



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# 2022-2023 Annual Financial Report

## Financial Results

For the fiscal year ended March 31, 2023



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## Section 1 – Overview

In an effort to provide greater transparency and timely financial information, the House Administration has prepared the first Annual Financial Report for the House of Commons (the House) that includes the audited financial statements, which had been presented separately in the fall until now.

The *2022-2023 Annual Financial Report* provides the House’s summarized financial results for the year ended March 31, 2023. Sections 2 and 3 of this report present the financial performance highlights for the year with a variance analysis to approved budgets, as well as prior year comparative information.

Section 4 of the report includes the House’s audited financial statements for the year ended March 31, 2023, which have been audited by the external accounting firm KPMG LLP. The statements are prepared in accordance with Canadian public sector accounting standards, using management’s best estimates and judgments where appropriate, and giving due consideration to materiality.

For the purpose of this report, the reported budgets include year-end adjustment entries to an accrual basis of accounting. Annually, the House also submits details of expenses and revenues to be included in Volume II of the *Public Accounts of Canada*, using a modified-cash basis of accounting.

## Section 2 – Executive summary

### Financial highlights

#### Budget – Key elements

For the year ending March 31, 2023, the House’s budget totalled \$558.5M, comprised of:

*(in thousands of dollars)*

Main Estimates	562,974
Supplementary Estimates (B) (2021-2022 operating carry-forward)	18,407
Authorities approved by the BOIE	581,381
Unspent statutory authorities at year-end	(7,910)
Parliamentary authorities available to the House	573,471
Reconciliation adjustments to accrual basis of accounting (as per Canadian public sector accounting standards) <sup>1</sup>	(14,956)
<b>Total adjusted budget</b>	<b>558,515</b>

<sup>1</sup> Appendix – Budgets on a modified-cash basis to accrual basis of accounting

## Net cost of operations

The House's net operating expenses totalled **\$537.6M**. This represents an increase of \$33.0M over the prior year, yet resulted in an unused budget of **\$20.9M** or 4%. This year-over-year increase in net operating expenses—all of which are within approved budgets—is mainly due to increases in the following items:

- transportation and telecommunications (\$17.3M) as activities resumed following the COVID-19 pandemic;
- computer, office equipment, furniture and fixtures (\$5.9M) mainly from lifecycling activities;
- salaries and benefits in line with cost of living (\$5.3M); and
- professional and special services (\$4.5M) supporting initiatives to address the needs of the House and its Members.

In addition, this year the House received services without charge from government departments and agencies in the amount of \$104.1M<sup>2</sup>, a marginal increase compared to last year's \$103.1M. Including the services received without charge, the House's total net cost of operations is \$641.7M.

A detailed reconciliation of net cost of operations to current year parliamentary authorities used on a modified-cash basis of accounting can be found in note 3 (a) of the audited financial statements.

## Governance

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

The House of Commons is comprised of two programs: the Members and House Officers program and the House Administration program. The Members and House Officers program includes the financial results for Members and House Officers, as well as the Committees, Parliamentary Associations and Parliamentary Exchanges.

Additional details on the roles of each of these groups can be found in the annual Report to Canadians, published on the [ourcommons.ca](https://ourcommons.ca) website.

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<sup>2</sup> Details on services received without charge can be found in note 14 (a) of the audited financial statements.

## Operating environment and financial risks

**COVID-19 pandemic and transition to hybrid workplace:** The COVID-19 pandemic continued to have impacts on House operations this year. Parliamentary activities, such as in-person meetings and other related activities, have slowly resumed as the travel and gathering restrictions imposed by public health authorities gradually eased throughout the year. The COVID-19 pandemic has also indirectly impacted and accelerated the adoption of new working models, including a hybrid workplace. In the past two years, the House has invested significantly in IT connectivity, security, and applications, such as an electronic voting application, to facilitate ongoing hybrid proceedings. Parliamentary activities in the Chamber and in committees continue to take place in a hybrid format. Further consideration is being given for the continuation of this hybrid model, and this is expected to have ongoing impacts on operations and related costs.

**Inflation:** Rising inflation started to impact expenditures last year and impacted spending and supplier contract management even more significantly this year. By mid-2022, the adjusted consumer price index (CPI) had accelerated at its fastest pace in four decades, peaking at 6.2% in June. In March 2023, the CPI was adjusted to 4.3%. While lower than the peak CPI observed earlier during the year, this adjusted rate remained significantly higher than in pre-pandemic years, particularly for many products and services that directly impact living costs such as food, transportation and accommodations. In response to such pressures, the BOIE allowed, in June 2022, each Member to charge a portion of their constituency office lease costs to a central budget, retroactively to April 1, 2022. This measure has helped address rising costs in 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 upcoming year.

**Global supply chain challenges:** Global supply issues, which emerged in the fall of 2021, caused delays in the delivery of various equipment and supplies. Some suppliers also increased their prices 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 last year were deferred to this year when goods and services were received.

**Staffing challenges:** The House, like many organizations, is facing challenges with the recruitment and retention of skilled staff given the tremendous competition across many sectors of the labour market. Tight labour market conditions persist and are expected to continue into next year. Much of this pressure is driven by the age demographics of the labour market. The risks that this posed included project delays and unmet corporate priorities as some permanent positions remained vacant, while others were filled with temporary resources. The House has focused on mitigating this risk through strong succession planning and recruitment strategies, as well as more efficient staffing processes and tools.

Other financial risks related to financial instruments are described in note 16 in the audited financial statements.

## Key initiatives

**House of Commons' Strategic Plan:** This year marked the successful completion of the House's *Strategic Plan 2019–2023*. This plan served as an investment roadmap for the House in meeting its key priorities of providing outstanding client service to Members and their staff and modernizing the physical and digital workspaces.

The House Administration successfully developed its next Strategic Plan for the next three years. With a simple yet powerful vision of “One House, One Team,” the *Strategic Plan 2023–2026* will build on the successes of the previous plan and will serve as a valuable guide to achieve an integrated and seamless client service experience for the House and its Members. The House continues to align its financial planning and management practices to support the priorities outlined in the new Strategic Plan.

This year's budget includes \$8.0M from the operating budget carry-forward that was used to fund strategic initiatives and business proposals supporting the needs of the House and its Members, including temporary funding for program delivery. Some of these key initiatives include:

**Lifecycle of IT infrastructure:** Investments in the lifecycle of the Data Centre Infrastructure (hardware, licences, maintenance and support) to sustain the House's infrastructure.

**Expense Management Solution:** A new system for Members is being developed to provide a modern user experience for the submission, management and payment of their claims. The system is to include electronic approval and filing capabilities for proactive disclosure reports.

