



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA



# FINANCIAL STATEMENTS

For the year ended  
March 31, 2017





HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

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## Statement of Management Responsibility

Responsibility for the integrity and objectivity of the Financial Statements of the House of Commons for the year ended March 31, 2017, and of all information contained in these statements rests with management.

These Financial Statements have been prepared by management in accordance with Canadian public sector accounting standards, using management's best estimates and judgements where appropriate and giving due consideration to materiality. Financial information submitted to the *Public Accounts of Canada* is consistent with these Financial 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 House of Commons objectives, and that transactions reflect the By-laws approved by the Board of Internal Economy as well as statutory requirements.

Management also seeks to ensure the objectivity and integrity of data in its Financial Statements by careful selection, training, and development of qualified staff; 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 of Commons.

At the request of management, these Financial Statements have been audited by KPMG LLP, the independent auditors of the House of Commons.

On behalf of the House of Commons,

Charles Robert  
Clerk of the House of Commons

Daniel G. Paquette CPA, CA  
Chief Financial Officer

Ottawa, Canada  
on the 8<sup>th</sup> day of August 2017



## INDEPENDENT AUDITORS' REPORT

Auditor's Report to the Clerk of the House of Commons

We have audited the accompanying financial statements of the House of Commons, which comprise the statement of financial position as at March 31, 2017, the statements of operations and net financial position, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the House of Commons as at March 31, 2017 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.

*KPMG LLP*

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Professional Accountants, Licensed Public Accountants

August 8, 2017

Ottawa, Canada



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# Statement of Financial Position

As at March 31

(in thousands of dollars)

	2017	2016
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	43,104	37,101
Vacation pay and compensatory leave	8,257	7,276
Employee benefits (note 5)	26,160	40,678
Centennial Flame Research Award Fund (note 6)	19	19
<i>Total liabilities</i>	<b>77,540</b>	85,074
<b>Financial assets</b>		
Cash	32	278
Due from the Consolidated Revenue Fund	28,962	31,653
Accounts receivable (note 7)	14,628	9,997
Advances (note 8)	911	736
Inventory held for sale	762	474
<i>Total financial assets</i>	<b>45,295</b>	43,138
<b>Net debt</b>	<b>32,245</b>	41,936
<b>Non-financial assets</b>		
Prepaid expenses	5,691	5,721
Inventory held for use	2,950	3,926
Tangible capital assets (note 9)	18,588	21,131
<i>Total non-financial assets</i>	<b>27,229</b>	30,778
<b>Net financial position</b>	<b>5,016</b>	11,158

Contractual obligations (note 10)

Contingent liabilities (note 11)

Approved by:

