



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

2020-2021 YEAR-END FINANCIAL REPORT

UNAUDITED

PRESENTED TO THE BOARD OF INTERNAL ECONOMY

FOR THE YEAR ENDED MARCH 31, 2021

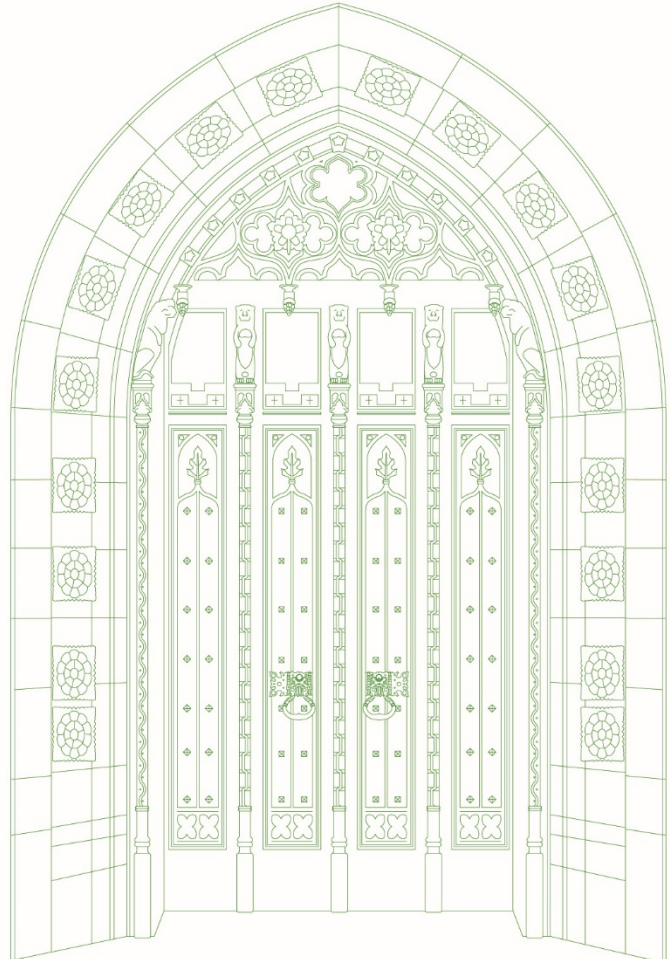


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1. Introduction

This year-end financial report is presented to the Board of Internal Economy (Board) in support of an effective oversight of public funds. It compares financial information of the current fiscal year with the financial information of the previous fiscal year.

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.

3. Corporate Risks

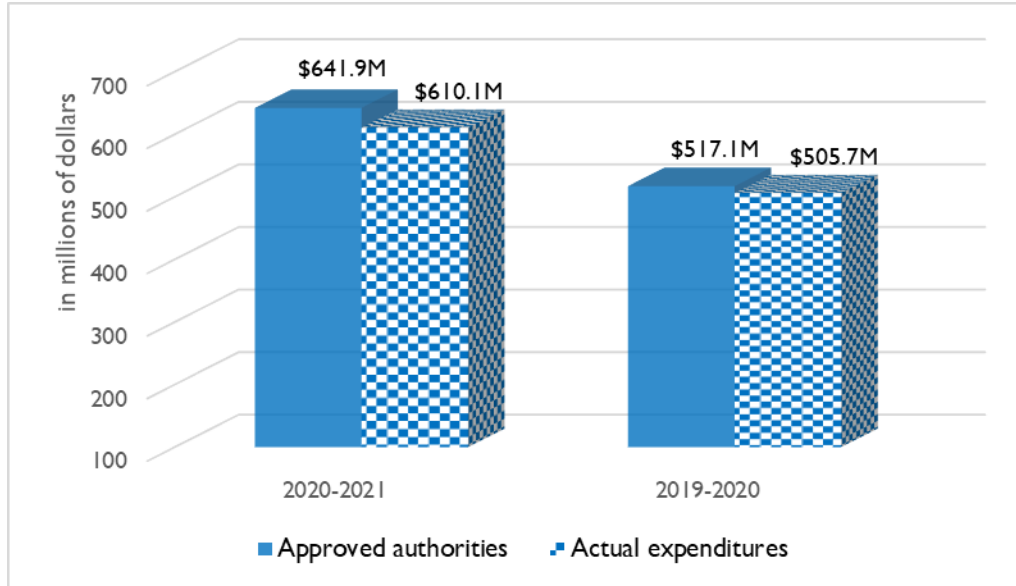
The House of Commons Administration's ability to quickly respond to various pressures on its clients and employees, its environment, and its systems and technologies allows it to continue to deliver on initiatives under the Long-Term Vision and Plan (LTVP). The House Administration therefore supports 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 and their employees and with House Administration employees.

