



Treasury Board of Canada
Secretariat

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du Canada

Canada

Treasury Board of Canada Secretariat Quarterly Financial Report for the Quarter Ended December 31, 2019

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Treasury Board of Canada Secretariat's Quarterly Financial Report for the Quarter Ended June 30, 2020

From: [Treasury Board of Canada Secretariat](#)

Statement outlining results, risks and significant changes in operations, personnel and programs

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1. Introduction

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This quarterly report has been prepared by management as required by [section 65.1 of the *Financial Administration Act*](#) and in the manner prescribed by the Treasury Board. The report should be read in conjunction with the Main Estimates and the Supplementary Estimates (A), as well as [Budget Plan 2018](#) and [Budget Plan 2019](#).

The report has been reviewed by the Departmental Audit Committee.

1.1 Basis of presentation

This report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Treasury Board of Canada Secretariat's (TBS's) spending authorities granted by Parliament and those used by TBS, consistent with the Main Estimates and the Supplementary Estimates (A) for the fiscal year ending March 31, 2021. This report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before money can be spent by the government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

TBS uses the full accrual method of accounting to prepare and present its annual departmental financial statements, which are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

1.2 Raison d'être

TBS is the central agency that acts as the administrative arm of the Treasury Board, a committee of Cabinet. TBS supports the Treasury Board in the following principal

roles:

Spending oversight

Review spending proposals and authorities; review existing and proposed government programs for efficiency, effectiveness and relevance; provide information to Parliament and Canadians on government spending.

Administrative leadership

Lead government-wide initiatives; develop policies and set the strategic direction for government administration related to service delivery, access to government information, and the management of assets, finances, information and technology.

Regulatory oversight

Develop and oversee policies to promote good regulatory practices; review proposed regulations to ensure they adhere to the requirements of government policy; and advance regulatory cooperation across jurisdictions.

Employer

Develop policies and set the strategic direction for people management in the public service; manage total compensation (including pensions and benefits) and labour

relations; undertake initiatives to improve performance in support of recruitment and retention.

1.3 TBS's financial structure

TBS manages both departmental and Treasury Board central votes. Its departmental operating expenditures and revenues are managed under Vote 1, Program Expenditures.

This quarterly report highlights the financial results of:

- Vote 1, Program Expenditures, related to the delivery of TBS's mandate
- Vote 20, Public Service Insurance, related to the employer's share of group benefit coverage to employees of the core public service under the various plans listed below
- Statutory authorities that cover any residual amounts between the government's contributions to the various plans and the distribution of these costs to departments

TBS manages 7 different central votes:

- Vote 5, **Government Contingencies**, supplements other appropriations to provide federal departments and agencies with temporary advances for urgent or unforeseen departmental expenditures between Parliamentary supply periods.
- Vote 10, **Government-Wide Initiatives**, supplements other appropriations to support the implementation of strategic management initiatives across the federal public service.
- Vote 15, **Compensation Adjustments**, supplements other appropriations to provide funding for adjustments made to terms and conditions of service or employment of the federal public administration as a result of collective bargaining.

- Vote 20, **Public Service Insurance**, provides the employer's share of group benefit plan coverage costs as part of the Treasury Board's role as the employer of the core public administration. These plans include the Public Service Health Care Plan, Public Service Dental Care Plan, Pensioners' Dental Services Plan, Disability Insurance Plan, provincial payroll taxes (Manitoba, Newfoundland and Labrador, Ontario and Quebec), and the Public Service Management Insurance Plan.
- Vote 25, **Operating Budget Carry Forward**, supplements other appropriations for the carry-forward of unused operating funds from the previous fiscal year, up to 5% of the gross operating budget in an organization's Main Estimates.
- Vote 30, **Paylist Requirements**, supplements other appropriations to meet legal requirements for the government as employer for items such as parental benefits and severance payments.
- Vote 35, **Capital Budget Carry Forward**, supplements other appropriations for the carry-forward of unused capital funds from the previous fiscal year, up to 20% of an organization's capital vote.

The funding in these votes is approved by Parliament. With the exception of Vote 20, funding in central votes is transferred from TBS to individual departments and agencies once specified criteria are met. Like any other department, TBS also receives its own share of appropriations transferred from these votes to its own Vote 1. Any unused balance from these central votes is returned to the fiscal framework at the end of the year and is reported as TBS's lapse.