Charles Robert  
Clerk of the House of Commons

Daniel G. Paquette CPA, CA  
Chief Financial Officer

Ottawa, Canada  
on the 8<sup>th</sup> day of August 2017



## Statement of Operations and Net Financial Position

For the year ended March 31

	<i>Budget</i>	<b>2017</b>	<b>2016</b>
<i>(in thousands of dollars)</i>	<i>(note 12)</i>		
<b>Expenses</b>			
<b>Operating</b>			
Salaries and benefits	353,338	<b>345,456</b>	348,002
Accommodations	68,414	<b>68,414</b>	60,081
Transportation and communications	43,682	<b>41,834</b>	33,104
Professional and special services	32,089	<b>25,265</b>	18,745
Rentals	17,046	<b>18,756</b>	17,055
Computer, office equipment, furniture and fixtures	10,165	<b>13,617</b>	13,065
Utilities, materials and supplies	14,158	<b>11,924</b>	6,948
Information	10,486	<b>8,085</b>	5,117
Amortization of tangible capital assets	8,556	<b>8,556</b>	5,587
Repair and maintenance	10,707	<b>3,327</b>	3,704
Net loss (gain) on disposal of tangible capital assets	(331)	<b>(331)</b>	34
Other	853	<b>853</b>	826
<i>Total operating expenses</i>	569,163	<b>545,756</b>	512,268
<b>Transfer payments to international associations</b>	936	<b>975</b>	1,002
<b>Total expenses (note 15)</b>	570,099	<b>546,731</b>	513,270
<b>Revenues</b>			
Cost recoveries	17,385	<b>17,385</b>	14,923
Food Services – sales	3,287	<b>3,287</b>	2,286
Other	141	<b>141</b>	75
<b>Total revenues</b>	20,813	<b>20,813</b>	17,284
<b>Net cost of continuing operations</b>	549,286	<b>525,918</b>	495,986
Transferred operations to Parliamentary Protective Service	-	-	5,698
<b>Net cost of operations</b>	549,286	<b>525,918</b>	501,684
<b>Funding and transfers</b>			
Net cash provided by the Consolidated Revenue Fund	-	<b>(444,696)</b>	(421,032)
Change in due from the Consolidated Revenue Fund	-	<b>2,691</b>	(3,255)
Services received without charge (note 14 (a))	-	<b>(90,287)</b>	(77,908)
Transfer of transition salary payments in arrears	-	<b>1</b>	50
Net transfer to federal government departments	-	<b>231</b>	(2,842)
<b>Net cost of operations after funding and transfers</b>	-	<b>(6,142)</b>	(3,303)
<b>Net financial position – beginning of year</b>	-	<b>11,158</b>	14,461
<b>Net financial position – end of year</b>	-	<b>5,016</b>	11,158

The accompanying notes form an integral part of these Financial Statements.



## Statement of Change in Net Debt For the year ended March 31

<i>(in thousands of dollars)</i>	2017	2016
<b>Net cost of operations after funding and transfers</b>	<b>(6,142)</b>	(3,303)
<b>Change due to tangible capital assets</b>		
Acquisitions of tangible capital assets	<b>5,952</b>	10,364
Amortization of tangible capital assets	<b>(8,556)</b>	(5,587)
Net gain (loss) on disposal of tangible capital assets	<b>331</b>	(34)
Transfer of capital assets to federal government departments	<b>(231)</b>	(67)
Proceeds from disposal of tangible capital assets	<b>(39)</b>	(87)
<b>Total change due to tangible capital assets</b>	<b>(2,543)</b>	4,589
Change due to inventory held for use	<b>(976)</b>	1,283
Change due to prepaid expenses	<b>(30)</b>	1,033
Net increase (decrease) in net debt	<b>(9,691)</b>	3,602
<b>Net debt - beginning of year</b>	<b>41,936</b>	38,334
<b>Net debt - end of year</b>	<b>32,245</b>	41,936





## Statement of Cash Flows

For the year ended March 31

<i>(in thousands of dollars)</i>	2017	2016
<b>Operating activities</b>		
Net cost of operations	525,918	501,684
<b>Non-cash items</b>		
Services received without charge ( <i>note 14 (a)</i> )	(90,287)	(77,908)
Amortization of tangible capital assets	(8,556)	(5,587)
Net gain (loss) on disposal of tangible capital assets	331	(34)
<b>Transition payments for implementing salary payments in arrears</b>	1	50
<b>Variations in Statement of Financial Position</b>		
Decrease in cash	(246)	(444)
Increase in accounts receivable	4,631	2,966
Increase (decrease) in advances	175	(86)
Increase (decrease) in prepaid expenses	(30)	1,033
Increase (decrease) in inventory	(688)	1,471
Transfer of assets to Parliamentary Protective Service	-	532
Increase in accounts payable and accrued liabilities	(6,003)	(5,966)
Decrease (increase) in vacation pay and compensatory leave	(981)	716
Decrease (increase) in employee benefits	14,518	(4,969)
Increase in Centennial Flame Research Award Fund	-	(3)
Transfer of liabilities to Parliamentary Protective Service	-	(3,374)
<b>Cash used in operating activities</b>	438,783	410,081
<b>Capital investing activities</b>		
Acquisition of tangible capital assets	5,952	10,364
Proceeds from disposal of tangible capital assets	(39)	(87)
Transfer of capital assets to federal government departments	-	(67)
<b>Cash used in capital investing activities</b>	5,913	10,210
<b>Financing activities</b>		
Lease payments for tangible capital assets	-	741
<b>Cash used in financing activities</b>	-	741
<b>Net cash provided by the Consolidated Revenue Fund</b>	444,696	421,032

The accompanying notes form an integral part of these Financial Statements.



