



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

QUARTERLY FINANCIAL REPORT FOR THE FIRST QUARTER OF 2019-2020

UNAUDITED
PRESENTED TO THE BOARD OF INTERNAL ECONOMY

AS AT JUNE 30, 2019

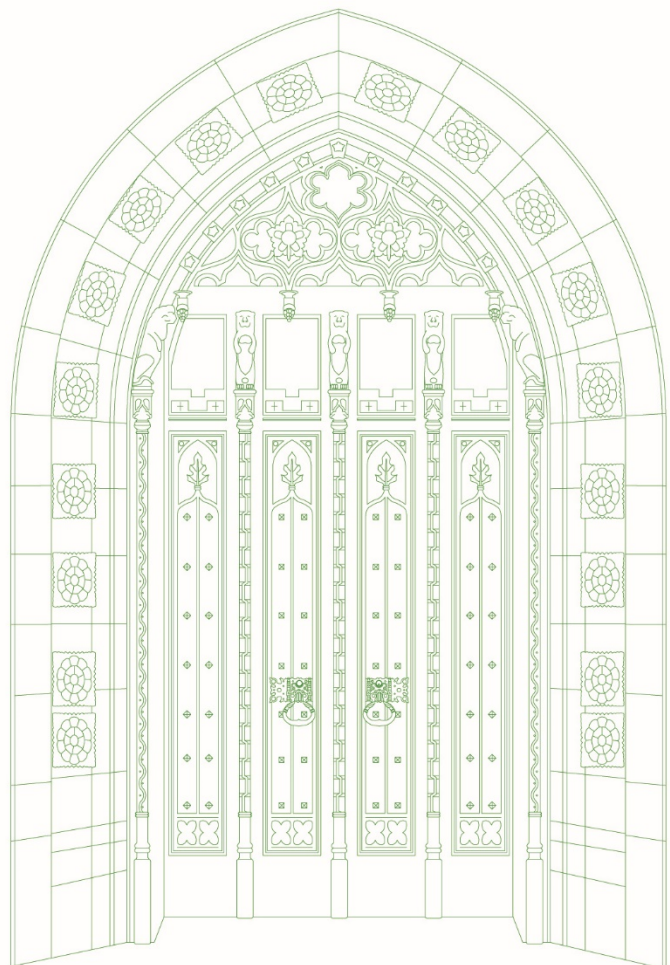


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1. Introduction

The *Quarterly Financial Report* is presented to the Board of Internal Economy in support of an effective oversight of public funds. It compares the year-to-date financial information of the current fiscal year (in this case 2019-2020) with the year-to-date financial information of the same quarter of the previous fiscal year (in this case 2018-2019).

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

2. Basis of Presentation

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

3. Corporate Risks

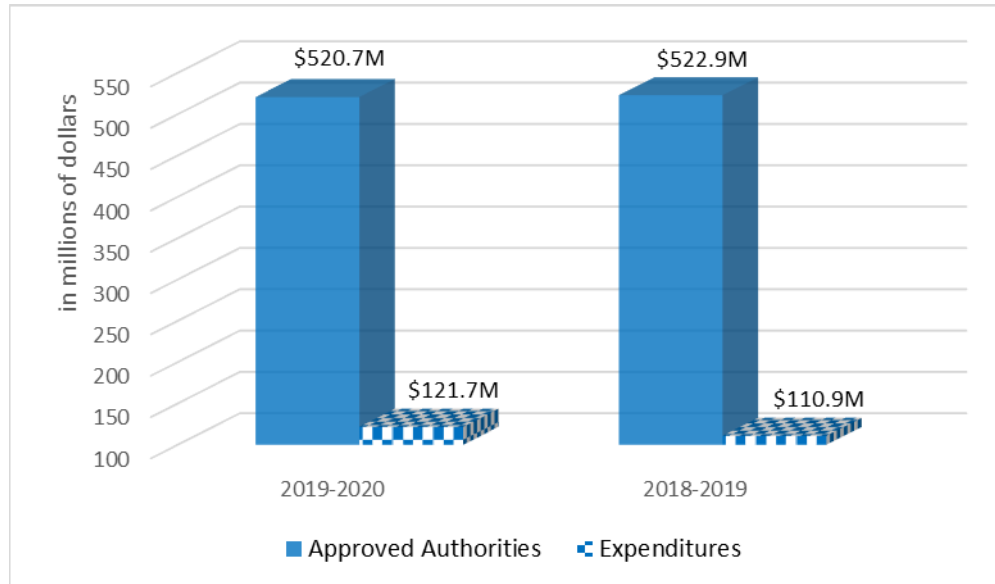
The House Administration's ability to quickly respond to various pressures on its clients and employees, its environment, and its systems and technologies allows it to continue to deliver on initiatives under the Long-Term Vision and Plan (LTVP). The House Administration therefore supports readiness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

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

4. Highlights of Quarterly Results as at June 30

The following graph provides a comparison between authorities approved for use by the Board of Internal Economy and actual expenditures as at June 30 of fiscal years 2019-2020 and 2018-2019.

