



Quarterly Financial Report for the Quarter Ended June 30, 2023

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Quarterly Financial Report for the Quarter Ended June 30, 2023

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

Table of contents

1. [Introduction](#)
2. [Highlights of fiscal year-to-date results](#)
3. [Risks and uncertainties](#)
4. [Significant changes in relation to operations, personnel and programs](#)
5. [Approval by senior officials](#)
6. [Appendix](#)

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 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, 2024. 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 June 30, 2023
- 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)

	2023-24 Budgetary authorities to March 31, 2024	2022-23 Budgetary authorities to March 31, 2023	Variance in budgetary authorities	Year-to-date expenditures as at Q1 2023-24 (June 30, 2023)	Year-to-date expenditures as at Q1 2022-23 (June 30, 2022)	Variance between 2023-24 year-to-dat and 2022-23 year-to-dat expenditure
Vote 1: Program Expenditures	316,034	320,061	-4,027	83,358	79,530	3,828

	2023-24 Budgetary authorities to March 31, 2024	2022-23 Budgetary authorities to March 31, 2023	Variance in budgetary authorities	Year-to-date expenditures as at Q1 2023-24 (June 30, 2023)	Year-to-date expenditures as at Q1 2022-23 (June 30, 2022)	Variance between 2023-24 year-to-dat and 2022-23 year-to-dat expenditure
Vote 20: Public Service Insurance	3,412,150	3,195,856	216,294	842,503	719,238	123,265
Statutory authorities	34,751	35,750	-999	-128,075	-142,188	14,113
Total	3,762,935	3,551,667	211,268	797,786	656,580	141,206

2.1 Statement of voted and statutory authorities

Total budgetary authorities available for use increased by \$211.3 million (5.9%) from the previous fiscal year:

- Vote 1 authorities decreased by \$4.0 million
- Vote 20 authorities increased by \$216.3 million
- Statutory authorities decreased by \$1.0 million

The following table provides a detailed explanation of these changes.

Changes to voted and statutory authorities (2023-24 compared with 2022-23)	\$ thousands
Vote 1: Program Expenditures	
Funding to advance clean fuels markets in Canada	10,900
Funding to support the implementation of proactive pay equity in the federal public service	8,447
Funding to support Financial Management Transformation	7,455
Funding for the Office of the Chief Information Officer to support the governance and oversight of digital initiatives	7,056
Compensation adjustments to fund salary increases to meet obligations under collective agreements	1,670

Changes to voted and statutory authorities (2023-24 compared with 2022-23)	\$ thousands
Sunset of funding for Access to Information Review and Action Plan	-1,207
Sunset of funding for the Joint Learning Program	-1,524
Sunset of funding for Advancing Core Public Administration Job Classification and Program and Administrative Services (PA) Group Modernization	-3,779
Sunset of funding to foster a diverse and inclusive public service	-3,982
Sunset of funding to implement the Policy on COVID-19 vaccination for the Core Public Administration, Including the Royal Canadian Mounted Police	-4,535
Other miscellaneous changes that do not exceed materiality thresholds	-5,539
Sunset of funding for Phoenix stabilization and HR-to-Pay initiatives	-18,989
Subtotal Vote 1	-4,027
Vote 20: Public Service Insurance	
Funding for the public service insurance plans and programs	161,759
Funding for the Royal Canadian Mounted Police Life and Disability Insurance Plans	56,775
Other miscellaneous changes that do not exceed materiality thresholds	-2,240
Subtotal Vote 20	216,294
Statutory authorities	
Funding for the Office of the Chief Information Officer to support the governance and oversight of digital initiatives	1,147
Other miscellaneous changes that do not exceed materiality thresholds	131
Sunset of funding for Phoenix stabilization and HR-to-Pay initiatives	-2,277
Subtotal statutory authorities	-999
Total authorities	211,268

2.2 Statement of departmental budgetary expenditures by standard object

For the fiscal quarter ended June 30, 2023, budgetary expenditures have increased by \$141.2 million (21.5%) when compared to the same period in the previous year:

