

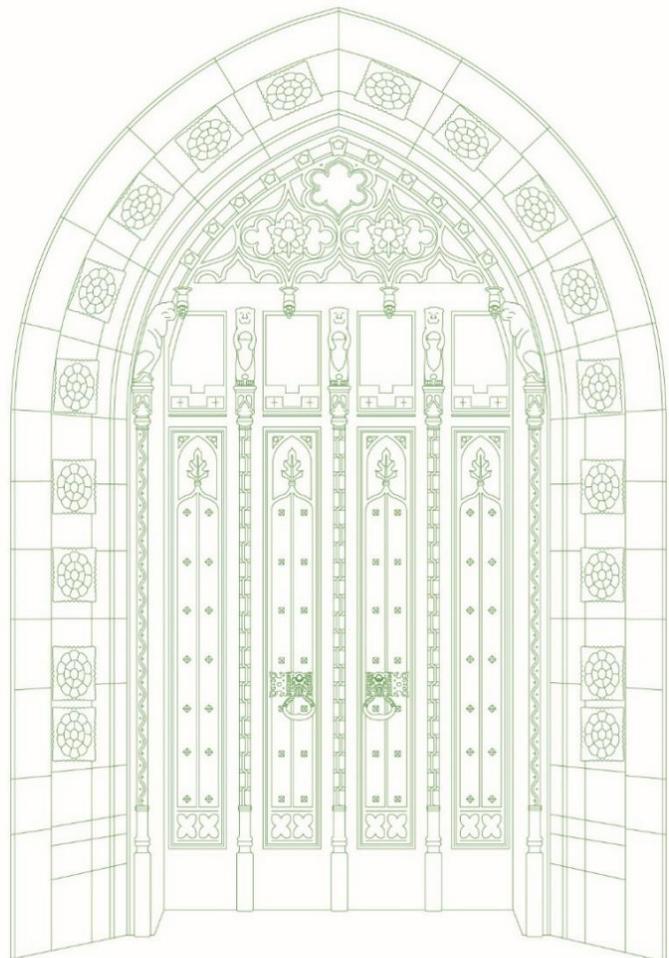


HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# QUARTERLY FINANCIAL REPORT FOR THE FIRST QUARTER OF 2022-2023

AS AT JUNE 30, 2022 (UNAUDITED)

PRESENTED TO THE BOARD OF INTERNAL ECONOMY



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# EXECUTIVE SUMMARY

## 1.1 Introduction

The *Quarterly Financial Report* (QFR) is presented to the Board of Internal Economy (Board) in support of the effective oversight of public funds. It compares the year-to-date financial information of the current fiscal year with that of the previous fiscal year. This report has not been subject to an external audit or review.

## 1.2 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 the same fiscal year, which have been approved by the Board. The accounting method used by the House Administration to prepare the QFR differs slightly from the standards set by the Canadian Institute of Chartered Accountants for the preparation of the year-end audited Financial Statements. The QFR excludes various non-cash expenditures recognized by generally accepted accounting principles (e.g. accommodations and services received without charge), which would be included in the accrual-based Financial Statements.

## 1.3 Corporate risks and current operating environment

Rising inflation and global supply chain issues, which emerged in the later part of the last fiscal year, are continuing to have financial impacts this year. The Administration will continue to monitor and assess impacts on operations and will mitigate risks through strong financial planning and management practices.

The COVID-19 pandemic continues to have an impact on operations as new ways of working are emerging and activity levels on Parliament Hill are increasing. Additional changes in spending trends are anticipated as the year progresses due to ongoing adjustments and as new hybrid workplace models emerge.

The House has continued to advance its service delivery model by introducing the Client Care Team on April 1, 2022, by developing the *Accessibility Plan 2023–2025* to ensure compliance with the *Accessible Canada Act* and the *Accessible Canada Regulations*, and by implementing further security enhancements for Members.

## 1.4 Highlights of quarterly results as of June 30, 2022

The total net budgetary authorities for fiscal year 2022-2023 are **\$581.4M**, which represents an increase of **\$20M** (3.6%) compared to 2021-2022.

