



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

2021-2022 YEAR-END FINANCIAL REPORT

UNAUDITED

PRESENTED TO THE BOARD OF INTERNAL ECONOMY
FOR THE YEAR ENDED MARCH 31, 2022

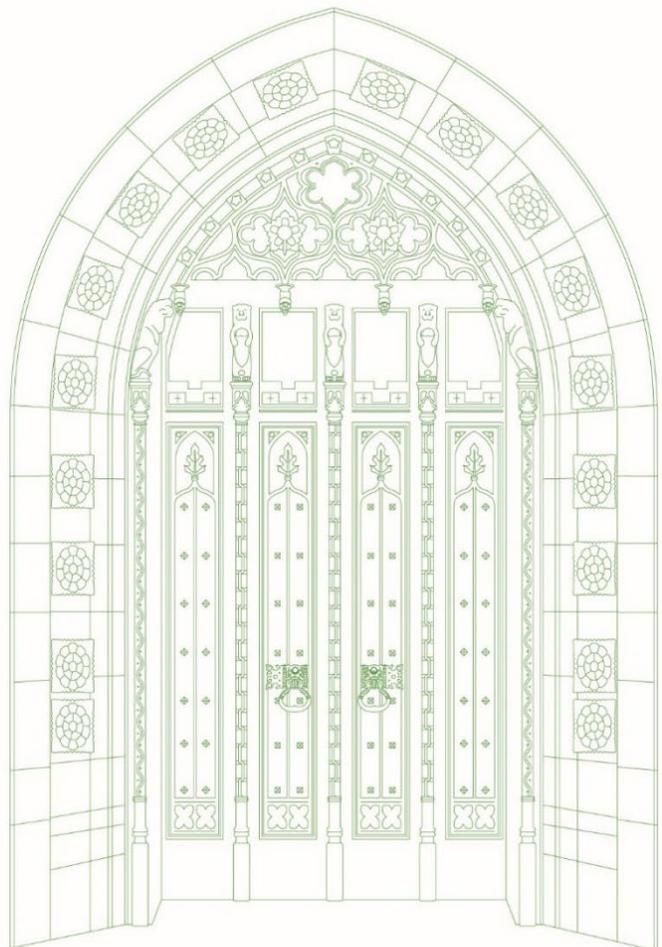


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EXECUTIVE SUMMARY

1.1 Introduction

The *Year-end Financial Report* presented to the Board of Internal Economy (Board) compares the financial information of the current fiscal year with that of the previous fiscal year. This report is unaudited and is the first of two year-end financial reports; the second report will be presented to the Board following the year-end audit.

1.2 Basis of presentation

This report has been prepared using an expenditure basis of accounting consistent with the *Public Accounts of Canada*. The authorities include the Main Estimates of the House of Commons (House) and other items for 2021-2022, all of which were approved by the Board.

1.3 Financial pressures

Pressures from the COVID-19 pandemic persist and are continuously monitored, managed and reported. The House strives to adapt so as to effectively ensure the health and safety of Members, their employees and the employees of the House Administration (Administration), while maintaining its operations and supporting the work of Members in their constituencies.

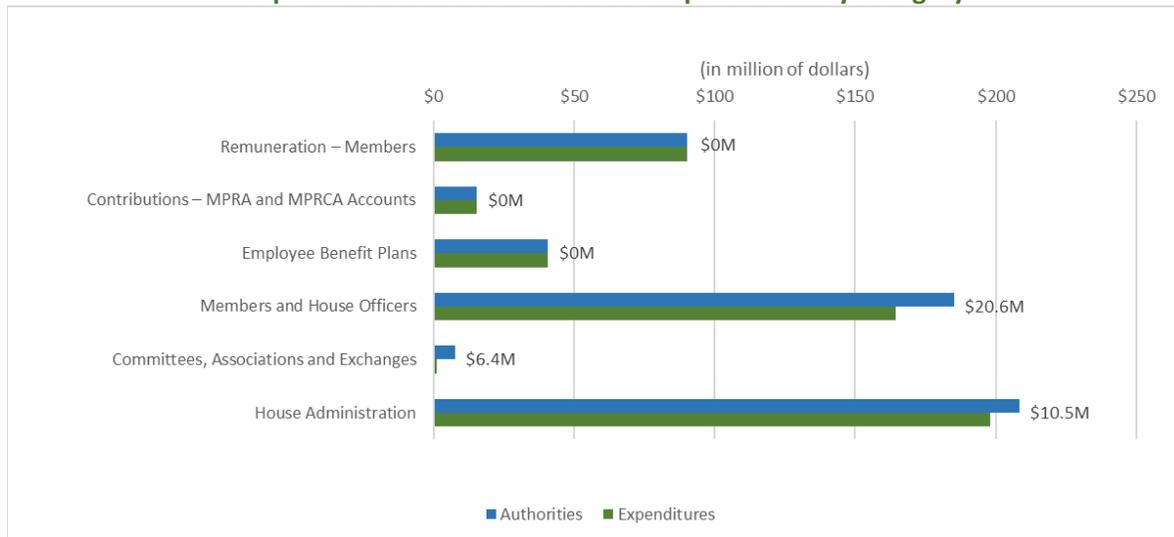
To mitigate the impact of pandemic-related operational risks as “One House, One Team,” various protocols were implemented. In addition, the House made significant investments in technology and put in place COVID-19 preventative measures. Managing operational risks during the pandemic has been a priority, and significant efforts have been undertaken to maintain services to stakeholders.