**Support for corporate prevention programs:** The House has implemented a number of corporate prevention programs to ensure the health and safety of its employees, in accordance with the *Canada Labour Code*, Part II that came into force in July 29, 2019, and the new provisions for the prevention of workplace harassment and violence that came into force on January 1, 2021. This meant adding temporary resources for the rollout of mandatory health and safety training and completing corporate hazard identification and risk assessments for the development and implementation of a corporate hazard prevention program.

## Business transformation initiatives

**Client Care Team:** The Client Care Team was introduced on April 1, 2022, as a means to centralize existing service centre teams and to create a common integrated approach to client care processes and systems, thereby offering a seamless client experience to Members, their staff and House Administration employees. Operational savings are expected to be delivered through synergies of a centralized service delivery team.

**Accessibility:** The House officially published its [Accessibility Plan 2023–2025](#) in December 2022. Prepared in accordance with the [Accessible Canada Act](#), which came into force on July 11, 2019, the plan outlines 60 short-, medium-, and long-term initiatives the House will undertake to identify, remove and prevent barriers that limit the full and equal participation of persons with disabilities. Additional funding will be required to successfully meet obligations under this Act and to advance the initiatives identified in the Accessibility Plan. The costs associated with the initial planning and publication of the plan have been absorbed within this year's existing resources.

**Enhancements to security environment:** The implementation of security enhancements for Members, began in 2021 and continued throughout this year. Also, security-related technology was improved to make the parliamentary precinct safer for Members, visitors, and employees. This year as well, there was more focus on realizing improvements in cybersecurity and information-management processes, as well as information-sharing with strategic security partners.

**Infrastructure investment:** The investment needed to modernize and rehabilitate the Parliament Centre Block through its Long-Term Vision and Plan (LTVP) continued this year with the objective to provide parliamentarians with modernized accommodations to meet their needs in terms of technology, broadcasting and videoconferencing, physical security and cybersecurity, as well as accessibility and sustainability.

## Section 3 – Financial highlights

### Financial results of operations by program

The House's total net operating expenses, before services received without charge, totalled **\$537.6M**. This represents an increase of **\$33.0M** over last year; however, it also represents an unused budget of **\$20.9M**, or 4%. This surplus was realized across business programs as follows:

- Members and House Officers: net operating expenses totalled \$310.1M, representing a \$10.6M favourable variance to budget;
- Committees, Parliamentary Associations and Parliamentary Exchanges: net operating expenses totalled \$4.9M, representing a \$2.8M favourable variance to budget; and
- House Administration: net operating expenses totalled \$222.6M, representing a \$7.5M favourable variance to budget.

The total of \$104.1M for services received without charge represents a marginal increase of \$1.1M over the prior year. These services include accommodations, employer contributions to benefit plans, and worker compensation payments. These costs are not part of the House's Main Estimates as they are provided to the House without charge.



The House's financial results of operations by program are as follows:

(in thousands of dollars)	2023 Budget	2023 Net results	\$ Variance	% Variance	2022 Net results	\$ Change	% Change
Members and House Officers	320,732	310,116	10,616	3%	285,165	24,951	9%
Committees, Parliamentary Associations and Parliamentary Exchanges	7,661	4,885	2,776	36%	1,233	3,652	296%
<b>Members and House Officers program</b>	<b>328,393</b>	<b>315,001</b>	<b>13,392</b>	<b>4%</b>	<b>286,398</b>	<b>28,603</b>	<b>10%</b>
<b>House Administration program</b>	<b>230,122</b>	<b>222,595</b>	<b>7,527</b>	<b>3%</b>	<b>218,208</b>	<b>4,387</b>	<b>2%</b>
<b>Total net operating expenses</b>	<b>558,515</b>	<b>537,596</b>	<b>20,919</b>	<b>4%</b>	<b>504,606</b>	<b>32,990</b>	<b>7%</b>
Services received without charge	-	104,127	-	-	103,060	1,067	1%
<b>Total net cost of operations</b>	<b>-</b>	<b>641,723</b>	<b>-</b>	<b>-</b>	<b>607,666</b>	<b>34,057</b>	<b>6%</b>

Last year, the COVID-19 pandemic affected House business and spending trends, contributing to a higher-than-normal surplus in the House's operating budget. This year, public health restrictions were lifted and activity levels on the Hill increased. As a result, the House reported an increase of **\$33.0M** in overall net operating expenses. The House continued to operate within its authorities, which can be attributed to sound management practices, such as prudent financial management, rigorous results monitoring, 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 and avoiding the need to seek approval for additional resources.

### Financial results of operations by expense and revenue category

Overall, the House's net operating expenses of \$537.6M increased by **\$33.0M** (7%) compared to the prior year. This increase is mainly due to the following:

#### Operating expenses:

- **Transportation and telecommunications:** Increase in travel expenses of \$17.3M mainly for Members as activity levels on Parliament Hill increased and for committees, parliamentary associations and parliamentary exchanges following the lifting of public health restrictions.
- **Computer, office equipment, furniture and fixtures:** Increase of \$5.9M mainly from the lifecycling of IT equipment for Members, LTVP costs, IT projects, and higher licence costs.
- **Salaries and benefits:** Increase of \$5.3M mainly relating to higher salary costs and cost of living increases within the Members and House Officers program.
- **Professional and special services:** Increase of \$4.5M mainly due to higher projects costs in support of Members and higher hospitality costs within the Members and House Officers program.
- **Utilities, materials and supplies:** Increase of \$2.4M mainly due to higher costs for paper usage, office supplies, and food costs.
- **Advertising and printing services:** Increase of \$1.4M mainly due to higher advertising expenses from Members.





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- **Repairs and maintenance:** Increase of \$1.2M in LTVP expenses for the parliamentary precinct and Members' office renovations.
- **Other:** Decrease of \$1.9M mainly due a reduction in doubtful receivables.

**Revenues** totalled **\$29.2M**, representing an increase of \$3.4M over the prior year. This is mainly due to increased parliamentary activities on the Hill, resulting in higher Food Services sales and higher cost cost recoveries within Committees, Parliamentary Associations and Parliamentary Exchanges.

**Services received without charge** totalled **\$104.1M**, representing a marginal increase of \$1.1M over the prior year. This increase is mainly due to increased accommodation costs of \$1.7M, offset by a reduction of \$0.7M in employer's contributions to health and dental insurance plans.



