cost.

#### (l) Transfer payments

Transfer payments to international parliamentary and independent associations are recognized in the year in which the recipient met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.

#### (m) Foreign currency transactions

Transactions involving foreign currencies are converted into Canadian dollar equivalents using rates of exchange in effect at the time of the transactions.

#### (n) Measurement uncertainty

The preparation of the Financial Statements in accordance with Canadian public sector accounting standards requires that management make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the Financial Statements. At the time of preparation of these statements, management believed the estimates and assumptions to be reasonable. Estimates are used mostly for the following significant items: contingent liabilities, the liability for employee severance benefits, the liability of employee sick leave benefits, and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are periodically reviewed and, as adjustments become necessary, they are recorded in the Financial Statements in the year they become known.





## Notes to the Financial Statements

For the year ended March 31

### 3. Parliamentary authorities

The House of Commons receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Net Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the House of Commons has different net results of operations for the year on a parliamentary funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

#### (a) Reconciliation of net cost of operations to current year parliamentary authorities used

<i>(in thousands of dollars)</i>	2020	2019
Net cost of operations	592,775	582,261
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Services received without charge (note 14 (a))	(90,656)	(94,599)
Prepaid expenses consumption	(8,643)	(9,149)
Amortization of tangible capital assets	(6,233)	(7,226)
Vacation pay and compensatory leave	(424)	(1,871)
Inventory used	(2,275)	(603)
Net loss on disposal of tangible capital assets	(18)	(271)
Refund of previous years' expenditures	187	127
Employee benefits	495	843
Transfers to assets under development	1,635	2,512
Other	414	118
	(105,518)	(110,119)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Acquisitions of tangible capital assets	6,838	4,700
Purchases of inventory	2,314	1,391
Prepaid expenses	8,735	8,728
Other	605	452
	18,492	15,271
<b>Current year authorities used</b>	<b>505,749</b>	<b>487,413</b>



## Notes to the Financial Statements

For the year ended March 31

### 3. Parliamentary authorities (continued)

#### (b) Authorities provided and used

<i>(in thousands of dollars)</i>	2020	2019
Vote 1 – operating expenditures	367,163	362,911
Statutory amounts	149,910	143,477
	517,073	506,388
Less:		
Lapsed – operating	(11,324)	(18,975)
<b>Current year authorities used</b>	<b>505,749</b>	<b>487,413</b>

### 4. Accounts payable and accrued liabilities

<i>(in thousands of dollars)</i>	2020	2019
Payables – external parties	11,912	12,087
Payables – federal government departments, agencies and Crown corporations	1,936	964
	13,848	13,051
Accrued liabilities	32,079	23,548
<b>Total accounts payable and accrued liabilities</b>	<b>45,927</b>	<b>36,599</b>

### 5. Employee benefits

#### (a) Employee severance benefits

The House of Commons provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not funded. Benefits will be paid from future authorities. Information about the severance benefits, measured as at March 31, is as follows:

<i>(in thousands of dollars)</i>	2020	2019
Employee severance benefit obligation – beginning of year	18,259	19,438
Change in liability for the year	12,090	554
Benefits paid during the year	(13,363)	(1,733)
<b>Employee severance benefit obligation – end of year</b>	<b>16,986</b>	<b>18,259</b>



## Notes to the Financial Statements

For the year ended March 31

### 5. Employee benefits (continued)

#### (b) Sick leave benefits

The House of Commons provides benefits for sick leave to its eligible employees consisting of one and one-quarter (1¼) days of sick leave per calendar month. Sick leave can only be used for paid time off at the employee's normal rate of pay when the employee is unable to perform their duties because of illness or injury. Unused sick leave benefits accumulate during the employee's period of service and no payment is due to the employee upon termination of employment for unused days. Information about the sick leave benefits, measured as at March 31, is as follows:

<i>(in thousands of dollars)</i>	<b>2020</b>	<b>2019</b>
Employee sick leave benefit obligation – beginning of year	<b>9,226</b>	8,890
Expense for the year:		
Current service cost	<b>1,490</b>	1,388
Interest cost	<b>146</b>	184
Actuarial loss	<b>856</b>	445
	<b>11,718</b>	10,907
Benefits paid during the year	<b>(1,715)</b>	(1,681)
<b>Employee sick leave benefit obligation – end of year</b>	<b>10,003</b>	9,226

The last valuation was completed as of March 31, 2018 using the projected benefit method prorated on services, and the results have been extrapolated at the end of fiscal year 2020. The next actuarial valuation will be completed on March 31, 2021. The significant actuarial assumptions adopted in measuring the employee sick leave benefit obligation are as follows:

	<b>2020</b>	<b>2019</b>
Discount rate	<b>0.80%</b>	1.60%
Rate of compensation economic increase per year:		
2020	<b>2.0%</b>	2.0%
2021 and thereafter	<b>2.0%</b>	2.0%
Average remaining service period of active employees	<b>15 years</b>	15 years



## Notes to the Financial Statements

For the year ended March 31

### 6. Centennial Flame Research Award Fund

The purpose of the Centennial Flame Research Award Fund is to provide monetary awards that enable persons with disabilities to conduct research and prepare reports on the contributions of one or more persons with disabilities to the public life of Canada or the activities of Parliament. Pursuant to section 3 of the *Centennial Flame Research Award Act*, the Centennial Flame Research Award Fund is credited with money collected from the Centennial Flame monument on Parliament Hill in Ottawa, as well as any money otherwise received as a donation.

### 7. Accounts receivable

<i>(in thousands of dollars)</i>	2020	2019
Receivables – federal government departments, agencies and Crown corporations	13,948	10,942
Receivables – external parties	3,442	3,201
	17,390	14,143
Allowance for doubtful accounts on external receivables	(40)	(10)
<b>Total accounts receivable</b>	<b>17,350</b>	<b>14,133</b>

### 8. Advances

<i>(in thousands of dollars)</i>	2020	2019
Petty cash for Members	578	586
Travel, tuition and other advances	269	204
Petty cash and floats for House of Commons employees	34	34
Postage-related advances	19	19
<b>Total advances</b>	<b>900</b>	<b>843</b>



## Notes to the Financial Statements

For the year ended March 31

### 9. Tangible capital assets

(in thousands of dollars)

	Cost				March 31, 2020	Accumulated Amortization				Net Book Value	
	March 31, 2019	Acquisi- tions	Disposals and adjustments	Transfers of assets under development		March 31, 2019	Amorti- zation	Disposals and adjustments	March 31, 2020	2020	2019
Informatics hardware and infrastructure	18,688	748	(2,228)	-	<b>17,208</b>	16,175	1,731	(2,228)	<b>15,678</b>	<b>1,530</b>	2,513
Software	38,902	-	(55)	3,604	<b>42,451</b>	29,378	2,567	(55)	<b>31,890</b>	<b>10,561</b>	9,524
Machinery and equipment	8,939	1,985	(242)	-	<b>10,682</b>	7,188	365	(224)	<b>7,329</b>	<b>3,353</b>	1,751
Vehicles	1,977	365	(55)	-	<b>2,287</b>	930	266	(55)	<b>1,141</b>	<b>1,146</b>	1,047
Other equipment	3,605	649	(10)	-	<b>4,244</b>	2,704	462	(10)	<b>3,156</b>	<b>1,088</b>	901
Leasehold improvements	6,868	2,484	-	-	<b>9,352</b>	2,992	842	-	<b>3,834</b>	<b>5,518</b>	3,876
Assets under development	2,052	5,146	-	(3,604)	<b>3,594</b>	-	-	-	-	<b>3,594</b>	2,052
<b>Total</b>	<b>81,031</b>	<b>11,377</b>	<b>(2,590)</b>	-	<b>89,818</b>	<b>59,367</b>	<b>6,233</b>	<b>(2,572)</b>	<b>63,028</b>	<b>26,790</b>	21,664



## Notes to the Financial Statements

For the year ended March 31

### 10. Contractual obligations

The nature of the House of Commons' activities can result in some large multi-year obligations whereby the House of Commons will be obligated to make future payments when the goods are received and services are rendered. Significant contractual obligations that can be reasonably estimated are as follows:

<i>(in thousands of dollars)</i>	2021	2022	2023	2024	2025 and thereafter	Total
Supplier agreements	1,655	-	-	-	-	1,655

In the normal course of operations, the House of Commons assumes a contractual obligation through guarantees provided with respect to Members' constituency office leases. These guarantees cover up to four months of lease costs in the event that a lease is terminated for various operational reasons. Based on lease costs that can be incurred by the House of Commons as at March 31, 2020, the maximum obligation is estimated to be \$3,273,723 (\$2,330,383 as at March 31, 2019).

### 11. Contingent liabilities

As of March 31, 2020, management is not aware of any claims or possible claims against the House of Commons.

### 12. Budget figures

Given the difference between parliamentary authorities and Canadian public sector accounting standards, the budget figures presented have been adjusted to conform to the basis of accounting for the Financial Statements. Note 3 provides a high-level reconciliation between the bases of reporting.