# Notes to the Financial Statements

For the year ended March 31

## 1. Authority and objectives

The **House of Commons** is a self-governing institution established under the *Constitution Act, 1867*. The Board of Internal Economy have the authority to act on all financial and administrative matters relating to the House of Commons and its Members pursuant to the *Parliament of Canada Act*.

The **Board of Internal Economy** is the governing body of the House of Commons and oversees its financial management and administration on behalf of Members. It is chaired by the Speaker and comprised of Members representing all recognized parties.

The **Clerk of the House of Commons** is the Secretary to the Board of Internal Economy and is also the senior official 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 of Commons delegates 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, Deputy Speaker, House Leaders and Chief Whips, assume additional functions as House Officers.

The **House Administration** provides the support required by Members during a parliament and, in addition, serves the House of Commons 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 procedural, legislative, legal, information technology and management, building management, food, finance, human resources, health and safety. The staff of the House of Commons strives to support the institution and Members in their roles as legislators and representatives of 338 constituencies in the Chamber, in committee and in caucus. The House Administration comprises seven service areas that employ the equivalent of 1,623 full-time workers and that report to the Clerk: Procedural Services, the Office of the Law Clerk and Parliamentary Counsel, Information Services, Parliamentary Precinct Operations, Corporate Security Office, Finance Services, and Human Resources Services.



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# Notes to the Financial Statements

For the year ended March 31

## 2. Summary of significant accounting policies

### (a) Basis of presentation

These Financial Statements have been prepared in accordance with Canadian public sector accounting standards.

### (b) Parliamentary authorities

The House of Commons is funded through parliamentary authorities. Financial reporting of authorities provided to the House of Commons 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 of Commons operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the House of Commons is deposited to the CRF, and all cash disbursements made by the House of Commons 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.

### (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 when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the House of Commons 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 ultimately 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.



## Notes to the Financial Statements

For the year ended March 31

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

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.

**(g) Tangible capital assets**

The House of Commons does not capitalize intangibles, works of art or historical treasures that have cultural, aesthetic or historical 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
Leased equipment	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 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 at March 31 for all unused vacation leave benefits. Vacation pay liabilities payable upon cessation of employment represent House of Commons obligations that are normally funded through future years' parliamentary authorities.



## Notes to the Financial Statements

For the year ended March 31

### 2. Summary of significant accounting policies (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 benefits earned to date or 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

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

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



## Notes to the Financial Statements

For the year ended March 31

### 2. Summary of significant accounting policies (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 in 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 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 that gave rise to the revenues.

#### (k) Services received without charge

Services received without charge from federal government departments for accommodation, employer contributions to the health and dental insurance plans, and workers' compensation are recorded as operating expenses at their estimated cost.

#### (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.



## Notes to the Financial Statements

For the year ended March 31

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

#### (m) Foreign currency transactions

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

#### (n) Measurement uncertainty

The preparation of these 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. The most significant items where estimates are used are 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 reviewed periodically and, as adjustments become necessary, they are recorded in the Financial Statements in the year they become known.



## Notes to the Financial Statements

For the year ended March 31

### 3. Parliamentary authorities

The House of Commons 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 of Commons 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>	2017	2016
Net cost of operations	525,918	501,684
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Services received without charge ( <i>note 14 (a)</i> )	(90,287)	(77,908)
Inventory used	(4,748)	(2,839)
Amortization of tangible capital assets	(8,556)	(5,587)
Employee benefits	14,518	(7,523)
Refund of previous years' expenditures	285	427
Net gain (loss) on disposal of tangible capital assets	331	(34)
Vacation pay and compensatory leave	(981)	(267)
Prepaid expenses consumption	(4,417)	(4,688)
Other	(695)	(874)
	(94,550)	(99,293)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Acquisitions of tangible capital assets	4,586	10,364
Purchases of inventory	4,060	5,064
Tangible capital asset lease principal payments	-	741
Prepaid expenses	4,387	5,721
Other	493	50
	13,526	21,940
<b>Current year authorities used</b>	<b>444,894</b>	<b>424,331</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>	2017	2016
Vote 5 – operating expenditures	326,299	296,490
Statutory amounts	141,963	145,451
	468,262	441,941
Less:		
Lapsed – operating	(23,368)	(17,610)
<b>Current year authorities used</b>	<b>444,894</b>	<b>424,331</b>