1.4 Highlights of 2021-2022 financial results

As at March 31, 2022, the House was operating within its authorities and there are no material items to identify other than those in this report.

Total expenditures were \$510.1M against \$547.6M in authorities, leaving a surplus of \$37.5M, or 6.8% of total authorities.

Graph 1. 2021-2022 Authorities vs. Expenditures by Category



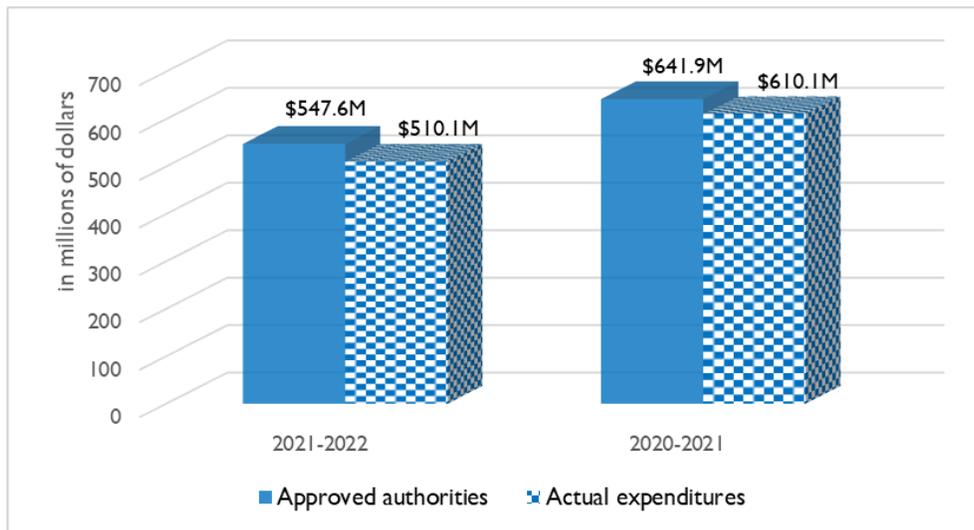
The surplus is mainly the result of the following:

- a lapse in Members’ and House Officers’ budgets—while this lapse is partially due to changes in spending patterns brought on by the general election and the COVID-19 pandemic, the majority of the surplus reflects typical spending trends;
- the impact of the COVID-19 pandemic on the activities for committees, associations and exchanges; and
- the Administration’s staff vacancies and global supply chain delays.

1.5 Comparison to prior year

The following graph provides a comparison between the authorities and the actual expenditures as at March 31 of fiscal years 2021-2022 and 2020-2021.

Graph 2. Comparison Between Approved Authorities and Actual Expenditures



Authorities (section 2.1) for 2021-2022 were \$547.6M, a decrease of \$94.3M (14.7%) compared to \$641.9M in 2020-2021 mainly due to:

- a decrease of \$125.6M that relates to the 2020-2021 actuarial adjustment to the Members’ pension plans (MPRA and MPRCA¹ accounts);
- a technical adjustment of \$8.8M to reflect the year-over-year statutory changes for the Members’ sessional allowance and their travel and telecommunication allocations, as well as for the Member’s pension plans and the employee benefit plans (EBPs);
- cost of living increases for Members and House Officers;
- an increase to the Members’ sessional allowance and additional salaries, along with funding for security support enhancements for Members;
- an increase for the sustainment of IT systems, facility assets and software subscriptions; and
- an increase of funding for the stabilization of enhanced services provided by the Administration.