The House's financial results of operations by expense and revenue category are as follows:

<i>(in thousands of dollars)</i>	2023	2023	\$	%	2022	\$	%
	Budget	Net results	Variance	Variance	Net results	Change	Change
Salaries and benefits	421,371	418,356	3,015	1%	413,031	5,325	1%
Transportation and telecommunications	47,064	42,915	4,149	9%	25,615	17,300	68%
Professional and special services	31,223	21,363	9,860	32%	16,889	4,474	26%
Rentals and licences	28,080	22,158	5,922	21%	22,312	(154)	(1%)
Computer, office equipment, furniture and fixtures	11,458	19,710	(8,252)	(72%)	13,767	5,942	43%
Utilities, materials and supplies	13,627	11,320	2,307	17%	8,878	2,442	28%
Advertising and printing services	13,913	12,442	1,471	11%	10,983	1,460	13%
Amortization of tangible capital assets	9,976	9,976	-	-	9,327	649	7%
Repairs and maintenance	4,818	6,813	(1,995)	(41%)	5,653	1,160	21%
Transfer payments to international associations	1,163	1,304	(141)	(12%)	1,069	235	22%
Net loss (gain) on disposal of tangible capital assets	(31)	(31)	-	-	459	(490)	(107%)
Other	635	436	199	31%	2,343	(1,907)	(81%)
<b>Total operating expenses</b>	<b>583,297</b>	<b>566,762</b>	<b>16,535</b>	<b>3%</b>	<b>530,326</b>	<b>36,436</b>	<b>7%</b>
<b>Revenues</b>							
Cost recoveries	(22,831)	(26,225)	3,393	(15%)	(24,698)	(1,526)	6%
Food Services – sales	(1,760)	(2,750)	990	(56%)	(911)	(1,839)	202%
Other	(191)	(191)	-	-	(111)	(80)	73%
<b>Total revenues</b>	<b>(24,782)</b>	<b>(29,166)</b>	<b>4,384</b>	<b>(18%)</b>	<b>(25,720)</b>	<b>(3,446)</b>	<b>13%</b>
<b>Total net operating expenses</b>	<b>558,515</b>	<b>537,596</b>	<b>20,919</b>	<b>4%</b>	<b>504,606</b>	<b>32,989</b>	<b>7%</b>
Other expenses: services received without charge <sup>3</sup>							
Accommodations	-	77,476	-	-	75,758	1,718	2%
Employer's contribution to health and dental insurance plans	-	26,454	-	-	27,170	(716)	(3%)
Worker's compensation payments	-	197	-	-	132	65	49%
Total other expenses	-	104,127	-	-	103,060	1,067	1%
<b>Total net cost of operations</b>	<b>-</b>	<b>641,723</b>	<b>-</b>	<b>-</b>	<b>607,666</b>	<b>34,057</b>	<b>6%</b>

<sup>3</sup> Details on services received without charge can be found in note 14 (a) of the audited financial statements.



## Results of operations by program

### Members and House Officers program

#### Members and House Officers

The **net operating expenses of \$310.1M for the Members and House Officers program** increased by **\$24.9M (9%)** compared to the prior year. The key year-over-year variances are the following:

- **Salaries and benefits:** Increase of \$5.7M mainly due to higher salary costs compared to the prior year, which was an election year, in addition to increases in employee salary rates of pay.
- **Transportation and telecommunications:** Increase of \$11.9M compared to the prior year mainly for travel related to Members' parliamentary functions after the easing of public health restrictions. The Travel Points System costs increased by \$7.2M due to higher travel volume and the inflationary impacts on travel costs. The Travel Status Expenses Account and the Member's Office Budget (for travel) also increased by \$2.7M and \$1.8M, respectively.
- **Computer, office equipment, furniture and fixtures:** Increase of \$2.3M mainly for the lifecycling of computer equipment for Members and their employees.
- **Utilities, materials and supplies:** Increase of \$1.6M mainly due to costs for paper usage within Printing and Mailing Services and for office supplies in Members' office budgets, as well as an accrual adjustment for lower inventory held at year-end.
- **Professional and special services:** Increase of \$1.5M mainly due to higher hospitality expenses by Members compared to the prior year, which was still impacted by the COVID-19 pandemic. In addition, costs increased for initiatives related to security enhancements for Members.

Within the Members and House Officers program, the BOIE approved various measures to respond to Members' needs and to increased cost pressures. This program ended the year with a surplus to budget of \$10.6M. The main initiatives approved by the BOIE this year related to:

- costs for constituency office leases;
- enhanced security measures; and
- professional development training for the employees of Members, House Officers and national caucus research offices.



Members and House Officers' total net operating expenses by type of expenses and revenues are detailed below:

	2023 Budget	2023 Net results	\$ Variance	% Variance	2022 Net results	\$ Change	% Change
<i>(in thousands of dollars)</i>							
Salaries and benefits	229,316	224,164	5,153	2%	218,501	5,662	3%
Transportation and telecommunications	33,843	34,524	(681)	(2%)	22,580	11,944	53%
Professional and special services	11,580	8,265	3,315	29%	6,723	1,542	23%
Rentals and licences	19,863	15,665	4,198	21%	15,127	538	4%
Computer, office equipment, furniture and fixtures	4,131	7,098	(2,968)	(72%)	4,795	2,303	48%
Utilities, materials and supplies	6,774	6,577	196	3%	4,967	1,610	32%
Advertising and printing services	13,620	12,350	1,270	9%	10,922	1,427	13%
Repairs and maintenance	1,183	1,128	54	5%	1,145	(17)	(1%)
Other	476	398	78	16%	497	(98)	(20%)
<b>Total operating expenses</b>	<b>320,785</b>	<b>310,170</b>	<b>10,615</b>	<b>3%</b>	<b>285,258</b>	<b>24,912</b>	<b>9%</b>
<b>Revenues</b>							
Food Services – sales	-	-	-	-	(31)	31	(100%)
Other	(53)	(53)	-	-	(62)	9	(14%)
<b>Total revenues</b>	<b>(53)</b>	<b>(53)</b>	<b>-</b>	<b>-</b>	<b>(93)</b>	<b>39</b>	<b>(43%)</b>
<b>Total net operating expenses</b>	<b>320,732</b>	<b>310,116</b>	<b>10,615</b>	<b>3%</b>	<b>285,165</b>	<b>24,951</b>	<b>9%</b>



## Committees, Parliamentary Associations and Parliamentary Exchanges

Total net operating expenses stood at **\$4.9M**, representing an increase of \$3.7M over last year and an unspent budget of \$2.8M.

