



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# 2018-2019 QUARTERLY FINANCIAL REPORT (Q2)

UNAUDITED  
PRESENTED TO THE BOARD OF INTERNAL ECONOMY

AS AT SEPTEMBER 30, 2018



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## **1. Introduction**

The quarterly financial report is presented to the Board of Internal Economy in support of an effective oversight of public funds. It compares the year-to-date financial information of the current fiscal year (in this case 2018-2019) with the year-to-date financial information of the same quarter of the previous fiscal year (in this case 2017-2018).

This report has not been subject to an external audit or review.

## **2. Basis of Presentation**

This report has been prepared using an expenditure basis of accounting, which is consistent with the *Public Accounts of Canada*. The authorities include the House of Commons' Main Estimates and other items for that same fiscal year, which have been approved by the Board of Internal Economy.

## **3. Corporate Risks**

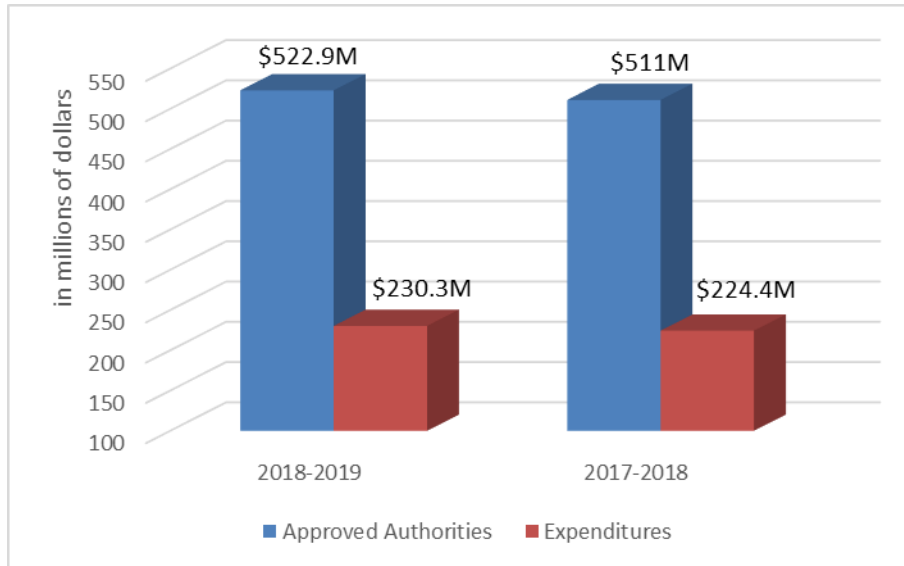
The House Administration's ability to quickly respond to various pressures on its clients and employees, its environment, and its systems and technologies allows it to continue to deliver on initiatives under the Long-Term Vision and Plan (LTVP). The House Administration therefore supports readiness through defined strategies and associated resource allocations to ensure business resilience, as well as the uninterrupted and efficient operations of the House of Commons. Such strategies and allocations enable more effective and efficient communications with Members, their employees and the House Administration employees.

Seeing that the House of Commons is one of Canada's top employers, the House Administration is looking to reinforce the importance of recruiting and retaining qualified and engaged personnel in a highly competitive labour market by focusing its efforts on employee engagement, succession planning and performance management.

## 4. Highlights of Quarterly Results as at September 30

The following graph provides a comparison between authorities approved for use by the Board of Internal Economy and actual expenditures as at September 30 of fiscal years 2018-2019 and 2017-2018.

**Graph 1. Comparison Between Approved Authorities and Actual Expenditures**



Total authorities have shown a modest increase compared to 2017-2018, and expenditures have increased accordingly. It should be noted that the delay of the move to West Block has resulted in surpluses that have been reallocated to cover costs associated with other initiatives, such as the economic increases for House Administration employees. The House of Commons continuously strives to minimize requests for incremental funding whenever possible, therefore promoting an efficient use of resources and avoiding the need to seek approval for additional resources.