In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a global pandemic. Although the pandemic has had a significant impact on House of Commons business, the House has been successful in adapting to the situation, all while continuing operations, providing required services, and ensuring the safety of Members and their employees, as well as House Administration employees. Decisions were made following public health recommendations to modify service delivery, and resources were dedicated to supporting online work and collaboration as well as new service offerings, including virtual committee meetings and hybrid sittings of the House of Commons. The technology used to facilitate parliamentary proceedings during the pandemic evolved over the past year in order to ensure that the needs of the House of Commons and its Members continue to be met. The House Administration was therefore required to continually adapt its operations, which posed some unique challenges and introduced financial risks this year. The House Administration monitored this unprecedented and evolving situation throughout the year in order to respond appropriately and manage the related financial risks.

4. Highlights of Fiscal Year-end Results as at March 31

The following graph provides a comparison between the authorities that the Board approved for use and the actual expenditures as at March 31 for fiscal years 2020-2021 and 2019-2020.

Graph 1. Comparison Between Approved Authorities and Actual Expenditures



Total authorities and expenditures for 2020-2021 have significantly increased compared to 2019-2020 mostly due to an actuarial adjustment to the Members of Parliament Retiring Allowance and the Members of Parliament Retirement Compensation Arrangements (MPRA and MPRCA accounts). 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. Throughout the year, the House Administration monitored the financial impacts of the COVID-19 pandemic and considered them when making decisions regarding funding.

4.1 Authorities Analysis

Table 1. Comparison of Approved Authorities for the Year Ended March 31 of Fiscal Years 2020-2021 and 2019-2020

(in thousands of dollars)

Type	Description	2020-2021	2019-2020	Variance (\$)	Variance (%)
Statutory	Remuneration – Members (under the <i>Parliament of Canada Act</i>)	80,426	97,885	(17,459)	(17.8)
Statutory	Contributions – MPRA and MPRCA Accounts	139,203	12,371	126,832	1,025.2
Statutory	Employee Benefit Plans – Members and House Officers, and House Administration	40,465	39,654	811	2.0
Statutory	Subtotal	260,094	149,910	110,184	73.5
Non-statutory	Members and House Officers	175,576	172,808	2,768	1.6
Non-statutory	Committees, Parliamentary Associations and Parliamentary Exchanges	7,755	7,715	40	0.5
Non-statutory	House Administration	198,483	186,639	11,844	6.3
Non-statutory	Subtotal	381,815	367,163	14,652	4.0
Total		641,909	517,073	124,836	24.1

Note: Figures may not add up to total due to rounding.

For 2020-2021, the House of Commons' total approved authorities of \$641.9M are composed of the following items:

- \$516.4M from the Main Estimates;
- \$22.6M from the Supplementary Estimates; and
- an increase of \$103M to reflect actual statutory authorities at year-end.

As shown in the table above, the House of Commons' total approved authorities available for use in fiscal year 2020-2021 increased by \$124.8M (24.1%) compared to 2019-2020. The most significant changes relate to the following:

- \$125.6M for an actuarial adjustment to the MPRA and MPRCA accounts;
- \$5.9M for economic increases for certain House Administration employees;
- \$4.4M in major investments, which include \$1.3M for the LTVP;
- \$3.1M for cost of living increases for Members and House Officers;
- \$1.7M in budget adjustments for House Officers following the general election;
- \$1.2M for an adjustment in statutory authorities related to the sessional allowance and additional salaries of Members and House Officers;
- \$1.2M for Employee Benefit Plans (EBPs); and

- a \$19M reduction, to reflect statutory expenditures at year-end, for Members' sessional allowance and their travel and telecommunication allocations, as well as for EBPs.