¹ Members of Parliament Retiring Allowances and Members of Parliament Retirement Compensation Arrangements

Actual expenditures (section 2.2) in 2021-2022 were \$510.1M, a decrease of \$100M (16.4%) compared to \$610.1M in 2020-2021 that is mainly due to a decrease of \$125.6M relating to the 2020-2021 actuarial adjustment to the Members' pension plans (MPRA and MPRCA accounts). The decrease was offset by:

- economic increases approved for certain Administration employees;
- an increase in travel and other expenditures due to the gradual easing of COVID-19 public health restrictions;
- an increase in election-related costs such as severance payments made to former Members and their employees; and
- an increase in costs related to the implementation of security support enhancements for Members.

COMPARATIVE FINANCIAL ANALYSIS

2.1 Authorities analysis

Table 1. Comparison of Approved Authorities for the Year Ended March 31 of Fiscal Years 2021-2022 and 2020-2021

(in thousands of dollars)

Type	Description	2021-2022	2020-2021	Variance (\$)	Variance (%)
Statutory	Remuneration – Members (under the <i>Parliament of Canada Act</i>)	90,173	80,426	9,747	12.1
Statutory	Contributions – MPRA and MPRCA Accounts	15,468	139,203	(123,735)	(88.9)
Statutory	Employee Benefit Plans – Members and House Officers, and House Administration	40,720	40,465	254	0.6
Statutory	Subtotal	146,361	260,094	(113,733)	(43.7)
Non-statutory	Members and House Officers	185,079	175,576	9,502	5.4
Non-statutory	Committees, Parliamentary Associations and Parliamentary Exchanges	7,715	7,755	(40)	(0.5)
Non-statutory	House Administration	208,429	198,483	9,946	5.0
Non-statutory	Subtotal	401,224	381,815	19,409	5.1
Total		547,584	641,909	(94,325)	(14.7)

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

Operating budget carry-forward

The 2021-2022 authorities totalling \$547.6M included an operating budget carry-forward of \$18M from 2020-2021. The operating budget carry-forward included in the 2020-2021 authorities was \$17.5M. The carry-forward is allocated to Members and House Officers, in accordance with the *Members' Allowances and Services Manual*, as well to the Administration to invest in projects and initiatives to support Members. In 2021-2022, these projects/initiatives included:

- the provision of digital/virtual services to Members;
- improvements to the Members' Orientation Program and the Source website;
- the implementation of corporate prevention programs related to occupational health and safety; and
- the life cycling of IT infrastructure.

Other changes in authorities

The most significant changes in authorities relate to the decrease of \$125.6M for the actuarial adjustment to the Members' pension plans (MPRA and MPRCA accounts) in 2020-2021, which was offset by the following:

- \$6.6M for security support enhancements for Members;
- \$4.2M for the sustainment of IT systems and facility assets relating to the Long-Term Vision and Plan;
- \$3.1M for the sustainment of end-user software subscriptions;
- \$2.1M for the stabilization of the Administration's enhanced services;
- \$1.7M for cost of living increases for Members and House Officers;
- \$1.2M for the Elector Supplement adjustment made following the 2019 general election; and
- \$8.8M for a technical adjustment to reflect year-over-year statutory changes for the Members' sessional allowance and their travel and telecommunication allocations, as well as for the Member's pension plans and the EBPs.

2.2 Expenditures analysis

Table 2. Comparison of Year-to-date Expenditures for the Year Ended March 31 of Fiscal Years 2021-2022 and 2020-2021

(in thousands of dollars)

Type	Description	2021-2022	2020-2021	Variance (\$)	Variance (%)
Statutory	Remuneration – Members (under the <i>Parliament of Canada Act</i>)	90,173	80,426	9,747	12.1
Statutory	Contributions – MPRA and MPRCA Accounts	15,468	139,203	(123,735)	(88.9)
Statutory	Employee Benefit Plans – Members and House Officers, and House Administration	40,720	40,465	254	0.6
Statutory	Subtotal	146,361	260,094	(113,733)	(43.7)
Non-statutory	Members and House Officers	164,497	162,433	2,064	1.3
Non-statutory	Committees, Parliamentary Associations and Parliamentary Exchanges	1,277	1,273	4	0.3
Non-statutory	House Administration	197,960	186,310	11,650	6.3
Non-statutory	Subtotal	363,734	350,017	13,718	3.9
Total		510,095	610,110	(100,015)	(16.4)

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

Expenditures in 2021-2022 totalled \$510.1M compared to \$610.1M in 2020-2021, resulting in a decrease of \$100M (16.4%). The most significant variance is due to the payment of \$125.6M in 2020-2021 for an actuarial adjustment to the Members' pension plans (MPRA and MPRCA accounts), which is equal to the changes in authorities.

