



# **Treasury Board of Canada Secretariat Quarterly Financial Report for the Quarter Ended December 31, 2021**

Published: 2022-02-28

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Published by Treasury Board of Canada, Secretariat  
90 Elgin, Ottawa, Ontario, K1A 0R5, Canada

Catalogue Number: BT12-9E-PDF  
ISSN: 2561-1852

This document is available on the Government of Canada website, [Canada.ca](https://Canada.ca)

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Aussi offert en français sous le titre : Secrétariat du Conseil du Trésor du Canada Rapport financier trimestriel pour le trimestre terminé le 31 décembre 2021

# Quarterly Financial Report for the Quarter Ended December 31, 2021

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

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## 1. Introduction

### ► In this section

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), the Supplementary Estimates (B), 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, the Supplementary Estimates (A) and the Supplementary Estimates (B) 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 year-to-date results

► [In this section](#)

This section:

- highlights the financial results for the quarter and fiscal year-to-date ended December 31, 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

<b>Vote 1: Program Expenditures</b>	318,080	296,944	
<b>Vote 20: Public Service Insurance</b>	3,048,143	3,155,279	
<b>Statutory authorities</b>	37,404	33,424	
<b>Total</b>	<b>3,403,627</b>	<b>3,485,647</b>	

## 2.1 Statement of voted and statutory authorities

Total budgetary authorities available for use decreased by \$82.0 million (2.4%) from the previous fiscal year:

- Vote 1 authorities increased by \$21.1 million
- Vote 20 authorities decreased by \$107.1 million
- Statutory authorities increased by \$4.0 million

The following table provides a detailed explanation of these changes.

<b>Changes to voted and statutory authorities (2021–22 compared with 2020–21)</b>	<b>\$ thousands</b>
<b>Vote 1: Program Expenditures</b>	
Funding for the Canadian Digital Service to provide critical digital products and services (COVID-19)	12,332
Compensation adjustments to fund salary increases to meet obligations under new collective agreements	6,942
Funding to support the implementation of proactive pay equity in the federal public service (Budget 2019)	5,497
Funding to foster a diverse and inclusive public service	5,319
Funding to advance public service job classification (Budget 2021)	3,779
Funding to implement the Policy on COVID-19 Vaccination for the Core Public Administration Including the Royal Canadian Mounted Police (COVID-19)	3,460
Funding to renew the Office of Public Service Accessibility (Budget 2021)	2,482
Funding for regulatory reviews and the External Advisory Committee on Regulatory Competitiveness (Budget 2021)	2,310
Reprofile of the Centralized Enabling Workplace Fund	2,231
Reduction of transfers from the TBS to various organizations for innovative approaches to reduce greenhouse gas emissions in government operations	1,778



Other miscellaneous increases (for example, funding for the Centre for Regulatory Innovation (2018 Fall Economic Statement), transfer from Transport Canada for the pilot of new assessment tools related to the Project Management Strategy, TBS's share of Workload Migration and Cloud Enablement, and the reprofile of funding for the Greening Government Fund)	1,399
Net decrease in the Operating Budget Carry Forward	-7,585
Other miscellaneous decreases (for example, sunseting of funding for an Online Regulatory Consultation System, the Employee Wellness Support Program, the Program and Administrative Services (PA) Group Modernization, a wage study on salaries of employees under the Law Practitioner group, and to support the Financial Management Transformation Coordinated Model and advance the development of the Government of Canada Digital Core Template)	-3,657
Sunset of funding to establish the Office of Public Service Accessibility	-3,009
Funding to settle claims arising from the White Class Action settlement agreement	-2,819
Reduction of transfers from various organizations to support the Government of Canada Financial and Materiel Management Solution Project	-2,741
Decrease associated with the 2020-21 eligible payroll expenditures	-2,262
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
<b>Subtotal Vote 1</b>	<b>21,136</b>
<b>Vote 20: Public Service Insurance</b>	
Funding for the public service insurance plans and programs	209,219
Funding for the Disability Insurance Plan	77,900
Other miscellaneous increases	1,545
Decrease associated with one-time funding in 2020-21 for the Disability Insurance Plan	-395,800
<b>Subtotal Vote 20</b>	<b>-107,136</b>
<b>Statutory authorities</b>	
A net increase in TBS's share of contributions to employee benefit plans compared to last year mainly due to the funding for the Canadian Digital Service to provide critical digital products and services (COVID-19), to foster a diverse and inclusive public service, advancing public service job classification (Budget 2021) and to	3,980

implement the Policy on COVID-19 Vaccination for the Core Public Administration including the Royal Canadian Mounted Police	
<b>Subtotal statutory authorities</b>	<b>3,980</b>
<b>Total authorities</b>	<b>-82,020</b>

