



Treasury Board of Canada Secretariat's Quarterly Financial Report for the Quarter Ended September 30, 2021

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Treasury Board of Canada Secretariat's Quarterly Financial Report for the Quarter Ended September 30, 2021

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](#), [Budget Plan 2019](#) and [Budget Plan 2021](#).

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, 2022. 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 seven 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](#)

This section:

- highlights the financial results for the quarter and fiscal year-to-date ended September 30, 2021
- 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)			
	2021–22 Budgetary authorities to March 31, 2022	2020–21 Budgetary authorities to March 31, 2021	Variance budgetary aut

Vote 1: Program Expenditures	303,477	209,816	
Vote 20: Public Service Insurance	3,048,120	2,386,081	
Statutory authorities	35,327	31,088	
Total	3,386,924	2,626,985	

2.1 Statement of voted and statutory authorities

The COVID-19 pandemic had a significant effect on TBS's budgetary authorities' schedules in 2020–21. A typical supply schedule has returned in 2021–22, which explains the significant variances in authorities between the two fiscal years. In Q2 2020–21, the Main Estimates had not been approved by Parliament; they are typically granted by the end of June. TBS eventually received full supply of the 2020–21 Main Estimates in December 2020.

Total budgetary authorities available for use increased by \$759.9 million (28.9%) from the previous fiscal year:

- Vote 1 authorities increased by \$93.7 million
- Vote 20 authorities increased by \$662.0 million
- Statutory authorities increased by \$4.2 million

The following table provides a detailed explanation of these changes.

Changes to voted and statutory authorities (2021–22 compared with 2020–21)	\$ thousands
Vote 1: Program Expenditures	
Funding increases attributable to the reduced supply in 2020–21, which represents nine twelfths of the Main Estimates	63,541
Funding for Phoenix stabilization and HR-to-Pay initiatives (Budget 2021)	18,989
Funding for the Canadian Digital Service to provide critical digital products and services (COVID-19)	12,332
Funding to support the implementation of proactive pay equity in the federal public service (Budget 2019)	5,496
Funding to foster a diverse and inclusive public service	5,319

Compensation adjustments to fund salary increases to meet obligations under new collective agreements	4,373
Reprofile of the Centralized Enabling Workplace Fund	2,231
Other miscellaneous increases (for example, funding for the Centre for Regulatory Innovation (2018 Fall Economic Statement), transfers from various organizations to support the Government of Canada Financial and Materiel Management Solution Project, transfer from Transport Canada for the pilot of new assessment tools related to the Project Management Strategy, reprofile of funding for the Greening Government Fund and Workload Migration and Cloud Enablement)	1,850
Net decrease in the Operating Budget Carry Forward	-7,585
Internal reallocation of resources from program expenditures to public service insurance to better align program administration costs	-3,019
Sunset of funding to establish the Office of Public Service Accessibility	-3,009
Other miscellaneous decreases (for example, sunsetting of funding for an Online Regulatory Consultation System, Employee Wellness Support Program, and Program and Administrative Services (PA) Group Modernization)	-2,537
Transfer of funding to various organizations for innovative approaches to reduce greenhouse gas emissions in government operations	-2,193
Sunset of funding to support the Regulatory and Skills Reviews (Budget 2018)	-2,127
Subtotal Vote 1	93,661
Vote 20: Public Service Insurance	
Funding for the public service insurance plans and programs	794,463
Funding increases attributable to the reduced supply in 2020–21, which represents eleven twelfths of the Main Estimates	180,935
Funding for the Disability Insurance Plan	77,900
Other miscellaneous increases	4,541
Decrease associated with one-time funding in 2020-21 for the Disability Insurance Plan	-395,800
Subtotal Vote 20	662,039
Statutory authorities	
A net increase in TBS's share of contributions to employee benefit plans compared to last year as a result of new funding, primarily for the Canadian Digital Service to provide critical digital products and services (COVID-19), funding to foster a diverse	4,239

and inclusive public service, and funding for Phoenix stabilization and HR-to-Pay initiatives (Budget 2021)	
Subtotal statutory authorities	4,239
Total authorities	759,939

2.2 Statement of departmental budgetary expenditures by standard object

The year-to-date budgetary expenditures, as at September 30, 2021, have decreased by \$88.7 million (6.9%) compared to the same period in the previous year:

- Vote 1 expenditures increased by \$2.1 million
- Vote 20 expenditures decreased by \$32.8 million
- Statutory payments decreased by \$58.0 million

For the fiscal quarter ended September 30, 2021, budgetary expenditures have decreased by \$169.1 million (23%) compared to the same period in the previous year:

- Vote 1 expenditures increased by \$2.4 million
- Vote 20 expenditures decreased by \$177.7 million
- Statutory payments increased by \$6.2 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	Variance between 2021-22 year-to-date and 2020-21 year-to-date expenditures (April 1 to September 30)	Variance between 2021-22 Q2 and 2020-21 Q2 expenditures (July 1 to September 30)
Vote 1: Program Expenditures (\$ thousands)			
1 Personnel	The increase in salary expenditures is due to:	6,266	223

	<ol style="list-style-type: none"> 1. a timing difference in the processing of cost recoveries from other government departments and agencies 2. the implementation of signed collective agreements for several occupational groups (CS, PA) 3. re-staffing of departures that happened in the early months of the pandemic 4. additional staff hired to work mainly on the following projects and initiatives: Canadian Digital Service, Phoenix stabilization and HR-to-Pay initiatives, new diversity and inclusion mandated activities and the Digital Comptrollership Program <p>The increase is partially offset due to a decrease in salary expenditures as a result of an internal reallocation of resources from program expenditures to public service insurance to better align program administration costs, the closure of the Centre for Wellness, Inclusion and Diversity (CWInD) and the sunseting of the Employee Wellness Support Program (EWSP) initiative.</p>		
4 Professional and special services	<p>The decrease in expenditures is largely due to the:</p> <ol style="list-style-type: none"> 1. ending of the Government of Canada Financial and Materiel Management (GCfm) Solution project 2. decrease in services for the Central Agency Cluster Shared Systems (CAC-SS) 3. decrease in the cost of consultants for information technology (IT) projects 4. reduction in the reliance on contractors in the People Management Systems and Processes sector by hiring more full-time equivalents (FTEs) <p>The decrease is partially offset by an increase in the cost of consultants for Shared Services Canada infrastructure as well as SAP Release 2.</p>	-4,006	-3,354
5 Rentals	The increase in expenditures is primarily due to the timing of payments for software and licences, as well	2,276	1,102

	as the cost of maintenance and support for Business Intelligence: Enterprise Information Intelligence Software Solution (EIISS) licences paid to Public Services and Procurement Canada (PSPC) this year.		
12 Other Subsidies and Payments	<p>The decrease in year-to-date expenditures is mainly due to the timing and/or increase of cost recovery from other government organizations for the:</p> <ol style="list-style-type: none"> 1. GC Tools Project to implement a suite of government-wide, web-based collaborative internal networks 2. cost-sharing agreement with Shared Services Canada for the Workload Migration Initiative 3. Digital Comptrollership Program (DCP) <p>This decrease is offset by lower cost recoveries compared to the previous year for the GCfm project.</p> <p>The increase in Q2 expenditures is due to the timing of cost recovery for the GC Tools Project, which was recovered in Q1 of this year.</p>	-2,311	3,259
Other	Miscellaneous expenditures	-123	1,215
Subtotal Vote 1		2,102	2,445
Vote 20: Public Service Insurance			
1 Personnel	<p>The increase in year-to-date expenditures is mainly due to:</p> <ol style="list-style-type: none"> 1. the increased use of Public Service Dental Care Plan (PSDCP), Public Service Health Care Plan (PSHCP) and Pensioners' Dental Services Plan (PDSP) benefits by members as a result of the significant impact of the COVID-19 pandemic on health and dental services provided last year and a return to more normalized services for members this fiscal year. 2. higher payroll taxes due to an increase in the salary base following the implementation of certain collective agreements 3. the reinstatement of premiums in the Public Service Management Insurance Plan 	8,687	-166,229