### 4. Accounts payable and accrued liabilities

<i>(in thousands of dollars)</i>	2017	2016
Payables – external parties	21,086	19,820
Payables – federal government departments, agencies and Crown corporations	1,445	1,324
	22,531	21,144
Accrued liabilities	20,573	15,957
<b>Total accounts payable and accrued liabilities</b>	<b>43,104</b>	<b>37,101</b>

### 5. Employee benefits

#### (a) Employee severance benefits

The House of Commons 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>	2017	2016
Employee severance benefit obligation – beginning of year	31,503	29,026
Change in liability for the year	(12,282)	25,110
Benefits paid during the year	(1,768)	(22,633)
<b>Employee severance benefit obligation – end of year</b>	<b>17,453</b>	<b>31,503</b>



## Notes to the Financial Statements

For the year ended March 31

### 5. Employee benefits (continued)

#### (b) Sick leave benefits

The House of Commons 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>2017</b>	<b>2016</b>
Employee sick leave benefit obligation – beginning of year	<b>9,175</b>	6,683
Expense for the year:		
Current service cost	<b>1,253</b>	1,221
Interest cost	<b>118</b>	151
Actuarial loss	<b>(272)</b>	3,806
Curtailment gain	-	(1,113)
	<b>10,274</b>	4,065
Benefits paid during the year	<b>(1,567)</b>	(1,573)
<b>Employee sick leave benefit obligation – end of year</b>	<b>8,707</b>	9,175

At the end of fiscal year 2015, an actuarial valuation of the House of Commons' employee sick leave benefit obligation was completed using the projected benefit method prorated on services, extrapolated at the end of fiscal year 2017. The significant actuarial assumptions adopted in measuring the employee sick leave benefit obligation are as follows:

	<b>2017</b>	<b>2016</b>
Discount rate	<b>1.60%</b>	1.30%
Rate of compensation economic increase per year:		
2017	<b>2.0%</b>	2.0%
2018 and thereafter	<b>2.0%</b>	2.0%
Average remaining service period of active employees	<b>14.5 years</b>	14.5 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 awards of money to 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>	2017	2016
Receivables – federal government departments, agencies and Crown corporations	11,275	6,660
Receivables – external parties	3,363	3,347
	14,638	10,007
Allowance for doubtful accounts on external receivables	(10)	(10)
<b>Total accounts receivable</b>	<b>14,628</b>	<b>9,997</b>

### 8. Advances

<i>(in thousands of dollars)</i>	2017	2016
Petty cash for Members	576	552
Travel and tuition advances	276	137
Petty cash and floats for House of Commons employees	40	28
Postage-related advances	19	19
<b>Total advances</b>	<b>911</b>	<b>736</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, 2016	Acquisi- tions	Disposals and adjustments	Transfers of assets under development	March 31, 2017	March 31, 2016	Amorti- zation	Disposals and adjustments	March 31, 2017	2017	2016
Informatics hardware and infrastructure	16,444	1,395	(1,880)	-	<b>15,959</b>	13,464	1,840	(1,891)	<b>13,413</b>	<b>2,546</b>	2,980
Software	26,653	118	56	820	<b>27,647</b>	16,068	5,548	27	<b>21,643</b>	<b>6,004</b>	10,585
Machinery and equipment	4,373	110	4,224	76	<b>8,783</b>	3,461	75	4,346	<b>7,882</b>	<b>901</b>	912
Vehicles	1,947	-	(195)	-	<b>1,752</b>	687	230	(166)	<b>751</b>	<b>1,001</b>	1,260
Other equipment	3,256	311	(322)	-	<b>3,245</b>	2,782	174	(494)	<b>2,462</b>	<b>783</b>	474
Leasehold improvements	8,211	700	-	-	<b>8,911</b>	3,836	689	-	<b>4,525</b>	<b>4,386</b>	4,375
Assets under development	545	3,318	-	(896)	<b>2,967</b>	-	-	-	-	<b>2,967</b>	545
Subtotal	61,429	5,952	1,883	-	<b>69,264</b>	40,298	8,556	1,822	<b>50,676</b>	<b>18,588</b>	21,131
Leased equipment	4,251	-	(4,251)	-	-	4,251	-	(4,251)	-	-	-
<b>Total</b>	<b>65,680</b>	<b>5,952</b>	<b>(2,368)</b>	-	<b>69,264</b>	<b>44,549</b>	<b>8,556</b>	<b>(2,429)</b>	<b>50,676</b>	<b>18,588</b>	21,131