Year-to-date expenditures are **\$127.1M**, an increase of **\$6.4M** (5.3%) compared to 2021-2022. This is mainly due to increased travel (\$3.9M) as activity levels on Parliament Hill increased.

The House 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.

# COMPARATIVE FINANCIAL ANALYSIS

## 2.1 Authorities analysis

The House's 2022-2023 approved authorities stood at **\$581.4M** as of September 30, 2022, which represents an increase of **\$20M** (3.6%) compared to last year (as per Table 1).

The authorities are comprised of the following items:

- \$563.0M from the Main Estimates; and
- \$18.4M from the Supplementary Estimates (B) — an operating budget carry-forward from 2021-2022.

It should be noted that, at its meeting of June 16, 2022, the Board approved an operating budget carry-forward of \$19.2M. Given that the 47th Annual Session of the Assemblée parlementaire de la Francophonie was cancelled due to the COVID-19 pandemic and related health restrictions and that the associated funding of \$0.8M was included in the 2022-2023 Main Estimates, the Administration reduced its Supplementary Estimates (B) submission for the operating budget carry-forward to \$18.4M.

At its meeting of June 2, 2022, the Board approved to host the 49th Annual Session of the Assemblée parlementaire de la Francophonie, scheduled for July 2024.

**Table 1. Year-over-year comparison of approved authorities**

(in thousands of dollars)

Type	Description	2022-2023	2021-2022	Variance (\$)	Variance (%)
Statutory	Travel and Salaries – Members and House Officers (under the <i>Parliament of Canada Act</i> )	102,222	100,461	1,761	1.8
Statutory	Contributions – MPRA and MPRCA <sup>1</sup> Accounts (under the <i>Members of Parliament Retiring Allowances Act</i> )	19,800	16,200	3,600	22.2
Statutory	Employee Benefit Plans – Members and House Officers, and House Administration	45,697	43,524	2,172	5.0
<b>Statutory</b>	<b>Subtotal</b>	<b>167,719</b>	<b>160,185</b>	<b>7,534</b>	<b>4.7</b>
Non-statutory	Members and House Officers	187,589	185,079	2,510	1.4
Non-statutory	Committees, Parliamentary Associations and Parliamentary Exchanges	7,996	7,715	280	3.6
Non-statutory	House Administration	218,077	208,429	9,648	4.6
<b>Non-statutory</b>	<b>Subtotal</b>	<b>413,663</b>	<b>401,224</b>	<b>12,439</b>	<b>3.1</b>
<b>Total</b>		<b>581,381</b>	<b>561,409</b>	<b>19,973</b>	<b>3.6</b>

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

<sup>1</sup> Members of Parliament Retiring Allowances and Members of Parliament Retirement Compensation Arrangements

The year-over-year change to authorities from 2021-2022 to 2022-2023 reflected an increase of **\$20M** (3.6%). This increase is mainly due to the approval of economic increases for certain Administration employees (\$6.4M), cost of living increases for Members' and House Officers' budgets (\$6.3M), Members' pension plans (\$3.6M), and other items detailed in Table 2 below.

**Table 2. Year-over-year changes to authorities (2022-2023 vs. 2021-2022)**

(in millions of dollars)

Description	Amount
Economic increases approved for certain Administration employees	6.4
Cost of living increases for Members and House Officers, including Travel Status Expenses Account	6.3
Members' pension plans (MPRA and MPRCA accounts)	3.6
Information technology systems and facility assets (Long-Term Vision and Plan)	2.3
Employee benefit plans (EBPs)	2.2
Members' sessional allowance and additional salaries	1.1
47th Annual Session of the Assemblée parlementaire de la Francophonie	0.8
Support for increased committee activity levels and operations	0.8
Supplementary Estimates – change in net operating budget carry-forward	0.7
Enhancements to Members' security support – sunset of temporary funding approved in prior year	(4.2)
<b>Total</b>	<b>20.0</b>

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

### Supplementary Estimates (B) – Operating budget carry-forward

The House's operating budget carry-forward from 2021-2022 totalled \$18.4M.