## 2.2 Statement of departmental budgetary expenditures by standard object

The year-to-date budgetary expenditures, as at December 31, 2021, have increased by \$16.5 million (0.8%) compared to the same period in the previous year:

- Vote 1 expenditures decreased by \$0.2 million
- Vote 20 expenditures increased by \$56.8 million
- Statutory payments decreased by \$40.1 million

For the fiscal quarter ended December 31, 2021, budgetary expenditures have increased by \$105.3 million (12.6%) compared to the same period in the previous year:

- Vote 1 expenditures decreased by \$2.3 million
- Vote 20 expenditures increased by \$89.7 million
- Statutory payments increased by \$17.9 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	Variance between 2021-22 year-to-date and 2020-21 year-to-date expenditures (April 1 to December 31)	Variance between 2021-22 Q3 and 2020-21 Q3 expenditures (October 1 to December 31)
<b>Vote 1: Program Expenditures (\$ thousands)</b>			
1 Personnel	The increase in year-to-date salary expenditures is	5,041	-1,225

due to:

1. the new funding received for the Canadian Digital Services to continue operations (Budget 2019) and to provide urgent digital services related to the pandemic (Fall Economic Statement 2020)
2. a timing difference in the processing of cost recoveries from other government departments and agencies
3. an increase in staffing to facilitate the People Management Systems and Processes organizational transformation, as well as the strategy to increase the sector full-time equivalent count, which has historically had a heavy reliance on consultant resources. In addition, authorization to spend was received late during FY 2020-21, which impacted staffing actions and expenditures
4. re-staffing of departures to fill vacant positions across the department

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

1. employee departures and significant staffing delays across most of the sectors
2. an internal reallocation of resources from program expenditures to public service insurance to better align program administration costs, and the sunsetting of the Employee Wellness Support Program (EWSP) initiative.

The decrease in Q3 salary expenditures is mainly due to:

1. employee departures and significant staffing delays
2. an internal reallocation of resources from program expenditures to public service insurance to better align program administration costs, and the sunsetting of the

	<p>Employee Wellness Support Program (EWSP) initiative.</p> <p>3. a timing difference in the processing of cost recoveries from other government departments and agencies, and corrections to salary expenditures entries into the Departmental Financial System.</p>		
4 Professional and special services	<p>The decrease in year-to-date and Q3 expenditures is mainly due to the:</p> <ol style="list-style-type: none"> <li>1. termination of the Government of Canada Financial and Materiel Management (GCfm) Solution project</li> <li>2. decrease in the number of consultants, specifically for the Central Agency Cluster Shared Systems (CAC-SS) Financial Migration to the SAP WebIntelligence project</li> <li>3. reduction in the reliance on contractors in the People Management Systems and Processes sector by hiring more full-time equivalents (FTEs)</li> </ol> <p>The decrease in expenditures is partially offset by an increase in:</p> <ol style="list-style-type: none"> <li>1. legal services</li> <li>2. costs for SAP Release 2</li> </ol>	-8,387	-4,381
5 Rentals	<p>The increase in year-to-date and Q3 expenditures is primarily due to:</p> <ol style="list-style-type: none"> <li>1. the timing difference in processing cost recoveries from other government departments for licences</li> <li>2. the cost of maintenance and support for Business Intelligence: Enterprise Information Intelligence Software Solution (EIIS) licences paid to Public Services and Procurement Canada (PSPC) this year</li> </ol>	3,043	767
12 Other Subsidies	<p>The increase in Q3 expenditures is mainly due to the timing and/or decrease of cost recovery from other government organizations:</p>	-599	1,712

and Payments	<ol style="list-style-type: none"> <li>1. due to the termination of the Government of Canada Financial and Materiel Management (GCfm) Solution project</li> <li>2. for the Digital Comptrollership Program (DCP)</li> <li>3. for the annual GCDocs Memorandum of Understanding with Public Services and Procurement Canada (PSPC)</li> <li>4. for the cost-sharing agreement with Shared Services Canada (SSC) for the Workload Migration Initiative</li> </ol> <p>This increase is offset by other timing differences in the recoveries of People, Management Systems and Processes with SSC and with the Office of the Comptroller General.</p>		
Vote-Netted Revenue	<p>The decrease in vote-netted revenues (VNR) is mainly attributable to a timing difference in the collection of revenues this year compared to the previous year.</p> <p>This decrease is offset by an increase in VNR due to the triannual <i>Public Service Superannuation Act</i> evaluation this fiscal year and due to the increase in expenditures charged by Health Canada for the service buyback.</p>	1,255	792
Other	Miscellaneous expenditures	-592	-7
<b>Subtotal Vote 1</b>		<b>-239</b>	<b>-2,342</b>
<b>Vote 20: Public Service Insurance</b>			
1 Personnel	<p>The increase in expenditures is mainly due to:</p> <ol style="list-style-type: none"> <li>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</li> <li>2. increased population for the members of the PSHCP, PSDCP, and Public Service Management</li> </ol>	103,758	95,071