4.2 Expenditures Analysis

Table 2. Comparison of Year-to-date Expenditures for the Year Ended March 31 of Fiscal Years 2020-2021 and 2019-2020

(in thousands of dollars)

Type	Description	2020-2021	2019-2020	Variance (\$)	Variance (%)
Statutory	Remuneration – Members (under the <i>Parliament of Canada Act</i>)	80,426	97,885	(17,459)	(17.8)
Statutory	Contributions – MPRA and MPRCA Accounts	139,203	12,371	126,832	1,025.2
Statutory	Employee Benefit Plans – Members and House Officers, and House Administration	40,465	39,654	811	2.0
Statutory	Subtotal	260,094	149,910	110,184	73.5
Non-statutory	Members and House Officers	162,433	161,570	864	0.5
Non-statutory	Committees, Parliamentary Associations and Parliamentary Exchanges	1,273	3,476	(2,203)	(63.4)
Non-statutory	House Administration	186,310	190,793	(4,483)	(2.3)
Non-statutory	Subtotal	350,017	355,839	(5,822)	(1.6)
Total		610,110	505,749	104,361	20.6

Note: Figures may not add up to total due to rounding.

Table 3. Comparison of Year-to-date Expenditures by Standard Object for the Year Ended March 31 of Fiscal Years 2020-2021 and 2019-2020

(in thousands of dollars)

Expenditures	2020-2021	2019-2020	Variance (\$)	Variance (%)
Salaries and Benefits	385,615	391,001	(5,385)	(1.4)
Contributions – MPRA and MPRCA Accounts	139,203	12,371	126,832	1,025.2
Transportation and Telecommunications	19,437	36,506	(17,069)	(46.8)
Advertising and Printing Services	12,396	10,007	2,389	23.9
Professional and Special Services	19,778	25,334	(5,556)	(21.9)
Rentals and Licences	21,514	19,751	1,763	8.9
Repairs and Maintenance	8,013	6,173	1,840	29.8
Utilities, Materials and Supplies	6,139	9,660	(3,521)	(36.5)
Computers, Office Equipment, Furniture and Fixtures	21,089	19,458	1,631	8.4
Transfer Payments	1,132	1,111	21	1.9
Other	911	1,129	(218)	(19.3)
Total Gross	635,226	532,500	102,726	19.3
Less Revenues Netted Against Expenditures	(25,116)	(26,751)	1,636	(6.1)
Total Net Expenditures	610,110	505,749	104,361	20.6

Note: Figures may not add up to total due to rounding.

Expenditures for 2020-2021 have increased by \$104.4M (20.6%) compared to the previous fiscal year. Changes to the expenditures by standard object are based on the spending trends observed during two fiscal years, neither of which reflects typical spending patterns: 2020-2021 when COVID-19-related measures began to be implemented and 2019-2020 when a general election was held. The most significant changes are explained below.

Salaries and Benefits

The net decrease of \$5.4M is mainly due to:

- severance payments made to former Members and their employees following the 2019 general election;
- retroactive payments made in 2019-2020 for the economic increases for certain House Administration employees; and
- a reduction in overtime and part-time salary costs for House Administration employees in 2020-2021, as well as reduced costs related to staffing delays due to the COVID-19 pandemic.

This decrease is offset by additional spending for Members' employee salaries and for the Members' sessional allowance and additional salaries, in accordance with the *Parliament of Canada Act*.

Contributions to the MPRA and MPRCA Accounts

The increase of \$126.8M is mainly due to an actuarial adjustment of \$125.6M to the MPRA and MPRCA accounts, as directed in the Actuarial Report on the Pension Plan for the Members of Parliament as at March 31, 2019.

Transportation and Telecommunications

The net decrease of \$17.1M is mainly due to a decrease in travel expenditures related to Members' parliamentary functions, as well as to reduced activities and travel for associations and committees as a result of the COVID-19 pandemic.