Expenditures incurred against statutory authorities mainly reflect the government's obligation to pay the employer's share of the Public Service Pension Plan, the Canada Pension Plan and the Québec Pension Plan, Employment Insurance premiums and public service death benefits. TBS recovers from other government departments and agencies their share of the employer contributions under the *Public Service Superannuation Act*, and is subsequently charged by Public Services and Procurement Canada for actual expenditures in the same statutory vote. Adjustments are made at year-end to individual departments' statutory votes

(including those of TBS) for the difference between periodic recoveries and actual expenditures. At year-end, the net effect on TBS's financial statements will be zero.

Transfer amounts from all central votes mentioned above will be included in the financial reports of the individual recipient departments.

2. Highlights of fiscal quarter and fiscal year-to-date results

▼ In this section

- [2.1 Statement of voted and statutory authorities](#)
- [2.2 Statement of departmental budgetary expenditures by standard object](#)

This section:

- highlights the financial results for the fiscal year-to-date ended June 30, 2020
- provides explanations of variances compared with the same period last year that exceed materiality thresholds of:
 - \$1 million for Vote 1, Program Expenditures, and Statutory authorities
 - \$10 million for Vote 20, Public Service Insurance

Highlights of the fiscal quarter and fiscal year-to-date results (\$ thousands)

	2020-21 Budgetary authorities to March 31, 2021	2019-20 Budgetary authorities to March 31, 2020	Variance in budgetary authorities	Year-to-date expenditures as at Q1 2020-21 (June 30, 2020)	Year-to-date expenditures as at Q1 2019-20 (June 30, 2019)	Variance in expenditures
Vote 1: Program Expenditures	199,968	287,998	-88,030	71,259	70 662	597
Vote 20: Public Service Insurance	2,386,081	2,667,910	-281,829	499,178	639,679	-140,501
Statutory authorities	31,088	33,498	-2,410	-23,410	-31,280	7,870

Total	2,617,137	2,989,406	-372,269	547,027	679,061	-132,034
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2.1 Statement of voted and statutory authorities

The COVID-19 pandemic has had a significant effect on TBS's budgetary authorities in the current fiscal year because the Main Estimates have not yet been approved by Parliament; typically granted by the end of June. Because of the pandemic, Parliament sat for fewer sessions than normal in the spring, so there was limited time to study supply. As a result, the Standing Orders of the House of Commons were amended to extend the study period into the fall. Departments and agencies were granted nine twelfths of their Main Estimates or more based on cash requirements, to ensure continued operations until December. For TBS, the reduced supply of the 2020–21 Main Estimates represents a total decrease of \$244.5 million in Vote 1 and Vote 20 budgetary authorities available for use. TBS is expected to receive full supply of the 2020–21 Main Estimates in December 2020.

Total budgetary authorities available for use decreased by \$372.2 million (12.5%) from the previous fiscal year:

- Vote 1 authorities decreased by \$88.0 million
- Vote 20 authorities decreased by \$281.8 million
- Statutory authorities decreased by \$2.4 million

The following table provides a detailed explanation of these changes.

Changes to voted and statutory authorities (2020–21 compared with 2019–20)	\$ thousands
Vote 1: Program expenditures	
Compensation adjustments to fund salary increases to meet obligations under new collective agreements	4,826
Funding to support the Public Service Centre on Diversity, Inclusion and Wellness (Budget 2018)	2,852
Other miscellaneous increases	2,780
Funding from contributing departments and agencies to support the Government of Canada Financial and Materiel Management Solution project (GCfm)	1,671
Funding for the Centre for Regulatory Innovation	1,594
Funding to support the implementation of Proactive Pay Equity in the Federal Public Service (Budget 2019)	1,245

Funding for the Office of the Minister of Digital Government	1,170
Funding reduction attributable to the reduced supply, which represents nine twelfths of the Main Estimates	-63,541
Sunset of Budget 2019 funding for the stabilization of the Government of Canada's pay system	-20,665
Sunset of Budget 2018 funding to establish a dedicated Human Resources Pay Solutions Team to put forward a recommended approach for a new pay system	-6,992
Other miscellaneous decreases	-4,129
Sunset of funding for the Classification Program Renewal Initiative	-4,057
Transfer of funding to various organizations for innovative approaches to reduce greenhouse gas emissions in government operations	-2,545
Decrease of funding as the TBS Workload Migration and Cloud Enablement project to migrate from older data centres to more secure modern data centres or cloud solutions is expected to be completed this fiscal year (Budget 2018)	-2,240
Subtotal Vote 1	-88,030
Vote 20: Public Service Insurance	
Funding for the Disability Insurance Plan	395,800
Other miscellaneous increases	2,699
Sunset of Budget 2018 funding for the Public Service Insurance and Service Income Security Insurance Plan	-499,393
Funding reduction attributable to the reduced supply, which represents eleven twelfths of the Main Estimates	-180,935
Subtotal Vote 20	-281,829
Statutory authorities	
A net decrease in TBS's share of contributions to employee benefit plans (EBP) compared to last year as a result of sunseting funding primarily for the stabilization of the Government of Canada's pay system, the Human Resources Pay Solutions Team and the Classification Program Renewal Initiative	-2,410
Subtotal statutory authorities	-2,410
Total authorities	-372,269