A portion of this carry-forward was allocated to Members' and House Officers' office budgets (\$6.8M) in accordance with the *Members' Allowances and Services Manual*. Various Member-related projects and initiatives, totalling \$8.0M, were also approved. These initiatives promote innovation, support Members in their parliamentary work, and help the Administration carry out its mandate to deliver streamlined, personalized, quality services to Members. Some of the key initiatives include the following:

- life cycling of IT infrastructure;
- implementation of the Expense Management Solution;
- support of corporate prevention programs related to occupational health and safety;
- establishment of the Client Care Team for the House;
- development of the Members' Employee Management System (MEMS);
- enhanced security support for Members – Records Management Solution; and
- improvements to the Members' Orientation Program and to *Source*.

The House 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.

## 2.2 Expenditures analysis

Year-to-date expenditures as of June 30, 2022, stood at **\$127.1M**, representing an increase of **\$6.4M** (5.3%) compared to year-to-date expenditures of \$120.7M in 2021-2022 (as per Table 3). This increase is mainly due to an increase in:

- travel expenditures for Members (\$3.4M) as activity levels on Parliament Hill have increased post-pandemic, and for committees, parliamentary associations and parliamentary exchanges (\$0.5M) following the lifting of COVID-19 public health restrictions; and
- costs related to licence renewals (LTVP) due to timing differences (\$1.2M) as well as IT project costs (\$0.4M).

**Table 3. Year-over-year comparison of year-to-date expenditures for the quarter ended June 30**

(in thousands of dollars)

Type	Description	2022-2023	2021-2022	Variance (\$)	Variance (%)
Statutory	Travel and Salaries – Members and House Officers (under the <i>Parliament of Canada Act</i> )	22,528	18,946	3,582	18.9
Statutory	Contributions – MPRA and MPRCA Accounts (under the <i>Members of Parliament Retiring Allowances Act</i> )	4,074	3,969	105	2.7
Statutory	Employee Benefit Plans – Members and House Officers, and House Administration	11,424	10,881	543	5.0
<b>Statutory</b>	<b>Subtotal</b>	<b>38,026</b>	<b>33,796</b>	<b>4,230</b>	<b>12.5</b>
Non-statutory	Members and House Officers	37,804	37,480	324	0.9
Non-statutory	Committees, Parliamentary Associations and Parliamentary Exchanges	581	139	442	317.4
Non-statutory	House Administration	50,657	49,278	1,380	2.8
<b>Non-statutory</b>	<b>Subtotal</b>	<b>89,043</b>	<b>86,897</b>	<b>2,145</b>	<b>2.5</b>
<b>Total</b>		<b>127,069</b>	<b>120,693</b>	<b>6,376</b>	<b>5.3</b>

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

## IMPORTANT EVENTS AND CURRENT OPERATING ENVIRONMENT

### Impacts on spending trends

**Inflation:** Rising inflation started to impact expenditures during last year's third quarter and has impacted spending and supplier contract management more significantly in 2022-2023. The House will need to adapt to minimize the impact of rising costs on its Members' ability to serve constituents. Consequently, in June 2022, the Board allowed each Member to allocate a portion of their constituency office lease costs to a central budget, retroactive to April 1, 2022. This measure helped address rising costs of the real estate market and has given Members greater flexibility when serving constituents. The impact of rising inflation will continue to be monitored throughout the year.

**Global supply chain challenges:** Last fall, emerging global supply chain issues caused delays in the delivery of various equipment and supplies. Some suppliers also increased pricing on scarce resources, leaving the House to pay more for goods and services and to spend more of its time and resources mitigating delays and managing suboptimal service delivery. As a result of these challenges, some expenditures planned for the latter part of 2021-2022 were deferred to 2022-2023 and have been included in the current year expenditures.

**Transition to hybrid workplace:** The COVID-19 pandemic continues to have an impact on House operations in 2022-2023. Activities have slowly resumed as the travel and social gathering restrictions imposed by public health authorities gradually eased throughout the year. The House has adapted to a new way of doing business that includes a hybrid workplace. The past two years have seen the House invest significantly in IT connectivity, IT security, as well as applications to facilitate ongoing hybrid proceedings for Members, including an electronic voting application. Parliamentary activities in the Chamber and in committees are continuing to take place in a hybrid format. Further considerations on this hybrid model continue to be evaluated and are expected to have ongoing impacts on operations and related costs. Pre-pandemic activity levels should emerge as the year progresses.