While spending trends in 2021-2022 and 2020-2021 are partly the result of the additional funding approved for each respective fiscal year, they have also been impacted by important events.

Important events

COVID-19 pandemic

In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a global pandemic. The pandemic had a significant impact on House business in 2020-2021. As the pandemic evolved, restrictions were put in place throughout the year to limit the spread of the virus. This resulted in much lower-than-expected expenditures.

The impact continued to be felt in 2021-2022, though to a lesser extent. As COVID-19-related restrictions imposed by public health authorities on travel and gatherings eased during the year and activities slowly resumed, travel and hospitality expenditures, mostly in support of Members carrying out their parliamentary functions, gradually increased. In addition, with the reopening of constituency offices, staffing has essentially returned to pre-pandemic levels. As for the printing facility, it has been operating at full capacity since September 2020; however, limited in-person activity on the Hill continues to affect catering services as well as attendance in cafeterias and restaurants.

A temporary reassignment of resources was made possible by reducing requirements for on-site services and reprioritizing or delaying projects where possible. Overall, 148 employees were temporarily reassigned.

Investments in technology were also made in the previous year to support virtual House proceedings and committees and to enable telework during the pandemic.

General election

On August 15, 2021, Parliament was dissolved and a general election was held on September 20, 2021. The general election directly affected in-year expenditure trends for Members, House Officers and the Administration. While additional costs were incurred, including severance payments for former Members and their employees as well as costs related to providing computer equipment for newly elected Members, these costs were partially offset by a decrease in salary expenditures for Members' employees.

Convoy demonstration

The convoy demonstration had various repercussions on Hill activities during its three-week duration in February 2022. However, the additional costs incurred were not material and there is therefore no separate disclosure of the financial impacts.

Other items that significantly impacted spending trends

The 2021-2022 expenditures include \$13.5M for economic increases (four years), including retroactive and lump-sum payments for certain Administration employees, as well as increases to the Members' sessional allowance and additional salaries, in accordance with the *Parliament of Canada Act*. In addition, the implementation of the security enhancements for Members, which began in 2020-2021, continued in 2021-2022.

Inflation is another important factor that began to impact expenditures during the last quarter of 2021-2022. Although inflation began to rise in the final quarter, there was capacity in the 2021-2022 authorities to absorb this increase.

2.3 Budget utilization as at March 31

Table 3. Budget Utilization for the Year Ended March 31 of Fiscal Years 2021-2022 and 2020-2021

(in thousands of dollars)

Type	Description	2021-2022 Authorities	2021-2022 Expenditures	2021-2022 % Spent	2020-2021 Authorities	2020-2021 Expenditures	2020-2021 % Spent
Statutory	Remuneration – Members (under the <i>Parliament of Canada Act</i>)	90,173	90,173	100.0	80,426	80,426	100.0
Statutory	Contributions – MPRA and MPRCA Accounts	15,468	15,468	100.0	139,203	139,203	100.0
Statutory	Employee Benefit Plans – Members and House Officers, and House Administration	40,720	40,720	100.0	40,465	40,465	100.0
Statutory	Subtotal	146,361	146,361	100.0	260,094	260,094	100.0
Non-statutory	Members and House Officers	185,079	164,497	88.9	175,576	162,433	92.5
Non-statutory	Committees, Parliamentary Associations and Parliamentary Exchanges	7,715	1,277	16.5	7,755	1,273	16.4
Non-statutory	House Administration	208,429	197,960	95.0	198,483	186,310	93.9
Non-statutory	Subtotal	401,224	363,734	90.7	381,815	350,017	91.7
Total		547,584	510,095	93.2	641,909	610,110	95.0

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

Statutory authorities are always adjusted at year-end to reflect actual expenditures, therefore leading to a 100% utilization rate. With respect to non-statutory spending, the utilization of authorities in 2021-2022 decreased by 1% compared to the previous fiscal year.

Overall, the budget utilization in 2021-2022 is in line with that of the previous year, showing a marginal decrease of 1.8%.

