



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

FINANCIAL STATEMENTS

For the year ended
March 31, 2022



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 (the House) for the year ended March 31, 2022, 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,

Charles Robert
Clerk of the House of Commons

Paul St George, CPA, CGA, MBA
Chief Financial Officer

Ottawa, Canada
July 7, 2022



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INDEPENDENT AUDITORS' 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, 2022
- the statement of operations and net financial position for the year then ended
- the statement of change 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, 2022, and its results of operations, its accumulated surplus 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' 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.



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.

Auditors' 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.
- 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

July 7, 2022



HOUSE OF COMMONS
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Statement of Financial Position

As at March 31

(in thousands of dollars)

	2022	2021
Financial assets		
Cash	18	4
Due from the Consolidated Revenue Fund	20,741	14,008
Accounts receivable – note 7	8,046	11,344
Advances – note 8	849	799
Inventory held for sale	329	325
Total financial assets	29,983	26,480
Liabilities		
Accounts payable and accrued liabilities – note 4	32,566	29,126
Vacation pay and compensatory leave	13,395	13,959
Employee benefits – note 5	27,237	29,695
Centennial Flame Research Award Fund – note 6	24	27
Total liabilities	73,222	72,807
Net debt	43,239	46,327
Non-financial assets		
Prepaid expenses	12,328	8,771
Inventory held for use	4,316	5,310
Tangible capital assets – note 9	35,983	34,013
Total non-financial assets	52,627	48,094
Net financial position – surplus	(9,388)	(1,767)

Contractual obligations – note 10

Contingent liabilities – note 11 (a)

Approved by:

Charles Robert
Clerk of the House of Commons

Paul St George, CPA, CGA, MBA
Chief Financial Officer

Ottawa, Canada

July 7, 2022



Statement of Operations and Net Financial Position

For the year ended March 31

	Budget	2022	2021
<i>(in thousands of dollars)</i>	<i>note 12</i>		
Expenses			
Operating			
Salaries and benefits	438,060	440,333	554,581
Accommodations	75,758	75,758	69,259
Transportation and telecommunications	31,551	25,615	20,416
Professional and special services	29,479	16,889	18,409
Rentals and licences	25,766	22,312	19,617
Computer, office equipment, furniture and fixtures	20,071	13,767	16,634
Utilities, materials and supplies	13,105	8,878	4,177
Advertising and printing services	13,570	10,983	11,978
Amortization of tangible capital assets	9,327	9,327	6,698
Repairs and maintenance	7,806	5,653	5,597
Net loss (gain) on disposal of tangible capital assets	459	459	355
Other	3,570	2,343	419
Total operating expenses	668,522	632,317	728,140
Transfer payments to international associations	1,284	1,069	1,132
Total expenses – note 15	669,806	633,386	729,272
Revenues			
Cost recoveries	24,422	24,698	23,304
Food Services – sales	97	911	895
Other	132	111	57
Total revenues	24,651	25,720	24,256
Net cost of operations	645,155	607,666	705,016
Funding and transfers			
Net cash provided by the Consolidated Revenue Fund	-	(505,099)	(622,766)
Change in due from the Consolidated Revenue Fund	-	(6,733)	16,489
Services received without charge – note 14 (a)	-	(103,060)	(93,859)
Net transfer from federal government departments – note 14 (c)	-	(395)	(2,242)
Net cost of operations after funding and transfers	-	(7,621)	2,638
Net financial position – beginning of year	-	(1,767)	(4,405)
Net financial position – end of year	-	(9,388)	(1,767)



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

<i>(in thousands of dollars)</i>	2022	2021
Net cost of operations after funding and transfers	(7,621)	2,638
Change due to tangible capital assets		
Acquisitions of tangible capital assets, net of transfers – <i>note 14 (c)</i>	11,504	12,119
Amortization of tangible capital assets	(9,327)	(6,698)
Net loss on disposal of tangible capital assets	(459)	(355)
Transfer of capital assets from federal government departments	443	2,253
Proceeds from disposal of tangible capital assets	(191)	(96)
Total change due to tangible capital assets	1,970	7,223
Change due to inventory held for use	(994)	2,217
Change due to prepaid expenses	3,557	(945)
Net increase (decrease) in net debt	(3,088)	11,133
Net debt – beginning of year	46,327	35,194
Net debt – end of year	43,239	46,327