## Notes to the Financial Statements

For the year ended March 31

### 10. Contractual obligations

The nature of the House of Commons' activities can result in some large multi-year obligations whereby the House of Commons 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>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022 and thereafter</b>	<b>Total</b>
Supplier Agreements	2,245	1,577	1,263	786	5,411	11,282

In the normal course of operations, the House of Commons assumes a contractual obligation through guarantees provided with respect to Members' constituency office leases. These guarantees cover up to three 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 of Commons as at March 31, 2017, the maximum obligation is estimated to be \$2,081,877 (\$2,223,820 as at March 31, 2016).

### 11. Contingent liabilities

As of March 31, 2017, management is not aware of any claims or possible claims against the House of Commons.

### 12. Budget figures

Given the difference between parliamentary authorities and Canadian public sector accounting standards, the budget figures presented have been adjusted to conform to the basis of accounting for these Financial Statements. Note 3 provides a high-level reconciliation between the bases of reporting.



## Notes to the Financial Statements

For the year ended March 31

### 13. Pension benefits

#### (a) Employee pension benefits

Employees of the House of Commons participate in the Public Service Pension Plan, 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 Plans and indexed to inflation.

Both employees and the House of Commons contribute to the cost of the plan. Contributions made by the House of Commons, included in salaries and benefits expenses, totalled \$22,829,080 (\$23,155,433 in 2015-2016). This amount represents approximately 1.12 times (1.25 times in 2015-2016) the employees' contributions for existing members who were required to contribute to the cost of the plan prior to January 1, 2013, and 1.08 times (1.24 times in 2015-2016) for new members required to contribute on or after January 1, 2013.

The House of Commons' responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Financial Statements of the Government of Canada, as the Plan's sponsor.

#### (b) Members' pension benefits

Members participate in a pension plan consisting of two separate accounts, the Members of Parliament Retiring Allowances (MPRA) and the Members of Parliament Retirement Compensation Arrangements (RCA), 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 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 consecutive 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 of Commons contribute to the cost of the Plan. Contributions made by the House of Commons, included in salaries and benefits expenses, totalled \$15,568,333 (\$19,956,466 in 2015-2016).

The House of Commons' responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Financial Statements of the Government of Canada, as the Plan's sponsor.



## Notes to the Financial Statements

For the year ended March 31

### 14. Related party transactions

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

<i>(in thousands of dollars)</i>	<b>2017</b>	<b>2016</b>
Public Services and Procurement Canada – accommodations	<b>68,414</b>	60,081
Treasury Board Secretariat – employer's share of insurance premiums	<b>21,211</b>	17,520
Employment and Social Development Canada – administrative charges related to workers' compensation payments	<b>662</b>	307
<b>Total services received without charge</b>	<b>90,287</b>	<b>77,908</b>

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 and cheque issuance services provided by Public Services and Procurement Canada, is not included as an expense in the House of Commons' 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>2017</b>	<b>2016</b>
Expenses – federal government departments and agencies	<b>146,513</b>	139,340
Recoveries – federal government departments and agencies	<b>17,060</b>	13,806



HOUSE OF COMMONS  
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## Notes to the Financial Statements

For the year ended March 31

### 15. Expenses by function

<i>(in thousands of dollars)</i>	<b>2017</b>	<b>2016</b>
Members and House Officers	<b>273,485</b>	272,764
House Administration	<b>273,246</b>	240,506
<b>Total expenses</b>	<b>546,731</b>	513,270