- Vote 1 expenditures increased by \$3.8 million
- Vote 20 expenditures increased by \$123.3 million
- Statutory payments increased by \$14.1 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 2023-24 year-to-date and 2022-23 year-to-date expenditures (April 1 to June 30) (\$ thousands)	Variance between 2023-24 Q1 and 2022-23 Q1 expenditures (April 1 to June 30) (\$ thousands)
Vote 1: Program Expenditures			
1 Personnel	<p>The increase in expenditures is mainly due to:</p> <ul style="list-style-type: none"> • Additional full-time-equivalents (FTEs) in the Office of the Chief Information Officer to support the governance and oversight of digital initiatives • Additional full-time-equivalents (FTEs) in the Office of the Chief Human Resources Office to support the development of a new inclusive language training framework for the federal public service • Additional full-time-equivalents (FTEs) in the Office of the Comptroller General to support Financial Management Transformation <p>The increase is partially offset by a decrease in salary expenditures due to timing difference in the processing of cost recoveries from other government departments (OGDs) and agencies.</p>	5,547	5,547
4 Professional and special services	The decrease in expenditures is mainly due to Legal services and is partially offset by funding to Support the Governance and Oversight of Digital Initiatives.	-1,707	-1,707

Standard object	Changes to voted and statutory expenditures	Variance between 2023-24 year-to-date and 2022-23 year-to-date expenditures (April 1 to June 30) (\$ thousands)	Variance between 2023-24 Q1 and 2022-23 Q1 expenditures (April 1 to June 30) (\$ thousands)
12 Other Subsidies and Payments	The decrease is mainly due to the timing of Digital Community Management Office cost recoveries from other government departments.	-1,885	-1,885
Vote-Netted Revenue	The decrease in vote-netted revenues (VNR) is mainly attributable to the timing of SAP Contract administration cost recoveries. TBS is responsible for paying the annual support and maintenance fees for SAP licences used in the GC and these costs are recovered from OGDs.	1,523	1,523
Other	Miscellaneous expenditures	350	350
Subtotal Vote 1		3,828	3,828
Vote 20: Public Service Insurance			
1 Personnel	<p>The increase is mainly attributable to the Public Service Health Care Plan, the RCMP Life and Disability Insurance Plan, and the Disability Insurance plan. In general, increases in public service insurance and benefit expenditures and payroll taxes is due to the following factors:</p> <ul style="list-style-type: none"> • An increase in the utilization rate at which benefits plans are being used or accessed • An increase in the unit costs due to new medical technologies, innovations and price inflation • An increase in the population or participation rates under insurance and benefits plans • Salary-driven Vote 20 components affected by wage increases due to collective agreements of participating members 	131,928	131,928

Standard object	Changes to voted and statutory expenditures	Variance between 2023-24 year-to-date and 2022-23 year-to-date expenditures (April 1 to June 30) (\$ thousands)	Variance between 2023-24 Q1 and 2022-23 Q1 expenditures (April 1 to June 30) (\$ thousands)
Vote-Netted Revenue	The increase in VNR is mainly due to additional revenues collected from special accounts and revolving funds as a result of an increase to the Public Service Insurance (PSI) contribution rate and greater year-end adjustments.	-11,748	-11,748
Other	Miscellaneous expenditures	3,085	3,085
Subtotal Vote 20		123,265	123,265
Statutory expenditures			
1 Personnel	The increase in statutory expenditures is due to: <ul style="list-style-type: none"> • 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 OGDs and agencies. The increase in expenditures is mainly due to the timing of the charges and recoveries from OGDs 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. 	14,113	14,113
Subtotal statutory expenditures		14,113	14,113
Total expenditures		141,206	141,206

3. Risks and uncertainties

TBS manages various risks and uncertainties while providing oversight and leadership in relation to its four core responsibilities to help federal departments and agencies fulfill government priorities and achieve results for Canadians.

Human Resources

There is risk that TBS may have insufficient resources to staff to an organizationally sustainable capacity level to effectively fulfill its mandate, which can propagate into human resource and employee wellbeing issues. TBS is taking actions to attract, develop and retain a skilled and diverse workforce and is committed to employee wellbeing through the prioritization of resources to improve work-life balance, and the promotion of the Wellness Program.