Advertising and Printing Services

The increase of \$2.4M is mainly due to costs incurred for external printing, resulting from the temporary closure of the printing facility at the start of the COVID-19 pandemic, as well as to an increase in advertising expenses this year.

Professional and Special Services

The net decrease of \$5.6M is mainly due to a decrease in hospitality and training costs across the House of Commons, as well as to a reduction in temporary help services for Members and House Officers, resulting from the COVID-19 pandemic. In addition, part of the net decrease can be attributed to reduced project spending to focus on other priorities. The decrease is partially offset by costs incurred to support virtual House proceedings and committees, as well as the remote electronic voting system, and to accommodate the press conference facilities.

Rentals and Licences

The increase of \$1.8M is mainly due to an increase in constituency office lease costs and in licence costs associated with new services and increased infrastructure.

Repairs and Maintenance

The increase of \$1.8M is mainly due to renovations in the parliamentary precinct, as well as to costs associated with the reconfiguration of constituency offices, in accordance with the health and safety requirements for reopening offices, as a result of COVID-19.

Utilities, Materials and Supplies

The net decrease of \$3.5M is mainly due to the temporary closure of food service facilities and to the subsequent limited in-person activity on the Hill, which caused reductions in catering services and attendance in cafeterias and restaurants, as well as to the temporary closure of the printing facility and to the reduced demand for office supplies across the House of Commons. All reductions in demand and activities can be attributed to the COVID-19 pandemic. The decrease is partially offset by the purchase of consumable items, such as non-medical masks and hand sanitizer, used across the House of Commons.

Computers, Office Equipment, Furniture and Fixtures

The net increase of \$1.6M is mainly due to costs incurred to support virtual House proceedings and committees, to accommodate the press conference facilities and to purchase equipment that enables House Administration employees to work remotely during the COVID-19 pandemic, as well as to changes in the timing of life cycle activities. The increase is partially offset by a decrease in purchases related to the LTVP and the Video Broadcasting and Webcasting for Committees.

Revenues

The net decrease of \$1.6M is mainly due to a reduction in catering, cafeteria and restaurant revenues following the temporary closure of food service facilities and the subsequent limited in-person activity on the Hill as a result of the COVID-19 pandemic, as well as to reduced activities for parliamentary associations and exchanges, offset by an increase in services provided to federal government departments such as Public Services and Procurement Canada and to other parliamentary institutions.

4.3 Budget Utilization as at March 31

Table 4. Budget Utilization for the Year Ended March 31 of Fiscal Years 2020-2021 and 2019-2020

(in thousands of dollars)

Type	Description	2020-2021 Authorities	2020-2021 Expenditures	2020-2021 % Spent	2019-2020 Authorities	2019-2020 Expenditures	2019-2020 % Spent
Statutory	Remuneration – Members (under the <i>Parliament of Canada Act</i>)	80,426	80,426	100.0	97,885	97,885	100.0
Statutory	Contributions – MPRA and MPRCA Accounts	139,203	139,203	100.0	12,371	12,371	100.0
Statutory	Employee Benefit Plans – Members and House Officers, and House Administration	40,465	40,465	100.0	39,654	39,654	100.0
Statutory	Subtotal	260,094	260,094	100.0	149,910	149,910	100.0
Non-statutory	Members and House Officers	175,576	162,433	92.5	172,808	161,570	93.5
Non-statutory	Committees, Parliamentary Associations and Parliamentary Exchanges	7,755	1,273	16.4	7,715	3,476	45.1
Non-statutory	House Administration	198,483	186,310	93.9	186,639	190,793	102.2
Non-statutory	Subtotal	381,815	350,017	91.7	367,163	355,839	96.9
Total		641,909	610,110	95.0	517,073	505,749	97.8

Note: Figures may not add up to total due to rounding.

Expenditures under statutory authorities for 2020-2021 reflect the adjustment required for the MPRA and MPRCA accounts, as identified in the actuarial report as at March 31, 2019. Statutory authorities are always adjusted at year-end to reflect actual expenditures, therefore leading to a 100% utilization rate.