YEAR-END FINANCIAL RESULTS

3.1 Surplus for 2021-2022

Table 4. Year-end Financial Situation for Fiscal Year 2021-2022

(in thousands of dollars)

Type	Description	2021-2022 Authorities	2021-2022 Expenditures	2021-2022 Surplus/(Deficit)
Statutory	Remuneration – Members (under the <i>Parliament of Canada Act</i>)	90,173	90,173	-
Statutory	Contributions – MPRA and MPRCA Accounts	15,468	15,468	-
Statutory	Employee Benefit Plans – Members and House Officers, and House Administration	40,720	40,720	-
Statutory	Subtotal	146,361	146,361	-
Non-statutory	Members and House Officers	185,079	164,497	20,581
Non-statutory	Committees, Parliamentary Associations and Parliamentary Exchanges	7,715	1,277	6,439
Non-statutory	House Administration	208,429	197,960	10,469
Non-statutory	Subtotal	401,224	363,734	37,489
Total		547,584	510,095	37,489

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

In 2021-2022, the House operated within its authorities, which can be attributed to sound management practices such as prudent financial management, rigorous monitoring of results, and the agility to adapt to new situations while mitigating financial impacts where possible. The House continuously strives to minimize requests for incremental funding whenever possible, therefore promoting an efficient use of resources.

3.2 Operating budget carry-forward to 2022-2023

As at March 31, 2022, total expenditures were \$510.1M, leaving a surplus of \$37.5M. This amount corresponds to the lapse that will be reported in the *Public Accounts of Canada*. It should be noted that the surplus represents 9.8% of the Main Estimates' non-statutory authorities, whereas the operating budget carry-forward is limited to 5% of the non-statutory Main Estimates, or \$19.2M. Accordingly, approval for the full carry-forward of \$19.2M to 2022-2023 is requested.

Once the carry-forward is approved by the Board, a portion (\$6.8M) will be allocated to Members and House Officers in accordance with the *Members' Allowances and Services Manual*, while the remaining portion (\$12.4M) will be invested in projects and initiatives to support Members in 2022-2023.

3.3 Annual audited Financial Statements

While this report has been prepared on a modified cash accounting basis, the House also prepares Financial Statements on an accrual accounting basis in accordance with Canadian public sector accounting standards. These financial statements are audited annually by an independent auditing firm and are typically presented to the Board in the fall and then published on OurCommons.

The key difference between this report and the Financial Statements is that the statements include all items resulting from operations funded through parliamentary authorities in prior, current or future years. In contrast, this report only contains items that are funded through parliamentary authorities received in the current year. A full reconciliation between the net cost of operations and the current year parliamentary authorities used, including non-cash items such as the amortization of tangible capital assets and services received without charge, will be included in the Financial Statements under the section "Notes to the Financial Statements."

APPENDIX – ADDITIONAL INFORMATION

Table 5. Year-to-date Expenditures by Standard Object and Program for the Year Ended March 31 of Fiscal Years 2021-2022 and 2020-2021

(in thousands of dollars)

	2021-2022 Members, House Officers and Committees, Parliamentary Associations and Parliamentary Exchanges	2021-2022 Centrally Funded**	2021-2022 House Administration	2020-2021 Members, House Officers and Committees, Parliamentary Associations and Parliamentary Exchanges	2020-2021 Centrally Funded**	2020-2021 House Administration
Salaries and Benefits*	194,200	9,791	200,390	190,644	6,129	188,842
Contributions – MPRA and MPRCA Accounts	15,468	-	-	139,203	-	-
Transportation and Telecommunications	11,857	10,715	2,946	9,671	6,808	2,958
Advertising and Printing Services	9,615	1,760	61	10,096	2,241	58
Professional and Special Services	3,809	3,323	12,800	4,241	3,535	12,003
Rentals and Licences	12,772	2,597	8,641	12,783	2,481	6,250
Repairs and Maintenance	458	638	5,525	531	1,151	6,330
Utilities, Materials and Supplies	1,745	3,212	2,908	1,549	2,763	1,826
Computers, Office Equipment, Furniture and Fixtures	1,810	3,762	13,880	2,042	3,770	15,277
Transfer Payments	1,031	-	38	1,093	-	39
Other	615	6	398	501	53	357
Total Gross Expenditures	253,381	35,803	247,586	372,354	28,931	233,941
Less Revenues Netted Against Expenditures	(135)	(474)	(26,066)	(134)	(413)	(24,569)
Total Net Expenditures	253,246	35,329	221,521	372,220	28,518	209,372

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, House Officers and Committees, Parliamentary Associations and Parliamentary Exchanges*.

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