<i>(in thousands of dollars)</i>	2023 Budget	2023 Net results	\$ Variance	% Variance	2022 Net results	\$ Change	% Change
Standing and special committees	3,781	971	2,810	74%	124	848	685%
Parliamentary associations	2,998	2,660	338	11%	998	1,663	167%
Parliamentary exchanges	693	940	(246)	(36%)	26	914	3,536%
Conferences	189	313	(125)	(66%)	85	228	267%
<b>Total</b>	<b>7,661</b>	<b>4,885</b>	<b>2,777</b>	<b>36%</b>	<b>1,233</b>	<b>3,652</b>	<b>296%</b>

Committees experienced significantly higher activity compared to the prior year. With the lifting of public health restrictions, committee activity levels increased to a level comparable to that seen before the pandemic. Similarly, travel costs for parliamentary associations and exchanges increased significantly compared to the prior year.

Overall, net operating expenses increased by **\$3.7M** compared to the prior year, which is mainly due to:

- **Transportation and telecommunications:** Increase of **\$5.0M** in travel costs across all service areas due to the lifting of public health restrictions. This led to a return to pre-pandemic activity levels for parliamentary associations and exchanges. Travel costs and witness expenses for committees also greatly increased, yet remained lower than pre-pandemic costs.
- **Cost recoveries:** An increase of **\$2.5M** was reported mainly for parliamentary associations for recoveries from the Senate and recoveries for conferences, in particular the 65th Commonwealth Parliamentary Conference in Halifax. This conference was originally scheduled to take place in January 2021 but was postponed to August 2022 due to travel restrictions related to the COVID-19 pandemic.
- **Conference expenditures** include costs for the planning phase of various assemblies and conferences (31st Annual Session of the Organization for Security and Co-operation in Europe [OSCE] Parliamentary Assembly in Vancouver and the 49th Annual Session of the Assemblée Parlementaire de la Francophonie [APF] in Montréal). Also included are the contribution costs for the 65th Commonwealth Parliamentary Conference in Halifax. The deficit for conferences was funded by surpluses within parliamentary associations, as approved by the BOIE.



Committees, Parliamentary Associations and Parliamentary Exchanges total net operating expenses by type of expenses and revenues are detailed below:

<i>(in thousands of dollars)</i>	<b>2023 Budget</b>	<b>2023 Net results</b>	<b>\$ Variance</b>	<b>% Variance</b>	<b>2022 Net results</b>	<b>\$ Change</b>	<b>% Change</b>
Salaries and benefits	89	385	(296)	(333%)	163	222	136%
Transportation and telecommunications	7,789	5,128	2,662	34%	119	5,009	4,218%
Professional and special services	650	671	(20)	(3%)	44	627	1,420%
Rentals and licences	222	1	221	99%	8	(7)	(84%)
Computer, office equipment, furniture and fixtures	4	2	1	34%	-	2	-
Utilities, materials and supplies	45	13	32	71%	2	11	549%
Advertising and printing services	-	1	(1)	-	-	1	-
Transfer payments to international associations	1,114	1,261	(147)	(13%)	1,031	230	22%
Other	15	27	(12)	(81%)	-	27	5,529%
<b>Total operating expenses</b>	<b>9,928</b>	<b>7,489</b>	<b>2,439</b>	<b>25%</b>	<b>1,368</b>	<b>6,121</b>	<b>447%</b>
<b>Revenues</b>							
Cost recoveries	(2,177)	(2,515)	338	(16%)	(98)	(2,418)	2,477%
Other	(89)	(89)	-	-	(38)	(51)	137%
<b>Total revenues</b>	<b>(2,267)</b>	<b>(2,604)</b>	<b>338</b>	<b>(15%)</b>	<b>(135)</b>	<b>(2,469)</b>	<b>1,825%</b>
<b>Total net operating expenses</b>	<b>7,661</b>	<b>4,885</b>	<b>2,777</b>	<b>36%</b>	<b>1,233</b>	<b>3,652</b>	<b>296%</b>

## House Administration

Total **net operating expenses** stood at **\$222.6M**. The House Administration effectively delivered on its programs despite impacts from higher inflation and labour market challenges with employee recruitment and retention. This year, the House Administration's net operating expenses increased by **\$4.4M** (2%) compared to the prior year. This increase is mainly due to:

- **Computer, office equipment, furniture and fixtures:** Increase of **\$3.6M** for IT projects in support of Members, equipment lifecycling costs, the LTVP for the parliamentary precinct, as well as higher licence costs.
- **Professional and special services:** Increase of **\$2.3M** mainly in IT projects to address challenges in recruiting staff with the required IT skills and subject matter experts for specific functions. This resulted in higher costs for professional services and on-site training.
- **Repairs and maintenance:** Increase of **\$1.2M** mainly due to ongoing costs in support of the LTVP for the parliamentary precinct.
- **Utilities, materials and supplies:** Increase of **\$0.8M** mainly due to higher food costs as Food Services activities increased in parallel with higher activity levels on the Hill.
- **Other:** A decrease of **\$1.8M** mainly due to a reduction in doubtful receivables.

The House Administration reported an increase of **\$1.0M** in revenues. This is mainly due to Food Services sales (**\$1.9M**), as public health restrictions eased and activity levels on the Hill increased, partially offset by lower overall recoveries (**\$0.9M**) for service level agreements with parliamentary partners.



The House Administration's total net operating expenses by type of expenses and revenues are detailed below:

<i>(in thousands of dollars)</i>	<b>2023 Budget</b>	<b>2023 Net results</b>	<b>\$ Variance</b>	<b>% Variance</b>	<b>2022 Net results</b>	<b>\$ Change</b>	<b>% Change</b>
Salaries and benefits	191,965	193,807	(1,842)	(1%)	194,366	(559)	(0%)
Transportation and telecommunications	5,432	3,264	2,168	40%	2,916	347	12%
Professional and special services	18,993	12,427	6,566	35%	10,122	2,305	23%
Rentals and licences	7,995	6,492	1,503	19%	7,177	(686)	(10%)
Computer, office equipment, furniture and fixtures	7,324	12,609	(5,285)	(72%)	8,972	3,637	41%
Utilities, materials and supplies	6,809	4,730	2,079	31%	3,909	821	21%
Advertising and printing services	293	92	201	69%	60	32	52%
Amortization of tangible capital assets	9,976	9,976	-	-	9,327	649	7%
Repairs and maintenance	3,635	5,684	(2,049)	(56%)	4,508	1,176	26%
Transfer payments to international associations	49	43	5	11%	38	5	13%
Net loss (gain) on disposal of tangible capital assets	(31)	(31)	-	-	459	(490)	(107%)
Other	144	11	133	93%	1,845	(1,834)	(99%)
<b>Total operating expenses</b>	<b>252,584</b>	<b>249,103</b>	<b>3,481</b>	<b>1%</b>	<b>243,700</b>	<b>5,403</b>	<b>2%</b>
<b>Revenues</b>							
Cost recoveries	(20,641)	(23,710)	3,069	(15%)	(24,601)	891	(4%)
Food Services – sales	(1,774)	(2,750)	977	(55%)	(880)	(1,870)	212%
Other	(48)	(48)	-	-	(11)	(38)	347%
<b>Total revenues</b>	<b>(22,463)</b>	<b>(26,508)</b>	<b>4,046</b>	<b>(18%)</b>	<b>(25,492)</b>	<b>(1,016)</b>	<b>4%</b>
<b>Total net operating expenses</b>	<b>230,122</b>	<b>222,595</b>	<b>7,527</b>	<b>3%</b>	<b>218,208</b>	<b>4,387</b>	<b>2%</b>