	<p>This increase is offset by a decrease in the Disability Insurance (DI) Plan as a result of the top-up payment made to the Plan in July 2020.</p> <p>The decrease in the Q2 expenditures is due to the decrease in the Disability Insurance (DI) Plan as a result of the top-up payment made to the Plan in July 2020. The decrease is offset by:</p> <ol style="list-style-type: none"> 1. an increase in the use of PSHCP and PSDCP benefits by members as a result of the significant impact of the COVID-19 pandemic on health and dental services provided last year and a return to more normalized services for members this fiscal year 2. higher payroll taxes due to an increase in the salary base following the implementation of certain collective agreements 		
Vote-netted revenue	<p>The increase in vote-netted revenues is mainly attributable to the following:</p> <ol style="list-style-type: none"> 1. increase in the year-end receivables settled in 2021–22 compared to the previous year largely due to Public Service Insurance (PSI) recoveries associated with the administration of the Employment Insurance (EI) Emergency Response Benefit, which did not previously exist, and the signing of new collective agreements 2. additional collected revenues as a result of salary increases following the implementation of the signed collective agreements for several occupational groups, as well as an increase in PSI rate (9.2% in 2021–22 versus 8.7% in 2020–21) 	-49,465	-15,228
Other	Miscellaneous expenditures	7,936	3,762
Subtotal Vote 20		-32,842	-177,695
Statutory expenditures			
1 Personnel	The change in statutory expenditures is mainly attributable to the following:	-58,009	6,191

	<p>1. 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 decrease in year-to-date and the increase in Q2 expenditures are 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.</p> <p>2. an increase in TBS's total monthly employee benefit plan expenditures based on the 2021–22 statutory forecast calculated from the Main Estimates.</p>		
Subtotal statutory expenditures		-58,009	6,191
Total expenditures		-88,749	-169,059

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 time frames and with constrained financial resources.

The department is continually looking for opportunities to improve financial management and project management practices, as well as to mitigate financial risks, including those related to financial forecasting and planning. Doing so will ensure that resources are available to deliver on priority initiatives and that TBS-led government-wide projects are delivered within scope, schedule and budget while achieving their objectives.

To ensure delivery of these initiatives, employee wellness is prioritized in the department. The pandemic's impact on physical and mental health could result in short-term absenteeism. The department will continue assessing the impact of the COVID-19 pandemic on its employees, the future of the workplace and the eventual return to the workplace. Such assessment includes continued action on workload management, work-life balance and increasing resilience, as well as raising awareness of products and tools to support the well-being of employees. These actions will allow the department to attract, develop and retain a diverse and high-performing workforce.

Furthermore, having the right tools and information technology (IT) systems are an important part of operations. Levels of service could be impacted due to outages or cybersecurity incidents, which could have an impact on the organization's ability to deliver its objectives. To mitigate these risks, TBS has modernized departmental IT systems and moved from an on-premise to a cloud-based environment. In addition, TBS is implementing new collaboration tools to facilitate the shift to a more mobile workforce because of the COVID-19 pandemic.

TBS will continue to closely monitor its environment and operations 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 second quarter of the fiscal year.

Catherine Luelo was appointed as Chief Information Officer of Canada, effective July 26, 2021.

On August 5, 2021, the Secretary of the Treasury Board announced the departure of Glenn Purves, Assistant Secretary, Expenditure Management Sector.

Annie Boudreau was appointed as the Assistant Secretary of the Expenditure Management Sector, effective September 7, 2021.

5. Approval by senior officials

Approved by:

Peter Wallace, Secretary

Approved by:

Karen Cahill, Chief Financial Officer

Ottawa, Canada

Date: November 18, 2021

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>Public Service Superannuation Act</i> and other retirement plans
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 Proceedings Act</i>
Total Statutory Authorities
Total authorities

*

Includes only authorities available for use and granted by Parliament at quarter-end. Because of COVID-19, Parliament sat

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The net decrease in expenditures of \$88.7 million is mainly in Vote 20, Public Service Insurance, in the Disability Insurance (

Departmental budgetary expenditures by Standard Object (unaudited)
(in dollars)

	Planned expenditures for the year ending Mar
Expenditures	
1 Personnel	4
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	4
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	3
Government-wide expenses included above	*
1 Personnel	3
3 Information	
4 Professional and special services	
7 Utilities, materials and supplies	
10 Transfer payments	

12 Other subsidies and payments	
Total	3
<div> <div>*</div> <div>Government-wide expenses include Vote 20 and statutory authorities (unallocated employer contributions made under t</div> </div>	

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