## BUSINESS TRANSFORMATION

**Client Care Team:** The Client Care Team was introduced on April 1, 2022, as a means to centralize existing service centre teams and create a common integrated approach to client care processes and systems, thereby offering a seamless client experience to Members, their staff, and Administration employees.

**Accessibility:** The Accessibility Working Group, comprised of representatives from each service area, was established to coordinate the implementation of the *Accessible Canada Act* and the *Accessible Canada Regulations*. This working group will develop and implement specific plans and processes needed to ensure that the House meets its legislative requirements regarding accessibility and that accessibility remains a priority for parliamentarians and the Administration.

**Security support enhancements:** The implementation of security enhancements for Members, which began in 2020-2021, continued in 2022-2023.

## Appendix – Additional information

**Table 4. Year-over-year comparison of year-to-date expenditures by type and program for the quarter ended June 30**

(in thousands of dollars)

	2022-2023 Members, House Officers and Committees, Parliamentary Associations and Parliamentary Exchanges	2022-2023 Centrally Funded**	2022-2023 House Administration	2021-2022 Members, House Officers and Committees, Parliamentary Associations and Parliamentary Exchanges	2021-2022 Centrally Funded**	2021-2022 House Administration
Salaries and Benefits*	48,608	1,320	48,060	48,179	1,433	48,361
Contributions – MPRA and MPRCA Accounts	4,074	-	-	3,969	-	-
Transportation and Telecommunications	3,302	3,315	458	1,935	928	465
Advertising and Printing Services	1,527	74	5	1,710	274	1
Professional and Special Services	806	460	2,000	791	280	2,040
Rentals and Licences	3,120	612	2,692	2,956	612	2,397
Repairs and Maintenance	131	96	2,411	19	243	1,000
Utilities, Materials and Supplies	(19)	1,270	1,037	196	774	303
Computers, Office Equipment, Furniture and Fixtures	422	429	1,209	363	170	1,245
Transfer Payments	297	-	25	128	-	23
Other	124	204	117	105	92	116
<b>Total Gross Expenditures</b>	<b>62,393</b>	<b>7,781</b>	<b>58,013</b>	<b>60,352</b>	<b>4,806</b>	<b>55,951</b>
Less Revenues Netted Against Expenditures	(340)	(15)	(764)	(19)	(19)	(378)
<b>Total Net Expenditures</b>	<b>62,053</b>	<b>7,767</b>	<b>57,249</b>	<b>60,333</b>	<b>4,787</b>	<b>55,573</b>

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.

**Table 5. Year-over-year changes to expenditures and revenues by type***(in millions of dollars)*

Type of expenditures	Description	Amount
Salaries and Benefits	Increase in contributions to Members' pension plans (MPRA and MPRCA accounts)	0.1
Transportation and Telecommunications	Increase in travel expenditures for Members as activity levels on Parliament Hill increased post-pandemic and for committees, parliamentary associations and parliamentary exchanges following the lifting of COVID-19 public health restrictions	3.7
Advertising and Printing Services	Decrease mainly due to lower-than-normal usage of external printing services	(0.4)
Professional and Special Services	Increase mainly due to initiatives related to Members' security	0.2
Rentals and Licences	Net increase mainly in LTVP licence fees	0.5
Repairs and Maintenance	Increase mainly in costs for LTVP licence renewals	1.4
Utilities, Materials and Supplies	Increase mainly in food costs within Food Services operations and in supply costs for Members' printing and mailing services	1.0
Computers, Office Equipment, Furniture and Fixtures	Increase mainly due to investments related to residential security for Members and IT user services	0.3
Transfer Payments	Increase mainly due to parliamentary associations and the contribution associated with the 65th Commonwealth Parliamentary Conference in Halifax	0.2
Other	Net increase due to various other minor changes related to day-to-day operations	0.1
<b>Total Gross</b>		<b>7.1</b>
Less Revenues Netted Against Expenditures	Mainly due to an increase in revenues generated within Food Services operations and in recoveries for parliamentary associations	(0.7)
<b>Total Increase in Net Budgetary Expenditures</b>		<b>6.4</b>