**COVID-19 pandemic:** Despite the easing of public health restrictions this year, overall costs associated with the impacts of the pandemic are comparable to those incurred in the prior year. However, this year's expenditures were mainly reported in salaries to facilitate hybrid parliamentary events and committees. The hybrid model is currently in place until June 2023, and consideration is being given for its continuation thereafter.

<i>(in thousands of dollars)</i>	<b>2023</b>	<b>2022</b>	<b>\$</b>	<b>%</b>
	<b>Net results</b>	<b>Net results</b>	<b>Change</b>	<b>Change</b>
Salaries and benefits	2,153	1,370	783	57%
Transportation and telecommunications	153	293	(140)	(48%)
Professional and special services	1	336	(335)	(100%)
Rentals and licences	39	36	3	9%
Computer, office equipment, furniture and fixtures	191	245	(54)	(22%)
Utilities, materials and supplies	70	394	(324)	(82%)
Advertising and printing services	-	7	(7)	(100%)
Repairs and maintenance	-	25	(25)	(100%)
<b>Total operating expenses</b>	<b>2,608</b>	<b>2,706</b>	<b>(99)</b>	<b>(4%)</b>



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## **Section 4 – Audited Financial Statements**

For the year ended March 31, 2023



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## Statement of Management Responsibility

Responsibility for the integrity and objectivity of the Financial Statements of the House of Commons (the House) for the year ended March 31, 2023, 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's objectives, and that transactions reflect the By-laws approved by the Board of Internal Economy as well as statutory requirements.

In addition, management seeks to ensure the integrity and objectivity of data in the Financial Statements by careful selection, training and development of qualified employees; 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.

At the request of management, the Financial Statements have been audited by KPMG LLP, the independent auditing firm for the House.

On behalf of the House of Commons,

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Eric Janse  
Acting Clerk of the House of Commons

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Paul St George, CPA, MBA  
Chief Financial Officer

Ottawa, Canada  
June 1, 2023



KPMG LLP  
150 Elgin Street, Suite 1800  
Ottawa ON K2P 2P8  
Canada  
Telephone 613-212-5764  
Fax 613-212-2896

## INDEPENDENT AUDITOR'S 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, 2023
- the statement of operations and net financial position for the year then ended
- the statement of changes 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, 2023, and its results of operations, its changes in net debt, 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 “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s 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.



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### ***Other Information***

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the Annual Financial Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Annual Financial Report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### ***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.



### ***Auditor's 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.
- 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.



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- 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*

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 6, 2023



## Statement of Financial Position

As at March 31

<i>(in thousands of dollars)</i>	2023	2022
<b>Financial assets</b>		
Cash	27	18
Due from the Consolidated Revenue Fund	24,344	20,741
Accounts receivable – <i>note 7</i>	7,296	8,046
Advances – <i>note 8</i>	671	849
Inventory held for sale	613	329
<b>Total financial assets</b>	<b>32,951</b>	29,983
<b>Liabilities</b>		
Accounts payable and accrued liabilities – <i>note 4</i>	31,396	32,566
Vacation pay and compensatory leave	13,296	13,395
Employee benefits – <i>note 5</i>	27,545	27,237
Centennial Flame Research Award Fund – <i>note 6</i>	23	24
<b>Total liabilities</b>	<b>72,260</b>	73,222
<b>Net debt</b>	<b>39,309</b>	43,239
<b>Non-financial assets</b>		
Prepaid expenses	15,056	12,328
Inventory held for use	7,673	4,316
Tangible capital assets – <i>note 9</i>	41,015	35,983
<b>Total non-financial assets</b>	<b>63,744</b>	52,627
<b>Net financial position – surplus</b>	<b>(24,435)</b>	(9,388)

Contractual obligations – *note 10*

Contingent liabilities – *note 11 (a)*

Approved by:

Eric Janse  
Acting Clerk of the House of Commons

Paul St George, CPA, MBA  
Chief Financial Officer

Ottawa, Canada  
June 1, 2023





## Statement of Operations and Net Financial Position

For the year ended March 31

	Budget	2023	2022
<i>(in thousands of dollars)</i>	<i>note 12</i>		
<b>Operating expenses – note 15</b>			
Salaries and benefits	421,371	<b>418,356</b>	413,031
Transportation and telecommunications	47,064	<b>42,915</b>	25,615
Professional and special services	31,223	<b>21,363</b>	16,889
Rentals and licences	28,080	<b>22,158</b>	22,312
Computer, office equipment, furniture and fixtures	11,458	<b>19,710</b>	13,767
Utilities, materials and supplies	13,627	<b>11,320</b>	8,878
Advertising and printing services	13,913	<b>12,442</b>	10,983
Amortization of tangible capital assets	9,976	<b>9,976</b>	9,327
Repairs and maintenance	4,818	<b>6,813</b>	5,653
Transfer payments to international associations	1,163	<b>1,304</b>	1,069
Net loss (gain) on disposal of tangible capital assets	(31)	<b>(31)</b>	459
Other	635	<b>436</b>	2,343
<b>Total operating expenses</b>	<b>583,297</b>	<b>566,762</b>	<b>530,326</b>
<b>Revenues</b>			
Cost recoveries	22,831	<b>26,225</b>	24,698
Food Services – sales	1,760	<b>2,750</b>	911
Other	191	<b>191</b>	111
<b>Total revenues</b>	<b>24,782</b>	<b>29,166</b>	<b>25,720</b>
<b>Total net operating expenses</b>	<b>558,515</b>	<b>537,596</b>	<b>504,606</b>
<b>Other expenses</b>			
Services received without charge – note 14 (a)			
Accommodations		<b>77,476</b>	75,758
Employer's contribution to health and dental insurance plans		<b>26,454</b>	27,170
Worker's compensation payments		<b>197</b>	132
<b>Total other expenses</b>		<b>104,127</b>	<b>103,060</b>
<b>Net cost of operations</b>		<b>641,723</b>	<b>607,666</b>
<b>Funding and transfers</b>			
Net cash provided by the Consolidated Revenue Fund		<b>(548,555)</b>	(505,099)
Change in due from the Consolidated Revenue Fund		<b>(3,603)</b>	(6,733)
Services received without charge – note 14 (a)		<b>(104,127)</b>	(103,060)
Net transfer from federal government departments – note 14 (c)		<b>(485)</b>	(395)
<b>Net cost of operations after funding and transfers</b>	<b>–</b>	<b>(15,047)</b>	<b>(7,621)</b>
<b>Net financial position – beginning of year</b>	<b>–</b>	<b>(9,388)</b>	<b>(1,767)</b>
<b>Net financial position – end of year</b>	<b>–</b>	<b>(24,435)</b>	<b>(9,388)</b>