Graph 1. Comparison Between Approved Authorities and Actual Expenditures



Total authorities have shown a modest decrease compared to 2018-2019, while expenditures have slightly increased. The House of Commons continuously strives to minimize requests for incremental funding whenever possible, thus promoting an efficient use of resources and avoiding the need to seek approval for additional resources. The House of Commons does however face some financial uncertainty this fiscal year due to the general election, which will directly impact in-year spending trends for Members, House Officers and the House Administration. Such impacts will be closely monitored and considered when making decisions regarding funding throughout the year.

4.1 Authorities Analysis

Approved authorities for the quarter ended on June 30

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

Table 1. Comparison of Approved Authorities for Quarter Ended June 30 of Fiscal Years 2019-2020 and 2018-2019

(in thousands of dollars)

| Type | Description | 2019-2020 | 2018-2019 | Variance (\$) | Variance (%) |
|----------------------|---|----------------|----------------|----------------|--------------|
| Statutory | Members and House Officers | 112,139 | 120,174 | (8,035) | (6.7) |
| Statutory | Employee Benefit Plans — Members and House Officers, and House Administration | 41,418 | 39,834 | 1,584 | 4 |
| Statutory | Subtotal | 153,557 | 160,008 | (6,451) | (4) |
| Non-statutory | Members and House Officers | 172,808 | 168,515 | 4,293 | 2.5 |
| Non-statutory | Committees, Parliamentary Associations and Parliamentary Exchanges | 7,715 | 9,160 | (1,445) | (15.8) |
| Non-statutory | House Administration | 186,639 | 185,236 | 1,403 | 0.8 |
| Non-statutory | Subtotal | 367,163 | 362,911 | 4,251 | 1.2 |
| Total | | 520,720 | 522,919 | (2,200) | (0.4) |

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

For 2019-2020, the House of Commons' total approved authorities of \$520.7M are composed of the following items:

- \$503.4M obtained through the Main Estimates; and
- \$17.4M that will be requested through the Supplementary Estimates.

As reflected in the table above, the House of Commons' total approved authorities available for use in fiscal year 2019-2020 decreased by \$2.2M (0.4%) compared to 2018-2019. The most significant changes to the authorities relate to a decrease of \$9.3M for the Member's pension plans (the MPRA and MPRCA accounts), offset mainly by:

- \$3.4M for cost of living increases for Members and House Officers;
- \$1.5M in economic increases for the House Administration;
- \$1.4M increase of the carry-forward; and
- \$0.6M in major investments.

4.2 Expenditures Analysis

Expenditures for the quarter ended on June 30

Table 2. Comparison of Year-to-date Expenditures for Quarter Ended June 30 of Fiscal Years 2019-2020 and 2018-2019

(in thousands of dollars)

| Type | Description | 2019-2020 | 2018-2019 | Variance (\$) | Variance (%) |
|----------------------|---|----------------|----------------|---------------|--------------|
| Statutory | Members and House Officers | 26,181 | 22,834 | 3,347 | 14.7 |
| Statutory | Employee Benefit Plans — Members and House Officers, and House Administration | 10,355 | 9,958 | 397 | 4 |
| Statutory | Subtotal | 36,535 | 32,792 | 3,743 | 11.4 |
| Non-statutory | Members and House Officers | 37,344 | 34,656 | 2,688 | 7.8 |
| Non-statutory | Committees, Parliamentary Associations and Parliamentary Exchanges | 796 | 865 | (69) | (8) |
| Non-statutory | House Administration | 47,040 | 42,543 | 4,497 | 10.6 |
| Non-statutory | Subtotal | 85,180 | 78,064 | 7,116 | 9.1 |
| Total | | 121,715 | 110,856 | 10,859 | 9.8 |