	<p>Insurance Plan (PSMIP)</p> <p>3. higher payroll taxes due to an increase in the Public Service employment as well as the higher salary base on which payroll taxes are assessed following implementation of certain collective agreements for the Public Service</p> <p>4. the reinstatement of premiums in the Public Service Management Insurance Plan</p> <p>This increase of expenditures is offset by a decrease in the Disability Insurance (DI) Plan as a result of the \$225M one-time lump sum payment made to the Plan (Sun Life) in July 2020.</p>		
4 Professional and special services	The increase in year-to-date and Q3 expenditures is mainly due to an increase in administrative fees negotiated with Sun Life and the impact of the COVID-19 pandemic on health and dental services, returning to more normalized services for members this fiscal year.	10,204	2,219
Vote-Netted Revenue	<p>The increase in year-to-date and Q3 vote-netted revenues is mainly attributable to the following:</p> <ol style="list-style-type: none"> <li>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.</li> <li>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).</li> <li>3. The increases for revolving funds are also partly due to timing differences in remittances.</li> <li>4. Annual increases in the Public Service employment and pensioner population rates, resulting in higher contribution amounts.</li> </ol>	-55,023	-5,558

Other	Miscellaneous expenditures	-2,047	-1,999
<b>Subtotal Vote 20</b>		<b>56,892</b>	<b>89,733</b>
<b>Statutory expenditures</b>			
1 Personnel	<p>The change in year-to-date and Q3 statutory expenditures is mainly attributable to the following:</p> <ol style="list-style-type: none"> <li>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 Q3 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.</li> <li>2. An increase in TBS's total monthly employee benefit plan expenditures based on the 2021–22 statutory forecast calculated from the Main Estimates.</li> </ol>	-40,110	17,898
<b>Subtotal statutory expenditures</b>		<b>-40,110</b>	<b>17,898</b>
<b>Total expenditures</b>		<b>16,543</b>	<b>105,289</b>

### 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.

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 chronologically highlights significant changes in operations, personnel and programs of TBS during the third quarter of the fiscal year.



On September 21, 2021, the Chief Human Resources Officer announced the departure of Janice Horne, Assistant Deputy Minister, Executive and Leadership Development.

Mireille Laroche was appointed as Assistant Deputy Minister, Executive and Leadership Development, effective October 12, 2021.

On October 5, 2021, the Comptroller General of Canada announced the departure of Roger Ermuth, Assistant Comptroller General, Financial Management Sector, and that Laura Smith will act as Assistant Comptroller from October 8, 2021, to December 12, 2021.

On November 16, 2021, the Secretary of the Treasury Board Peter Wallace announced his departure. As a result, the Interim Clerk of the Privy Council and Secretary to the Cabinet announced that Erin O’Gorman will serve in this role until a permanent appointment is made.

Monia Lahaie was appointed as Assistant Comptroller General for the Financial Management Sector, effective December 13, 2021.

## 5. Approval by senior officials

Approved by:

\_\_\_\_\_

Graham Flack, Secretary

Approved by:

\_\_\_\_\_

Karen Cahill, Chief Financial Officer

Ottawa, Canada

Date: February 18, 2022

## 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 Crown <i>Liability and Proceedings Act</i>
Total statutory authorities
Total authorities
<div>* Includes only authorities available for use and granted by Parliament at quarter-end.</div>
<div>** The year-to-date net increase in expenditures of \$16.5 million is mainly a result of an increase in expenditures from Vote 20</div>

Departmental budgetary expenditures by Standard Object (unaudited)

(in dollars)

	Planned expenditures for the year ending March 31, 2019
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	
<b>Total gross budgetary expenditures</b>	
<b>Less revenues netted against expenditures</b>	
Vote-Netted Revenues (VNR) - Centrally managed items	
Vote-Netted Revenues (VNR) - Program expenditures	
<b>Total revenues netted against expenditures</b>	
<b>Total net budgetary expenditures</b>	
<b>Government-wide expenses included above</b>	<b>*</b>
1 Personnel	
3 Information	
4 Professional and special services	
10 Transfer payments	
12 Other subsidies and payments	
<b>Total</b>	
<div> <div>*</div> <div>Government-wide expenses include Vote 20 and statutory authorities (unallocated employer contributions made under tl</div> </div>	

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