With respect to the non-statutory spending, the COVID-19 pandemic had significant impacts on all aspects of the House of Commons' operations. As such, the utilization of non-statutory authorities in 2020-2021 has decreased by 5.2% compared to the previous fiscal year.

4.4 Year-end Financial Situation

Table 5. Year-end Financial Situation for Fiscal Year 2020-2021

(in thousands of dollars)

Type	Description	2020-2021 Budget	2020-2021 Net Expenditures	2020-2021 Surplus / (Deficit)
Statutory	Remuneration – Members (under the <i>Parliament of Canada Act</i>)	80,426	80,426	-
Statutory	Contributions – MPRA and MPRCA Accounts	139,203	139,203	-
Statutory	Employee Benefit Plans – Members and House Officers, and House Administration	40,465	40,465	-
Statutory	Subtotal	260,094	260,094	-
Non-statutory	Members and House Officers	175,576	162,433	13,143
Non-statutory	Committees, Parliamentary Associations and Parliamentary Exchanges	7,755	1,273	6,482
Non-statutory	House Administration	198,483	186,310	12,173
Non-statutory	Subtotal	381,815	350,017	31,798
Total		641,909	610,110	31,798

Note: Figures may not add up to total due to rounding.

As at March 31, 2021, total statutory and voted expenditures were \$610.1M, leaving a surplus of \$31.8M. This amount corresponds to the lapse that will be reported in the *Public Accounts of Canada*. It should be noted that the surplus represents 8.8% of the Main Estimates' voted authorities, whereas the operating budget carry-forward is limited to 5% of the Main Estimates, or \$18M.

The COVID-19 pandemic had a significant impact on House of Commons business in 2020-2021 and the magnitude of the financial impact was not apparent early in the year. The decision to access funding through the Supplementary Estimates was based on the best information available at the time. As the pandemic continued to evolve, restrictions continuously had to be put in place throughout the year. This resulted in much lower-than-expected expenditures, which could not have been predicted when the Supplementary Estimates were approved.

5. Appendix – Additional Information

Table 6. Year-to-date Expenditures by Standard Object and Program for the Year Ended March 31 of Fiscal Years 2020-2021 and 2019-2020

(in thousands of dollars)

	2020-2021			2019-2020		
	Members, House Officers and Committees, Parliamentary Associations and Parliamentary Exchanges	2020-2021 Centrally Funded**	2020-2021 House Administration	Members, House Officers and Committees, Parliamentary Associations and Parliamentary Exchanges	2019-2020 Centrally Funded**	2019-2020 House Administration
Salaries and Benefits*	190,644	6,129	188,842	185,303	13,183	192,514
Contributions – MPRA and MPRCA Accounts	139,203	-	-	12,371	-	-
Transportation and Telecommunications	9,671	6,808	2,958	16,186	16,388	3,932
Advertising and Printing Services	10,096	2,241	58	8,367	1,418	222
Professional and Special Services	4,241	3,535	12,003	6,373	3,749	15,213
Rentals and Licences	12,783	2,481	6,250	12,224	2,563	4,964
Repairs and Maintenance	531	1,151	6,330	749	800	4,624
Utilities, Materials and Supplies	1,549	2,763	1,826	1,821	2,958	4,881
Computers, Office Equipment, Furniture and Fixtures	2,042	3,770	15,277	1,642	5,853	11,963
Transfer Payments	1,093	-	39	1,067	-	45
Other	501	53	357	743	76	310
Total Gross Expenditures	372,354	28,931	233,941	246,846	46,987	238,667
Less Revenues Netted Against Expenditures	(134)	(413)	(24,569)	(998)	(378)	(25,375)
Total Net Expenditures	372,220	28,518	209,372	245,848	46,609	213,292

Note: Figures may not add up to total due to rounding.

*The sessional allowance and additional salaries for Members and House Officers are included in *Salaries and Benefits* under *Members and House Officers, Committees, Parliamentary Associations and Parliamentary Exchanges*.

**Costs (including the associated EBP portion) incurred and managed by the House Administration to support Members and House Officers.