2.2 Statement of departmental budgetary expenditures by standard object

For the fiscal quarter ended June 30, 2020, budgetary expenditures have decreased by \$132.0 million (19.4%) compared to the same period in the previous year:

- Vote 1 expenditures increased by \$0.6 million

- Vote 20 expenditures decreased by \$140.5 million
- Statutory payments increased by \$7.9 million

The following table provides a detailed explanation of these changes by vote and by standard object.

Standard object	Changes to voted and statutory expenditures (fiscal quarter ended June 30, 2020 compared with fiscal quarter ended June 30, 2019)	\$ thousands
Vote 1: Program Expenditures		
1 Personnel	<p>The increase in salary expenditures is due to:</p> <ol style="list-style-type: none"> 1. the implementation of the signed collective agreements for several occupational groups 2. additional staff hired, or a timing difference compared to the previous year, to work on the following projects and initiatives: stabilization of the Government of Canada's pay system, collective bargaining, pay equity, Canadian Digital Service, legislative requirements of access to information review, Government of Canada Project and Portfolio Management (GCPPM), creation of the new Core Services Enabling Team to support a deputy minister committee, accessibility project, web renewal and the Government of Canada Financial and Materiel Management (GCfm) <p>The increase is partially offset by a decrease in salary expenditures as a result of a timing difference in the processing of cost recoveries from other government departments and agencies.</p>	4,649
4 Professional Services	<p>The decrease in expenditures is largely due to:</p> <ol style="list-style-type: none"> 1. the one-time Open Government Partnership Global Summit, which was held in June 2019 and no related expenditures for this fiscal year 2. the timing of a payment to Shared Services Canada; last year the invoice was paid in June 2019 and has not yet been paid this year 3. transfer of the Next Generation Human Resources and Pay team and function to Shared Services Canada <p>The decrease is partially offset by an increase in expenditures for the advancement of the Government of Canada Financial and Materiel Management (GCfm) Solution project.</p>	-3,327
Other	Miscellaneous expenditures	-724
Subtotal Vote 1		597
Vote 20: Public Service Insurance		
1 Personnel	The decrease in expenditures of \$169.4 million is mainly due to:	-125,246

	<ol style="list-style-type: none"> 1. Public Service Dental Care Plan (PSDCP), Public Service Health Care Plan (PSHCP) and Pensioners' Dental Services Plan (PDSP) members' reduced use of benefits as a result of the impact of the COVID-19 pandemic 2. the timing of the transfer of Service Income Security Insurance Plan (SISIP) to the Department of National Defence (DND). In the first quarter of 2019-20, SISIP expenditures were charged to TBS and recovered later in the year by DND <p>The decrease is partially offset by an increase of expenditures of \$44.2 million mainly in:</p> <ol style="list-style-type: none"> 1. the Disability Insurance (DI) Plan as a result of the 20% premium rate increase that came into effect on April 1, 2020 2. the Public Service Management Insurance Plan (PMSIP) following the resumption of premiums payable under the long-term disability line of insurance on July 1, 2019 	
46 Vote-Netted revenue	<p>The increase in year-to-date vote-netted revenues is mainly attributable to:</p> <ol style="list-style-type: none"> 1. a timing difference of the collection of revenues this year compared to the previous year 2. additionnal collected revenues as a result of salary increases following the implementation of the signed collective agreements for several occupational groups 	-10,132
Other	Miscellaneous expenditures	-5,123
Subtotal Vote 20		-140,501
Statutory expenditures		
1 Personnel	Public Services and Procurement Canada (PSPC) charges TBS for the employer's share of contributions to the Public Service Pension Plan, the Canada Pension Plan, the Québec Pension Plan, the Employment Insurance Plan and the Supplementary Death Benefit Plan. TBS recovers these payments from other government departments and agencies. The increase in year-to-date expenditures is mainly due to the timing of recoveries from other government departments and agencies of the employer's share of contributions to employee benefit plans; however, the net effect on TBS's financial statements will be zero by year-end.	7,870
Subtotal statutory expenditures		7,870
Total expenditures		-132,034

3. Risks and uncertainties

TBS must provide leadership across the federal government to fulfill its digital, administrative and employer roles. As a result, the department is expected to deliver

on a number of complex, emerging, and government-wide initiatives within short timeframes and with constrained financial resources.