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## Statement of Change in Net Debt

For the year ended March 31

<i>(in thousands of dollars)</i>	2023	2022
<b>Net cost of operations after funding and transfers</b>	<b>(15,047)</b>	(7,621)
<b>Change due to tangible capital assets</b>		
Acquisitions of tangible capital assets, net of transfers – <i>note 14 (c)</i>	<b>14,471</b>	11,504
Amortization of tangible capital assets	<b>(9,976)</b>	(9,327)
Net gain (loss) on disposal of tangible capital assets	<b>31</b>	(459)
Transfer of capital assets from federal government departments – <i>note 14 (c)</i>	<b>545</b>	443
Proceeds from disposal of tangible capital assets	<b>(39)</b>	(191)
<b>Total change due to tangible capital assets</b>	<b>5,032</b>	1,970
Change due to inventory held for use	<b>3,357</b>	(994)
Change due to prepaid expenses	<b>2,728</b>	3,557
Net decrease in net debt	<b>(3,930)</b>	(3,088)
<b>Net debt – beginning of year</b>	<b>43,239</b>	46,327
<b>Net debt – end of year</b>	<b>39,309</b>	43,239



## Statement of Cash Flows

For the year ended March 31

<i>(in thousands of dollars)</i>	2023	2022
<b>Operating activities</b>		
Net cost of operations	641,723	607,666
<b>Non-cash items</b>		
Services received without charge – <i>note 14 (a)</i>	(104,127)	(103,060)
Amortization of tangible capital assets	(9,976)	(9,327)
Net gain (loss) on disposal of tangible capital assets	31	(459)
Transfer of salary overpayments to federal government departments – <i>note 14 (c)</i>	60	48
<b>Variations in Statement of Financial Position</b>		
Increase in cash	9	14
Decrease in accounts receivable	(750)	(3,298)
Increase (decrease) in advances	(178)	50
Increase in prepaid expenses	2,728	3,557
Increase (decrease) in inventory	3,641	(990)
Decrease (increase) in accounts payable and accrued liabilities	1,170	(3,440)
Decrease in vacation pay and compensatory leave	99	564
Decrease (increase) in employee benefits	(308)	2,458
Decrease in Centennial Flame Research Award Fund	1	3
<b>Cash used in operating activities</b>	<b>534,123</b>	<b>493,786</b>
<b>Capital investing activities</b>		
Acquisition of tangible capital assets, net of transfers – <i>note 14 (c)</i>	14,471	11,504
Proceeds from disposal of tangible capital assets	(39)	(191)
<b>Cash used in capital investing activities</b>	<b>14,432</b>	<b>11,313</b>
<b>Net cash provided by the Consolidated Revenue Fund</b>	<b>548,555</b>	<b>505,099</b>



## Notes to the Financial Statements

For the year ended March 31

### 1. Authority and objectives

The **House of Commons** (the House) 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** (the Board) is the House's governing body. The Board makes decisions and provides direction on the financial and administrative matters of the House, specifically concerning its premises, services, employees, and Members. 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** (the Clerk) is the Secretary to the Board 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 delegates the 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, the Deputy Speaker, House Leaders and Chief Whips, assume additional functions as House Officers.

The **House Administration** (the Administration) provides the support required by Members during a parliament, and serves the House 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 those relating to procedures, legislation, legal matters, information technology and management, building management, food and catering, finance, human resources, and health and safety.

House employees strive to support the institution as well as Members in their roles as legislators and representatives of 338 constituencies in the Chamber, in committee and in caucus. The Administration employs a budgeted number of 1,821 permanent full-time equivalents that report to the Clerk, who is responsible for the day-to-day management of House operations and oversees Corporate Communications, Audit and Improvement, and Curatorial Services.

The Law Clerk and Parliamentary Counsel provides comprehensive legal and legislative services to the Speaker, the Board, Members, committees, the Clerk and the 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 (namely Digital Services and Real Property, the Office of the Sergeant-at-Arms and Corporate Security, Finance Services, Human Resources Services and Parliamentary Precinct Operations), provides services that support strategic planning and reporting activities as well as the technical and administrative infrastructure for the Canadian Parliamentary Press Gallery, and oversees 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 is funded through parliamentary authorities. Financial reporting of the authorities provided to the House 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 operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the House is deposited into the CRF, and all cash disbursements made by the House 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 parliamentary institutions.



## Notes to the Financial Statements

For the year ended March 31

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

#### (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 is entitled to draw from the CRF without further appropriations to discharge its liabilities.

#### (e) Accounts receivable and advances

Accounts receivable and advances are stated as amounts expected to be 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.



## Notes to the Financial Statements

For the year ended March 31

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

#### (g) Tangible capital assets

The House does not capitalize intangibles (other than software), works of art, or historical treasures that have cultural, aesthetic or historic 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

#### (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 the 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 as at March 31 for all unused vacation leave benefits. Vacation pay liabilities payable upon cessation of employment represent House obligations that are normally funded through the parliamentary authorities of future years.



## Notes to the Financial Statements

For the year ended March 31

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

#### (h) Employee benefits (continued)

##### 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 to 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

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

###### 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's Statement of Financial Position, as these accounts are the responsibility of the Government of Canada. The House's contributions to these accounts are charged to the salaries and benefits expenses in the year during which they are 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.





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## Notes to the Financial Statements

For the year ended March 31

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

#### (h) Employee benefits (continued)

##### 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 during 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 and gave rise to the revenues.

#### (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.



## Notes to the Financial Statements

For the year ended March 31

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

#### (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) Financial instruments

Financial instruments are recorded at fair value on initial recognition, and are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not elected to record any financial instruments at fair value.

A statement of remeasurement gains and losses is not presented in these financial statements as the House does not have financial instruments requiring remeasurement.