## 4.1 Authorities Analysis

### Approved Authorities for the Quarter Ended on September 30

Approved by the Board of Internal Economy by the end of the respective quarter.

**Table 1. Comparison of Approved Authorities for Quarter Ended September 30 of Fiscal Years 2018-2019 and 2017-2018**

(in thousands of dollars)

Type	Description	2018-2019	2017-2018	Variance (\$)	Variance (%)
Statutory	Members and House Officers	120,174	120,093	81	0.1
Statutory	Employee Benefit Plans — Members and House Officers, and House Administration	39,834	40,203	(369)	(0.9)
<b>Statutory</b>	<b>Subtotal</b>	<b>160,008</b>	<b>160,296</b>	<b>(288)</b>	<b>(0.2)</b>
Non-statutory	Members and House Officers	168,515	167,221	1,294	0.8
Non-statutory	Committees, Parliamentary Associations and Parliamentary Exchanges	9,160	8,310	850	10.2
Non-statutory	House Administration	185,236	175,186	10,050	5.7
<b>Non-statutory</b>	<b>Subtotal</b>	<b>362,911</b>	<b>350,717</b>	<b>12,194</b>	<b>3.5</b>
<b>Total</b>		<b>522,919</b>	<b>511,013</b>	<b>11,906</b>	<b>2.3</b>

For 2018-2019, the House of Commons' total approved authorities of \$522.9M are composed of the following items:

- \$507M obtained through the Main Estimates; and
- \$15.9M that will be requested through the Supplementary Estimates.

As reflected in the table above, the House of Commons' total approved authorities available for use in fiscal year 2018-2019 increased by \$11.9M (2.3%) compared to 2017-2018. The most significant changes to the authorities relate to the following:

- \$10.6M for the LTVP; and
- \$1M for conferences, associations and assemblies.

## 4.2 Expenditures Analysis

### Expenditures for the Quarter Ended on September 30

**Table 2. Comparison of Year-to-date Expenditures for Quarter Ended September 30 of Fiscal Years 2018-2019 and 2017-2018**

(in thousands of dollars)

Type	Description	2018-2019	2017-2018	Variance (\$)	Variance (%)
Statutory	Members and House Officers	49,073	51,436	(2,363)	(4.6)
Statutory	Employee Benefit Plans — Members and House Officers, and House Administration	19,917	19,322	595	3.1
<b>Statutory</b>	<b>Subtotal</b>	<b>68,990</b>	<b>70,758</b>	<b>(1,768)</b>	<b>(2.5)</b>
Non-statutory	Members and House Officers	72,438	69,150	3,288	4.8
Non-statutory	Committees, Parliamentary Associations and Parliamentary Exchanges	1,198	1,948	(750)	(38.5)
Non-statutory	House Administration	87,661	82,587	5,074	6.1
<b>Non-statutory</b>	<b>Subtotal</b>	<b>161,297</b>	<b>153,685</b>	<b>7,612</b>	<b>5</b>
<b>Total</b>		<b>230,287</b>	<b>224,443</b>	<b>5,844</b>	<b>2.6</b>

**Table 3. Comparison of Expenditures by Standard Object Between 2018-2019 and 2017-2018**

(in thousands of dollars)

<b>Expenditures</b>	<b>2018-2019</b>	<b>2017-2018</b>	<b>Variance (\$)</b>	<b>Variance (%)</b>
Salaries and Benefits	187,847	177,368	10,479	5.9
Transportation and Telecommunications	16,844	17,660	(816)	(4.6)
Advertising and Printing Services	4,018	3,689	329	8.9
Professional and Special Services	9,308	9,362	(54)	(0.6)
Rentals and Licences	7,520	9,043	(1,523)	(16.8)
Repairs and Maintenance	2,255	1,196	1,059	88.5
Utilities, Materials and Supplies	4,367	4,572	(205)	(4.5)
Computers, Office Equipment, Furniture and Fixtures	3,458	3,244	214	6.6
Transfer Payments	245	152	93	61.2
Other	284	310	(26)	(8.4)
<b>Total Gross</b>	<b>236,146</b>	<b>226,596</b>	<b>9,550</b>	<b>4.2</b>
Less Revenues Netted Against Expenditures	(5,859)	(2,153)	(3,706)	172.1
<b>Total Net</b>	<b>230,287</b>	<b>224,443</b>	<b>5,844</b>	<b>2.6</b>

Expenditures for 2018-2019 increased by \$5.8M (2.6%) at the end of September compared to the previous fiscal year. The most significant changes to the expenditures by standard object are explained below.