Statement of Cash Flows

For the year ended March 31

<i>(in thousands of dollars)</i>	2022	2021
Operating activities		
Net cost of operations	607,666	705,016
Non-cash items		
Services received without charge – note 14 (a)	(103,060)	(93,859)
Amortization of tangible capital assets	(9,327)	(6,698)
Net loss on disposal of tangible capital assets	(459)	(355)
Transfer of salary overpayments to federal government departments – note 14 (c)	48	11
Variations in Statement of Financial Position		
Increase (decrease) in cash	14	(5)
Decrease in accounts receivable	(3,298)	(6,006)
Increase (decrease) in advances	50	(101)
Increase (decrease) in prepaid expenses	3,557	(945)
Increase (decrease) in inventory	(990)	2,034
Decrease (increase) in accounts payable and accrued liabilities	(3,440)	16,801
Decrease (increase) in vacation pay and compensatory leave	564	(2,442)
Decrease (increase) in employee benefits	2,458	(2,706)
Decrease (increase) in Centennial Flame Research Award Fund	3	(2)
Cash used in operating activities	493,786	610,743
Capital investing activities		
Acquisition of tangible capital assets, net of transfers – note 14 (c)	11,504	12,119
Proceeds from disposal of tangible capital assets	(191)	(96)
Cash used in capital investing activities	11,313	12,023
Net cash provided by the Consolidated Revenue Fund	505,099	622,766



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 1,807 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.

(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



Notes to the Financial Statements

For the year ended March 31

2. Summary of significant accounting policies (continued)

(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.

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.



Notes to the Financial Statements

For the year ended March 31

2. Summary of significant accounting policies (continued)

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.

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.



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Notes to the Financial Statements

For the year ended March 31

2. Summary of significant accounting policies (continued)

(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.

(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) Foreign currency transactions

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

(n) 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

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>	2022	2021
Net cost of operations	607,666	705,016
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Services received without charge – note 14 (a)	(103,060)	(93,859)
Prepaid expenses consumption	(7,953)	(9,583)
Amortization of tangible capital assets	(9,327)	(6,698)
Vacation pay and compensatory leave	564	(2,442)
Inventory used	(4,027)	7
Net loss on disposal of tangible capital assets	(612)	(451)
Refund of previous years' expenditures	147	243
Employee benefits	2,458	(2,706)
Transfers to assets under development	4,341	2,629
Other	(2,229)	(2,634)
	(119,698)	(115,494)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Acquisitions of tangible capital assets	7,110	9,490
Purchases of inventory	3,037	2,027
Prepaid expenses	11,510	8,638
Other	470	433
	22,127	20,588
Current year authorities used	510,095	610,110



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>	2022	2021
Vote 1 – operating expenditures	401,224	381,814
Statutory amounts	146,361	260,094
	547,585	641,908
Less:		
Lapsed – operating	(37,490)	(31,798)
Current year authorities used	510,095	610,110

4. Accounts payable and accrued liabilities

<i>(in thousands of dollars)</i>	2022	2021
Payables – external parties	12,213	11,553
Payables – federal government departments, agencies and Crown corporations	550	542
	12,763	12,095
Accrued liabilities	19,803	17,031
Total accounts payable and accrued liabilities	32,566	29,126

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>	2022	2021
Employee severance benefit obligation – beginning of year	17,002	16,986
Change in liability for the year	6,314	1,082
Benefits paid during the year	(7,849)	(1,066)
Employee severance benefit obligation – end of year	15,467	17,002



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>	2022	2021
Employee sick leave benefit obligation – beginning of year	12,693	10,003
Expense for the year:		
Current service cost	1,624	1,655
Interest cost	202	80
Actuarial loss	(971)	2,704
	13,548	14,442
Benefits paid during the year	(1,778)	(1,749)
Employee sick leave benefit obligation – end of year	11,770	12,693

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 2022. 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:

	2022	2021
Discount rate	2.40%	1.60%
Rate of compensation economic increase per year:		
2022	2.0%	2.0%
2023 and thereafter	2.0%	2.0%
Average remaining service period of active employees	14.4 years	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>	2022	2021
Receivables – federal government departments, agencies and Crown corporations	6,800	8,236
Receivables – external parties	2,899	3,147
	9,699	11,383
Allowance for doubtful accounts on external receivables	(1,653)	(39)
Total accounts receivable	8,046	11,344

8. Advances

<i>(in thousands of dollars)</i>	2022	2021
Petty cash for Members	581	583
Travel, tuition and other advances	223	163
Petty cash and floats for House of Commons employees	35	34
Postage-related advances	10	19
Total advances	849	799



Notes to the Financial Statements

For the year ended March 31

9. Tangible capital assets

(in thousands of dollars)

	Cost				March 31, 2022	Accumulated Amortization				Net Book Value	
	March 31, 2021	Acquisi- tions	Disposals and adjustments	Transfers of assets under development		March 31, 2021	Amorti- zation	Disposals and adjustments	March 31, 2022	2022	2021
Informatics hardware and infrastructure	20,431	2,219	(234)	-	22,416	16,374	1,993	(234)	18,133	4,283	4,057
Software	44,278	2,393	-	1,956	48,627	34,870	3,591	-	38,461	10,166	9,408
Machinery and equipment	10,049	602	(616)	-	10,035	6,997	551	(609)	6,939	3,096	3,052
Vehicles	2,424	54	(306)	-	2,172	1,227	324	(274)	1,277	895	1,197
Other equipment	7,991	450	(990)	-	7,451	3,563	1,462	(941)	4,084	3,367	4,428
Leasehold improvements	13,400	1,313	-	201	14,914	4,943	2,622	-	7,565	7,349	8,457
Assets under development	3,414	6,133	(563)	(2,157)	6,827	-	-	-	-	6,827	3,414
Total	101,987	13,164	(2,709)	-	112,442	67,974	10,543	(2,058)	76 459	35,983	34,013



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>	2023	2024	2025	2026	2027 and thereafter	Total
Supplier agreements	5,533	1,449	85	61	-	7,128

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, 2022, the maximum obligation is estimated to be \$3,860,823 (\$3,799,345 as at March 31, 2021).

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 2020-2021), where it is likely that a future payment and a reasonable estimate of the loss can be made.



Notes to the Financial Statements

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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>	2022
Total authorities available to the House	547,584
Add Services provided without charge	103,060
Add amortization of tangible capital assets	9,327
Less capitalized expenditures	(7,110)
Other adjustments	(7,706)
Total budget adjusted on accrual basis	645,155

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 \$27,510,122 (\$27,613,413 in 2020-2021). This amount represents approximately 1.01 times (1.01 times in 2020-2021) 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 2020-2021) 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.



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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 \$15,467,961 (\$13,602,766 in 2020-2021).

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.



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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>	2022	2021
Public Services and Procurement Canada – accommodations	75,758	69,259
Treasury Board Secretariat – employer's share of insurance premiums	27,170	24,443
Employment and Social Development Canada – administrative charges related to workers' compensation payments	132	157
Total services received without charge	103,060	93,859

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, 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>	2022	2021
Expenses – federal government departments and agencies	148,486	154,075
Recoveries – federal government departments and agencies	24,828	23,854



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14. Related party transactions (continued)

(c) Transfers from other government departments

During the year, the House received tangible capital assets from Public Services and Procurement Canada, a related entity, with a recorded net book value of \$1,195,510 (\$4,819,495 in 2020-2021). Upon receipt of the transferred assets, the House applied its capital asset policy, which resulted in a write-down of the net book value of \$752,313 (\$2,566,486 in 2020-2021) in order to take into account the assets that had exceeded their useful lives. The remaining amount of the transfer in the current year relates to the net transfers of salary overpayment from employees transferred to and from other government departments.

15. Expenses by function

<i>(in thousands of dollars)</i>	2022	2021
Members and House Officers	297,632	412,208
House Administration	335,754	317,064
Total expenses	633,386	729,272