TBS recognizes that a strong workforce is key to successfully delivering its responsibilities. The department will continue to focus on providing its employees with a healthy, enabling work environment. This includes undertaking actions to help stabilize the pay system to ensure that the employees are being paid accurately and on time, and providing flexible work arrangements during the COVID-19 pandemic so that the department can attract, develop and retain a diverse and high-performing workforce.

The unique challenges posed by the COVID-19 pandemic have introduced greater uncertainty and inherent financial risk for the forecasting, planning and implementation of activities. More specifically, monitoring is necessary to understand and address the impact of anticipated changes to spending patterns for staffing, contracting and travelling expenses, as well as the cost of adapting program delivery, guidance, and implementation to address evolving pandemic response measures.

The department is continually looking for opportunities to improve financial management practices and mitigate risks, including those related to financial forecasting and planning to ensure that resources are available to deliver on priority initiatives.

TBS will continue to closely monitor its environment and operations in order to reallocate resources to key priorities and to ensure that resources are being managed effectively to deliver results.

4. Significant changes in relation to operations, personnel and programs

This section highlights significant changes in operations, personnel and programs of TBS during the first quarter of the fiscal year.

On March 16, 2020, as a result of the evolving situation with Covid-19, the Secretary of the Treasury Board activated the TBS Business Continuity Plan to contain the outbreak and prevent further spread. All managers were asked to consider telework for TBS employees to limit the number of employees working on-site, identify flexible work arrangement as possible, while ensuring that the critical operations of government continue.

On April 3, 2020, TBS launched an organization-specific public website to ensure that employees can access relevant and timely departmental information and remain informed on topics related to health and safety. In addition, the Centre of Expertise on Mental Health in the Workplace developed a new fact sheet, [Mental health tips for working from home](#). This tool helps address the isolation and loneliness that employees may be experiencing, as well as help employees maintain positive mental health in adapting to the new work dynamic.

On April 9, 2020, TBS launched the Employee Status Reporting application, a secure cloud-based tool that allows managers to report on the status of their employees, monitor their health and safety, and assess COVID-19's overall impact on the workforce.

On May 20, 2020, the Secretary of the Treasury Board announced the departure of Francis Bilodeau, Acting Chief Information Officer of Canada. He also announced that Marc Brouillard, has agreed to serve in that role until a permanent appointment has been made.

5. Approval by senior officials

Approved by:

Peter Wallace, Secretary

Karen Cahill, Chief Financial Officer

Ottawa, Canada

6. Appendix

Statement of Authorities (unaudited)	
(in dollars)	
Vote 1 - Program Expenditures	
Vote 20 - Public Service Insurance	
Statutory Authorities	
A111 - President of the Treasury Board - Salary and motor car allowance	
A140 - Contributions to employee benefit plans	
A145 - Unallocated employer contributions made under the <i>PSSA</i> and other retirement acts and the <i>EA</i>	
A681 - Payments under the <i>Public Service Pension Adjustment Act</i>	
A683 - Payments for the pay equity settlement pursuant to section 30 of the <i>Crown Liability and Proceeds Act</i>	
Total Statutory Authorities	
Total authorities	
1	Includes only Authorities available for use and granted by Parliament at quarter-end. Because of COVID-19, the net decrease in expenditures of \$132 million is mainly in Vote 20, Public Service Insurance. The decrease is mainly due to the net decrease in expenditures of \$132 million.
2	The net decrease in expenditures of \$132 million is mainly in Vote 20, Public Service Insurance. The decrease is mainly due to the net decrease in expenditures of \$132 million.

Departmental budgetary expenditures by Standard Object (unaudited)	
(in dollars)	
	Planned expenditures for the year ending
Expenditures:	
1 Personnel	
2 Transportation and communications	
3 Information	
4 Professional and special services	

5 Rentals	
6 Repair and maintenance	
7 Utilities, materials and supplies	
9 Acquisition of machinery and equipment	
10 Transfer payments	
12 Other subsidies and payments	
Total gross budgetary expenditures	
Less Revenues netted against expenditures:	
Vote Netted Revenues (VNR) - Centrally managed items	
Vote Netted Revenues (VNR) - Program expenditures	
Total Revenues netted against expenditures	
Total net budgetary expenditures	
Government-Wide Expenses included above *	
1 Personnel	
2 Transportation and communications	
4 Professional and special services	
10 Transfer payments	
12 Other subsidies and payments	
Total	
<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 10px;">*</div> <div>Government-Wide Expenses include Vote 20 and Statutory Authorities (Unallocated employer contributi</div> </div>	

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