## Notes to the Financial Statements

For the year ended March 31

### 13. Pension benefits

#### (a) Employee pension benefits

Employees of the House of Commons participate in the Public Service Pension Plan (PSPP), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2% per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with those of the Canada Pension Plan and the Québec Pension Plans and indexed to inflation.

Both employees and the House of Commons contribute to the cost of the PSPP. Contributions made by the House of Commons, included in salaries and benefits expenses, totalled \$27,472,609 (\$27,272,489 in 2018-2019). This amount represents approximately 1.01 times (1.01 times in 2018-2019) the employees' contributions for existing members who were required to contribute to the cost of the PSPP prior to January 1, 2013, and 1 time (1 time in 2018-2019) for new members required to contribute on or after January 1, 2013.

The House of Commons' responsibility with regard to the PSPP is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Financial Statements of the Government of Canada, as the PSPP's sponsor.

#### (b) Members' pension benefits

Members participate in a pension plan consisting of two separate accounts, the Members of Parliament Retiring Allowances and the Members of Parliament Retirement Compensation Arrangements, which are sponsored and administered by the Government of Canada. Members are eligible to receive a retirement allowance from age 65 or a reduced retirement allowance from age 55, upon termination of their parliamentary functions and after having contributed to the pension plan for at least six years. Pension benefits accrue at a rate of 3% of the highest average of annual pensionable earnings over any period of five years, multiplied by the number of years of pensionable service, to a maximum of 75% of the average annual pensionable earnings. Retirement allowances are indexed to inflation once recipients reach age 60.

Both Members and the House of Commons contribute to the cost of the pension plan. Contributions made by the House of Commons, included in salaries and benefits expenses, totalled \$12,370,911 (\$12,163,185 in 2018-2019).

The House of Commons' responsibility with regard to the pension plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Financial Statements of the Government of Canada, as the pension plan's sponsor.



## Notes to the Financial Statements

For the year ended March 31

### 14. Related party transactions

The House of Commons is related, as a result of common ownership, to all Government of Canada departments, agencies, and Crown corporations. The House of Commons enters into transactions with these entities in the normal course of business and on normal trade terms.

#### (a) Services received without charge

During the year, the House of Commons received services that were obtained without charge from federal government departments and agencies. These services received without charge have been recorded in the House of Commons' Statement of Operations and Net Financial Position as follows:

<i>(in thousands of dollars)</i>	<b>2020</b>	<b>2019</b>
Public Services and Procurement Canada – accommodations	<b>64,408</b>	71,108
Treasury Board Secretariat – employer's share of insurance premiums	<b>26,041</b>	23,268
Employment and Social Development Canada – administrative charges related to workers' compensation payments	<b>207</b>	223
<b>Total services received without charge</b>	<b>90,656</b>	94,599

The Government of Canada has centralized some of its administrative activities for efficiency purposes and economic delivery of programs to the public. As a result, common service organizations provide specific services to all federal government departments and agencies without charge. The cost of these services, such as payroll and cheque issuance services provided by Public Services and Procurement Canada, is not included as an expense in the House of Commons' Statement of Operations and Net Financial Position.

#### (b) Other transactions with related parties

Expenses shown below include services received without charge as described in section (a) of this note.

<i>(in thousands of dollars)</i>	<b>2020</b>	<b>2019</b>
Expenses – federal government departments and agencies	<b>147,671</b>	152,200
Recoveries – federal government departments and agencies	<b>22,847</b>	27,440





## Notes to the Financial Statements

For the year ended March 31

### 14. Related party transactions (continued)

#### (c) Transfer from other government departments

During the year, the House of Commons received tangible capital assets from Public Services and Procurement Canada, a related entity, with a recorded net book value of \$14,430,531. Upon receipt of the transferred assets, the House of Commons applied its capital asset policy, resulting in a write down of the net book value of the assets of \$11,523,580 for assets having exceeded their useful lives. The remaining amount of the transfer in the current year relates to the net transfers of salary overpayment from employees transferred to and from other government departments.

### 15. Expenses by function

<i>(in thousands of dollars)</i>	<b>2020</b>	<b>2019</b>
Members and House Officers	<b>299,897</b>	292,301
House Administration	<b>318,335</b>	320,722
<b>Total expenses</b>	<b>618,232</b>	613,023

### 16. Impact of COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and societal impact in Canada.

At the time of approval of these financial statements, the House of Commons administration has implemented a work from home requirement for its employees. The COVID-19 pandemic is dynamic and the duration and magnitude of the impact on operating expenditures of the House of Commons is not known at this time.