



Treasury Board of Canada
Secretariat

Secrétariat du Conseil du Trésor
du Canada

Canada

Treasury Board of Canada Secretariat's Quarterly Financial Report for the Quarter Ended December 31, 2020

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Treasury Board of Canada Secretariat's Quarterly Financial Report for the Quarter Ended December 31, 2020

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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, the Supplementary Estimates (A), and the Supplementary Estimates (B) 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, the Supplementary Estimates (A) and the Supplementary Estimates (B) 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 (British Columbia, 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 quarter and fiscal year-to-date ended December 31, 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
Vote 1: Program expenditures	296,944	
Vote 20: Public Service Insurance	3,155,279	
Statutory authorities	33,424	
Total	3,485,647	

2.1 Statement of voted and statutory authorities

Total budgetary authorities available for use increased by \$460.1 million (15.2%) from the previous fiscal year:

- Vote 1 authorities decreased by \$26.3 million
- Vote 20 authorities increased by \$487.3 million
- Statutory authorities decreased by \$0.9 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	
Other miscellaneous increases (for example, funding for an Online Regulatory Consultation System (Budget 2018), funding for the Centre for Regulatory Innovation (2018 Fall Economic Statement) and funding to complete a wage study on salaries of employees under the Law Practitioner group)	1,682
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 to support Shared Services Canada in implementing the Workload Migration Project with its partner departments and agencies	824
Transfer from Shared Services Canada to support the Financial Management Transformation Coordinated Model and advance the development of the Government of Canada Digital Core Template	770
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
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)	-4,480
Transfer of funding to various organizations for innovative approaches to reduce greenhouse gas emissions in government operations	-4,323
Sunset of funding for the Classification Program Renewal Initiative	-4,057
Other miscellaneous decreases (for example, sunsetting funding or decrease of funding for the Canadian Digital Service, Service Strategy, Employee Wellness Support Program and the Government of Canada Financial and Materiel Management Solution Project)	-3,124
Internal reallocation of resources to better align the administration costs of the Public Service Insurance plans and program (from Vote 1 to Vote 20)	-3,019

Decrease of funding for the stabilization of the Government of Canada's pay system	-1,677
Net decrease in the Operating Budget Carry Forward	-1,497
Decrease of funding to support the Public Service Centre of Diversity, Inclusion and Wellness (Budget 2018)	-1,072
Sunset of funding to support the Open Government Partnership Global Summit (Budget 2018)	-983
Decrease of funding for the Access to Information Initiative	-808
Subtotal Vote 1	-26,340
Vote 20: Public Service Insurance	
Funding for the Disability Insurance Plan	395,800
Funding for the Public Service Insurance plans and program	73,781
Funding increase due to lower transfer of funds to the Department of National Defence for the Service Income Security Insurance Program, compared to the previous year, as a result of the sunsetting of Budget 2018 funding	12,069
Internal reallocation of resources to better align the administration costs of the Public Service Insurance plans and program (from Vote 1 to Vote 20)	3,019
Funding increase for amendments to the Public Service Dental Plan as a result of an arbitral decision (Budget 2019)	2,699
Subtotal Vote 20	487,369
Statutory authorities	
A net decrease in TBS's share of contributions to employee benefit plans (EBPs), compared to last year, as a result of sunsetting 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. This decrease was offset by an increase in EBP as a result of additional salary funding received in 2020–21.	-890
Subtotal statutory authorities	-890
Total authorities	460,139

2.2 Statement of departmental budgetary expenditures by standard object

The year-to-date budgetary expenditures, as at December 31, 2020, have increased by \$231.1 million (12.3%) compared to the same period in the previous year:

- Vote 1 expenditures decreased by \$6.8 million
- Vote 20 expenditures increased by \$225.5 million
- Statutory payments increased by \$12.4 million

For the fiscal quarter ended December 31, 2020, budgetary expenditures have increased by \$149.5 million (21.8%) compared to the same period in the previous year:

- Vote 1 expenditures decreased by \$6.3 million
- Vote 20 expenditures increased by \$104.3 million
- Statutory payments increased by \$51.5 million

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

Standard object	
Vote 1: Program expenditures (\$ thousands)	
1 Personnel	The increase in year-to-date salary expenditures is due to additional salary payments. The decrease in Q3 salary expenditures is due to retroactive salary payments.
2 Transportation and Communication	The decrease in expenditures compared to the previous year is due to the timing of expenditures.
4 Professional Services	The increase in Q3 professional services expenditures compared to the previous year is due to the timing of expenditures. The increase is partially offset by a decrease in commissionaire fees.
5 Rentals	The increase in expenditures is mainly due to additional SAP licenses.
9 Construction and/or Acquisition of Machinery	The decrease in expenditures is primarily due to the timing of purchases.
12 Other Subsidies and Payments	The decrease in expenditures is mainly due to the timing of cost recoveries. <ol style="list-style-type: none"> 1. Open Government Partnership Global Summit 2. GC Tools Project to implement a suite of government-wide tools 3. FMT Coordinated Model and the development of the GC D 4. cost-sharing agreement with Shared Services Canada for t 5. memorandum of understanding with Public Services and 6. Talent Cloud Project to create a repository of searchable, p 7. memorandum of understanding with Employment and Sc 8. Digital Community Management Office This decrease is offset by lower cost recoveries compared to the previous year.
46 Vote-Netted Revenue	The increase in vote-netted revenues is mainly attributable to a
Other	Miscellaneous expenditures

Subtotal Vote 1

Vote 20: Public Service Insurance

1 Personnel

The increase in expenditures is due to the:

1. lump-sum payment to Sun Life, the insurer, to restore the
2. Public Service Management Insurance Plan (PSMIP) follow
3. increase in provincial payroll taxes as a result of salary inc

The increase is offset by a decrease in year-to-date expenditures:

1. Public Service Dental Care Plan (PSDCP), Public Service He
2. the Province of British Columbia's decision to end employ

Other

Miscellaneous expenditures

Subtotal Vote 20

Statutory expenditures

1 Personnel

Public Services and Procurement Canada (PSPC) charges TBS fo

Subtotal statutory expenditures

Total expenditures

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, an increasing source of risk.

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 to mitigate the risk of not delivering on time. 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 the operations, personnel and programs of TBS during the third quarter of the fiscal year.

Suzy McDonald was appointed Assistant Secretary, Social and Cultural Sector, effective November 2, 2020.

Heather Sheehy was appointed Assistant Secretary, Government Operations Sector, effective November 16, 2020.

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 PSSA and other retirement acts and the Employment Insurance Act

A681 - Payments under the Public Service Pension Adjustment Act

Total Statutory Authorities

Total authorities

* Includes only Authorities available for use and granted by Parliament at quarter-end.

Departmental budgetary expenditures by Standard Object (unaudited)

(in dollars)

	Planned expenditures for the year ending March
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 <input type="checkbox"/>	
1 Personnel	
2 Transportation and communications	
3 Information	
4 Professional and special services	
7 Utilities, materials and supplies	
9 Acquisition of machinery and equipment	
10 Transfer payments	
12 Other subsidies and payments	
Total	

Government-Wide Expenses include Vote 20 and Statutory Authorities (Unallocated employer contributi

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