### **Salaries and Benefits**

Personnel expenditures increased by \$10.5M by the end of the second quarter of 2018-2019 compared to the previous fiscal year. This increase is mainly due to:

- additional employees hired in support of the LTVP and major investments, such as the Digital Strategy to Modernize the Delivery of Parliamentary Information, the Food Services Modernization and Optimization of Services, the House Officers' expenditure disclosure, the Human Resources Services' pay and benefit services, as well as the creation of the Office of the Deputy Clerk, Administration;
- cost of living increases, including the economic increases to finalize the 10th round of collective bargaining, which cover retroactive payments for the past four years; and
- additional staff hired to support Members in the discharge of their parliamentary functions.

### **Transportation and Telecommunications**

The decrease of \$0.8M is mostly due to a decrease of \$1.1M in travel expenditures, offset by an increase of \$0.3M in telecommunication expenditures, both resulting from differences in the timing of payments from one year to the other.

### **Rentals and Licences**

The decrease of \$1.5M is mainly due to changes in timing of payments associated with annual software licencing for various network and desktop applications. In 2017-2018, payments were made prior to the end of the second quarter, whereas by the end of that same quarter in 2018-2019, payments had not been made.

### **Repairs and Maintenance**

The increase of \$1.1M is mainly due to the LTVP and investments in facilities.

### **Revenues**

The increase in revenues of \$3.7M is mainly due to earlier recoveries compared to the previous year.



### 4.3 Budget Utilization as at September 30

**Table 4. Budget Utilization for Quarter Ended September 30 of Fiscal Years 2018-2019 and 2017-2018**

(in thousands of dollars)

Type	Description	2018-2019 Authorities	2018-2019 Expenditures	2018-2019 % Spent	2017-2018 Authorities	2017-2018 Expenditures	2017-2018 % Spent
Statutory	Members and House Officers	120,174	49,073	40.8%	120,093	51,436	42.8%
Statutory	Employee Benefits Plans — Members and House Officers, and House Administration	39,834	19,917	50.0%	40,203	19,322	48.1%
<b>Statutory</b>	<b>Subtotal</b>	<b>160,008</b>	<b>68,990</b>	<b>43.1%</b>	<b>160,296</b>	<b>70,758</b>	<b>44.1%</b>
Non-Statutory	Members and House Officers	168,515	72,438	43.0%	167,221	69,150	41.4%
Non-Statutory	Committees, Parliamentary Associations and Parliamentary Exchanges	9,160	1,198	13.1%	8,310	1,948	23.4%
Non-Statutory	House Administration	185,236	87,661	47.3%	175,186	82,587	47.1%
<b>Non-Statutory</b>	<b>Subtotal</b>	<b>362,911</b>	<b>161,297</b>	<b>44.4%</b>	<b>350,717</b>	<b>153,685</b>	<b>43.8%</b>
<b>Total</b>		<b>522,919</b>	<b>230,287</b>	<b>44.0%</b>	<b>511,013</b>	<b>224,443</b>	<b>43.9%</b>

As at September 30, 2018, the utilization of authorities remains stable compared to the previous year, only showing a slight increase of 0.1%.

As a result of project delays (e.g. the move to West Block), the House of Commons was able to fund other initiatives internally, such as the costs related to the economic increases to finalize the 10th round of collective bargaining. Therefore, the House did not seek additional external funding and was able to manage within previously approved authorities.