#### (n) Foreign currency translation

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

#### (o) 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 any necessary adjustments are recorded in the Financial Statements in the year they become known.



## Notes to the Financial Statements

For the year ended March 31

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

#### (p) Adoption of new accounting standards

The House has adopted the following new public sector accounting standards in the year.

##### i) PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation:

On April 1, 2022, the House adopted Public Sector Accounting Standards PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation. These standards were adopted prospectively from the date of adoption. These new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

The implementation of these standards did not require the House to reflect any adjustments in these financial statements other than the additional disclosure of financial risks provided in note 16.

##### ii) PS 3280 – Asset Retirement Obligations :

On April 1, 2022, the House adopted Public Sector Accounting Standard PS 3280 – Asset Retirement Obligations. This new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets by public sector entities. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised yearly.

The implementation of this standard did not require the House to reflect any adjustments in these financial statements as the House does not have any significant legal obligations with respect to the retirement of its tangible capital assets.



## Notes to the Financial Statements

For the year ended March 31

### 3. Parliamentary authorities

The House 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 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>	2023	2022
Net cost of operations	641,723	607,666
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Services received without charge – note 14 (a)	(104,127)	(103,060)
Prepaid expenses consumption	(9,455)	(7,953)
Amortization of tangible capital assets	(9,976)	(9,327)
Vacation pay and compensatory leave	99	564
Inventory used	(46)	(4,027)
Net loss on disposal of tangible capital assets	(8)	(612)
Refund of previous years' expenditures	87	147
Employee benefits	(308)	2,458
Transfers to assets under development	11,667	4,341
Other	3,977	(2,229)
	(108,090)	(119,698)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Acquisitions of tangible capital assets	2,742	7,110
Purchases of inventory	3,687	3,037
Prepaid expenses	12,183	11,510
Other	307	470
	18,919	22,127
<b>Current year authorities used</b>	<b>552,552</b>	<b>510,095</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>	2023	2022
Vote 1 – operating expenditures	413,663	401,224
Statutory amounts	159,808	146,361
	573,471	547,585
Less:		
Lapsed – operating	(20,919)	(37,490)
<b>Current year authorities used</b>	<b>552,552</b>	<b>510,095</b>

### 4. Accounts payable and accrued liabilities

<i>(in thousands of dollars)</i>	2023	2022
Payables – external parties	11,754	12,213
Payables – federal government departments, agencies and Crown corporations	1,915	550
	13,669	12,763
Accrued liabilities	17,727	19,803
<b>Total accounts payable and accrued liabilities</b>	<b>31,396</b>	<b>32,566</b>

### 5. Employee benefits

#### (a) Employee severance benefits

The House 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>	2023	2022
Employee severance benefit obligation – beginning of year	15,467	17,002
Change in liability for the year	1,574	6,314
Benefits paid during the year	(1,301)	(7,849)
<b>Employee severance benefit obligation – end of year</b>	<b>15,740</b>	<b>15,467</b>



## Notes to the Financial Statements

For the year ended March 31

### 5. Employee benefits (continued)

#### (b) Sick leave benefits

The House 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>2023</b>	<b>2022</b>
Employee sick leave benefit obligation – beginning of year	<b>11,770</b>	12,693
Expense for the year:		
Current service cost	<b>1,525</b>	1,624
Interest cost	<b>279</b>	202
Actuarial loss	<b>44</b>	(971)
	<b>13,618</b>	13,548
Benefits paid during the year	<b>(1,813)</b>	(1,778)
<b>Employee sick leave benefit obligation – end of year</b>	<b>11,805</b>	11,770

The last valuation was completed as of March 31, 2021 using the projected benefit method prorated on services, and the results have been extrapolated at the end of fiscal year 2023. The next actuarial valuation will be completed on March 31, 2024. The significant actuarial assumptions adopted in measuring the employee sick leave benefit obligation are as follows:

	<b>2023</b>	<b>2022</b>
Discount rate	<b>3.00%</b>	2.40%
Rate of compensation economic increase per year:		
2023	<b>2.9%</b>	2.0%
2024 and thereafter	<b>2.6%</b>	2.0%
Average remaining service period of active employees	<b>14.4 years</b>	14.4 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>	2023	2022
Receivables – federal government departments, agencies and Crown corporations	6,241	6,800
Receivables – external parties	2,708	2,899
	8,949	9,699
Allowance for doubtful accounts on external receivables	(1,653)	(1,653)
<b>Total accounts receivable</b>	<b>7,296</b>	<b>8,046</b>

### 8. Advances

<i>(in thousands of dollars)</i>	2023	2022
Petty cash for Members	582	581
Travel, tuition and other advances	47	223
Petty cash and floats for House of Commons employees	32	35
Postage-related advances	10	10
<b>Total advances</b>	<b>671</b>	<b>849</b>



## Notes to the Financial Statements

For the year ended March 31

### 9. Tangible capital assets

(in thousands of dollars)

	Cost					Accumulated Amortization				Net Book Value	
	March 31, 2022	Acquisi- tions	Disposals and adjustments	Transfers of assets under development	March 31, 2023	March 31, 2022	Amorti- zation	Disposals and adjustments	March 31, 2023	2023	2022
Informatics hardware and infrastructure	22,416	1,507	(842)	-	<b>23,081</b>	18,133	2,420	(843)	<b>19,710</b>	<b>3,371</b>	4,283
Software	48,627	93	(63)	5,368	<b>54,025</b>	38,461	3,744	(63)	<b>42,142</b>	<b>11,883</b>	10,166
Machinery and equipment	10,035	399	(372)	-	<b>10,062</b>	6,939	623	(372)	<b>7,190</b>	<b>2,872</b>	3,096
Vehicles	2,172	200	(61)	-	<b>2,311</b>	1,227	239	(61)	<b>1,455</b>	<b>856</b>	895
Other equipment	7,451	604	(411)	-	<b>7,644</b>	4,084	1,496	(403)	<b>5,177</b>	<b>2,467</b>	3,367
Leasehold improvements	14,914	545	-	-	<b>15,459</b>	7,565	1,454	-	<b>9,019</b>	<b>6,440</b>	7,349
Assets under development	6,827	11,667	-	(5,368)	<b>13,126</b>	-	-	-	-	<b>13,126</b>	6,827
<b>Total</b>	<b>112,442</b>	<b>15,015</b>	<b>(1,749)</b>	<b>-</b>	<b>125,708</b>	<b>76,459</b>	<b>9,976</b>	<b>(1,742)</b>	<b>84,693</b>	<b>41,015</b>	35,983





## Notes to the Financial Statements

For the year ended March 31

### 10. Contractual obligations

The nature of the House's activities can result in some large multi-year obligations whereby the House 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>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028 and thereafter</b>	<b>Total</b>
Supplier agreements	1,810	875	789	60	-	3,534

In the normal course of operations, the House 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 as at March 31, 2023, the maximum obligation is estimated to be \$3,979,867 (\$3,860,823 as at March 31, 2022).