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

Table 3. Comparison of Year-to-date Expenditures by Standard Object for Quarter Ended June 30 of Fiscal Years 2019-2020 and 2018-2019

(in thousands of dollars)

| Expenditures | 2019-2020 | 2018-2019 | Variance (\$) | Variance (%) |
|---|----------------|----------------|---------------|--------------|
| Salaries and Benefits | 97,101 | 91,581 | 5,520 | 6 |
| Transportation and Telecommunications | 9,006 | 7,834 | 1,172 | 15 |
| Advertising and Printings Services | 1,881 | 1,445 | 436 | 30.1 |
| Professional and Special Services | 4,559 | 3,320 | 1,239 | 37.3 |
| Rentals and Licences | 4,950 | 4,202 | 748 | 17.8 |
| Repairs and Maintenance | 587 | 304 | 283 | 93.1 |
| Utilities, Materials and Supplies | 2,538 | 2,327 | 211 | 9.1 |
| Computers, Office Equipment, Furniture and Fixtures | 2,277 | 1,664 | 613 | 36.8 |
| Transfer Payments | 43 | 25 | 18 | 72 |
| Other | 438 | 184 | 254 | 138.1 |
| Total Gross Expenditures | 123,379 | 112,886 | 10,493 | 9.3 |
| Less Revenues Netted Against Expenditures | (1,664) | (2,030) | 366 | (18) |
| Total Net Expenditures | 121,715 | 110,856 | 10,859 | 9.8 |

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

Expenditures for 2019-2020 increased by \$10.9M (9.8%) at the end of June compared to the previous fiscal year. The most significant changes to the expenditures by standard object are explained below.

Salaries and Benefits

The increase in personnel expenditures of \$5.5M in 2019-2020 is mainly due to:

- additional employees hired in support of the LTVP initiatives and major investments, such as Managed Computing for Constituencies, advisory services to Members as employers and in-person support to Members and their staff through multidisciplinary on-site service centres;
- cost of living increases, including the annual increases to Members' staff salaries and increases to Members' sessional allowance and additional salaries, in accordance with the *Parliament of Canada Act*;
- additional House Administration employees hired in support of election preparedness activities, including the Members' Orientation Program; and
- differences in the timing of payments for the contributions to the Members of Parliament Retiring Allowances (MPRA) and Members of Parliament Retirement Compensation Arrangements (MPRCA) accounts from one year to the other.

Transportation and Telecommunications

The increase of \$1.2M is mostly due to increases in travel expenditures in support of Members carrying out their parliamentary functions.

Professional and Special Services

The increase of \$1.2M is mainly due to investments in IT infrastructure, as well as to differences in the timing of payments for the assessment and support of the IT security posture of the organization.

Rentals and Licences

The increase of \$0.7M is mainly due to differences in the timing of payments for annual maintenance contracts for various network and desktop applications.

4.3 Budget Utilization as at June 30

Table 4. Budget Utilization for Quarter Ended June 30 of Fiscal Years 2019-2020 and 2018-2019

(in thousands of dollars)

| Type | Description | 2019-2020 Authorities | 2019-2020 Expenditures | 2019-2020 % Spent | 2018-2019 Authorities | 2018-2019 Expenditures | 2018-2019 % Spent |
|----------------------|---|--------------------------|---------------------------|----------------------|--------------------------|---------------------------|----------------------|
| Statutory | Members and House Officers | 112,139 | 26,181 | 23.3 | 120,174 | 22,834 | 19 |
| Statutory | Employee Benefit Plans — Members and House Officers, and House Administration | 41,418 | 10,355 | 25 | 39,834 | 9,958 | 25 |
| Statutory | Subtotal | 153,557 | 36,535 | 23.8 | 160,008 | 32,792 | 20.5 |
| Non-statutory | Members and House Officers | 172,808 | 37,344 | 21.6 | 168,515 | 34,656 | 20.6 |
| Non-statutory | Committees, Parliamentary Associations and Parliamentary Exchanges | 7,715 | 796 | 10.3 | 9,160 | 865 | 9.4 |
| Non-statutory | House Administration | 186,639 | 47,040 | 25.2 | 185,236 | 42,543 | 23 |
| Non-statutory | Subtotal | 367,163 | 85,180 | 23.2 | 362,911 | 78,064 | 21.5 |
| Total | | 520,720 | 121,715 | 23.4 | 522,919 | 110,856 | 21.2 |

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

As at June 30, 2019, the utilization of authorities increased slightly by 2.2% compared to the previous fiscal year.