### 11. Contingent liabilities

#### (a) Contingent liabilities

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown.

#### (b) Claims and litigation

Claims have been made against the House in the normal course of operations. These claims include items with pleading amounts and other items for which no amount is specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. The House has recorded an allowance for claims and litigation in the amount of \$35,700 (\$35,700 in 2021-2022), where it is likely that a future payment and a reasonable estimate of the loss can be made.



## Notes to the Financial Statements

For the year ended March 31

### 12. Budget figures

Given the difference between parliamentary authorities which are primarily based on cash flow requirements and Canadian public sector accounting standards which follow an accrual basis, the budget figures presented in the Financial Statements have been adjusted to conform to an accrual basis of accounting. The following table provides a high-level reconciliation between the budget's reporting bases:

<i>(in thousands of dollars)</i>	<b>2023</b>
Total authorities available to the House	573,471
Capitalized expenditures and amortization	7,234
Prepaid expenses	(2,728)
Transfers to assets under development	(11,667)
Inventories	(3,641)
Other adjustments	(4,154)
<b>Total budget adjusted on accrual basis</b>	<b>558,515</b>

### 13. Pension benefits

#### (a) Employee pension benefits

Under the *Public Service Superannuation Act*, eligible employees 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 Plan, and indexed to inflation.

Both employees and the House contribute to the cost of the PSPP. Contributions made by the House, included in salaries and benefits expenses, totalled \$27,699,867 (\$27,510,122 in 2021-2022). This amount represents approximately 1.02 times (1.01 times in 2021-2022) 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 2021-2022) for new members required to contribute on or after January 1, 2013.

The House's 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.



## Notes to the Financial Statements

For the year ended March 31

### 13. Pension benefits (continued)

#### (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 contribute to the cost of the pension plan. Contributions made by the House, included in salaries and benefits expenses, totalled \$16,056,646 (15,467,961 in 2021-2022).

The House's 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 is related, as a result of common ownership, to all federal departments and agencies, and Crown corporations. The House 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 received services that were obtained without charge from federal government departments and agencies. These services received without charge have been recorded in the House's Statement of Operations and Net Financial Position as follows:

<i>(in thousands of dollars)</i>	<b>2023</b>	<b>2022</b>
Public Services and Procurement Canada – accommodations	<b>77,476</b>	75,758
Treasury Board Secretariat – employer's share of insurance premiums	<b>26,454</b>	27,170
Employment and Social Development Canada – administrative charges related to workers' compensation payments	<b>197</b>	132
<b>Total services received without charge</b>	<b>104,127</b>	103,060

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, cheque issuance services, interpretation and translation services provided by Public Services and Procurement Canada, is not included as an expense in the House's 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>2023</b>	<b>2022</b>
Expenses – federal government departments and agencies	<b>155,382</b>	148,486
Recoveries – federal government departments and agencies	<b>26,406</b>	24,828



## Notes to the Financial Statements

For the year ended March 31

### 14. Related party transactions (continued)

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

During the year, the House has recorded transactions resulting from transfers with federal government departments and agencies as follows:

<i>(in thousands of dollars)</i>	<b>2023</b>	<b>2022</b>
Tangible capital assets received from Public Services and Procurement Canada		
Transferred net book value	<b>548</b>	1,195
Write-down after the House applied its capital policy	<b>(3)</b>	(752)
Recorded net transfer of tangible capital asset	<b>545</b>	443
Salary overpayment from employees transferred to and from government departments	<b>(60)</b>	(48)
<b>Total net transfer from federal government departments</b>	<b>485</b>	395

### 15. Operating expenses by function

<i>(in thousands of dollars)</i>	<b>2023</b>	<b>2022</b>
Members and House Officers	<b>310,170</b>	285,258
Committees, Parliamentary Associations and Parliamentary Exchanges	<b>7,489</b>	1,368
House Administration	<b>249,103</b>	243,700
<b>Total operating expenses</b>	<b>566,762</b>	530,326



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## Notes to the Financial Statements

For the year ended March 31

### 16) Financial risks

The House is subject to the following financial risks from its financial instruments:

- a) Credit risk refers to the risk that the counterparty to a financial instrument will cause a financial loss to the House by failing to discharge an obligation. The House is exposed to credit risk relating to its accounts receivable and advances disclosed in notes 7 and 8, which are due mostly from federal government departments, agencies and Crown corporations and external parties. Management believes that these balances do not have significant credit risk in excess of the allowances for doubtful accounts that have been provided.
- b) Liquidity risk refers to the risk that the House will encounter difficulty in meeting its obligations associated with its financial liabilities. The House receives annual Parliamentary authorities. The House manages liquidity risk by ensuring that total annual expenditures are within these authorities, as disclosed in note 3(b).
- c) Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The House's financial instruments are not subject to significant market risk as it does not hold investments, debt or foreign currency.

The House's financial risks, and the process to manage these risks, have not changed significantly from the prior year.

### 17. Comparative information

Certain 2022 comparative information has been reclassified to conform to the financial statement presentation adopted for the current year. These changes do not affect prior year Net Debt.



## Section 5 – Appendix

### Budgets on a modified-cash basis to accrual basis of accounting

*(in thousands of dollars)*

	2023	2022	\$ Change
Main Estimates	562,974	543,687	19,287
Supplementary Estimates (B)	18,407	17,722	685
Total authorities approved by the BOIE	581,381	561,409	19,972
Adjustments at year-end for used statutory authorities	(7,910)	(13,825)	5,915
<b>Total authorities available to the House (modified-cash basis)</b>	<b>573,471</b>	<b>547,584</b>	<b>25,887</b>
Capitalized expenditures and amortization	7,234	2,217	5,017
Prepaid expenses	(2,728)	(3,557)	829
Transfers to assets under development	(11,667)	(4,341)	(7,326)
Inventories	(3,641)	991	(4,632)
Other adjustments	(4,154)	(799)	(3,355)
<b>Total accrual adjustments</b>	<b>(14,956)</b>	<b>(5,489)</b>	<b>(9,467)</b>
<b>Total adjusted budget (accrual basis of accounting)</b>	<b>558,515</b>	<b>542,095</b>	<b>16,420</b>

The budget is consistent with note 12 of the audited financial statements.