Organizational transformation and change management

There is financial risk linked to TBS's ability to implement change initiatives because success is dependent on the co-operation, support, and funding levels of other government departments. To mitigate the risk and deliver on its priorities, TBS will build community engagement, leverage existing best practices and target the hiring of qualified employees with the necessary change management skills.

Information technology

There is Information technology (IT) system risk related to the maintenance, upgrade, replacement, and protection against cyber threats that could lead to increased demand on financial resources. TBS is

committed to the prioritization of generational investments to update IT systems and has robust tools in place to monitor, detect and neutralize potential cyber threats as quickly as possible.

Financial management

There is financial management risk that the department may not be funded appropriately to deliver on its expected results due to the high volume of priorities. The financial situation will be regularly monitored to determine if resources need to be prioritized, and incremental funding will be requested for new initiatives.

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

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

4.1 Programs

On March 28, 2023, the Minister of Finance delivered [Budget 2023](#) announcing government wide and TBS related initiatives, including:

- funding for a Mental Health Fund for Black public servants and the establishment of dedicated career development programs.
- funding to advance a restorative engagement program to empower employees who have suffered harassment and discrimination, and to drive cultural change in the public service.
- reduction in government spending on consulting, other professional services, and travel by roughly 15 per cent of planned 2023-24 discretionary spending in these areas.

- reduction in government spending by roughly 3 per cent of eligible spending by departments and agencies by 2026-27, with cost savings starting in 2024-25.
- introduced cross-government program effectiveness reviews, to be led by the President of the Treasury Board.

4.2 Personnel

Sylvain Bélanger was appointed as the Chief Information Officer, effective May 1, 2023.

5. Approval by senior officials

Approved by:

Graham Flack, Secretary

Ottawa, Canada

Date:

Karen Cahill, Chief Financial

Officer

6. Appendix

Statement of Authorities (unaudited) (in dollars)

	Fiscal year 2023-24			Fiscal year 2022-23		
	Total available for use for the year ending March 31, 2024 *	Used during the quarter ended June 30, 2023	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2023*	Used during the quarter ended June 30, 2022	Year-to-date used at quarter end

	Fiscal year 2023–24			Fiscal year 2022–23		
	Total available for use for the year ending March 31, 2024 *	Used during the quarter ended June 30, 2023	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2023*	Used during the quarter ended June 30, 2022	Year-to-date used at quarter-end
Vote 1 – Program Expenditures	316,034,340	83,358,457	83,358,457	320,060,709	79,530,096	79,530,09
Vote 20 – Public Service Insurance	3,412,149,682	842,502,859	842,502,859	3,195,856,257	719,238,446	719,238,44
Statutory authorities						
A111 – President of the Treasury Board salary and motor car allowance	94,700	23,700	23,700	92,500	23,100	23,10
A140 – Contributions to employee benefit plans	34,656,544	8,664,136	8,664,136	35,657,594	8,835,086	8,835,08
A145 – Unallocated employer contributions made under the <i>Public Service Superannuation Act</i> and other retirement acts and the <i>Employment Insurance Act</i> (EI)	..(Not applicable)	-136,762,405	-136,762,405	..(Not applicable)	-151,045,818	-151,045,81

	Fiscal year 2023–24			Fiscal year 2022–23		
	Total available for use for the year ending March 31, 2024 *	Used during the quarter ended June 30, 2023	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2023*	Used during the quarter ended June 30, 2022	Year-to-date used at quarter-end
A681 – Payments under the <i>Public Service Pension Adjustment Act</i>	-(Not applicable)	-(Not applicable)	-(Not applicable)	-(Not applicable)	-(Not applicable)	-(Not applicable)
Total statutory authorities	34,751,244	-128,074,569	-128,074,569	35,750,094	-142,187,632	-142,187,632
Total authorities	3,762,935,266	797,786,747	797,786,747	3,551,667,060	656,580,910	656,580,910

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

Departmental budgetary expenditures by standard object (unaudited) (in dollars)

	Fiscal year 2023–24			Fiscal year 2022–23		
	Planned expenditures for the year ending March 31, 2024	Expended during the quarter ended June 30, 2023	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended June 30, 2022	Year-to-date used at quarter-end
Expenditures						
1 Personnel	4,599,376,334	1,000,514,854	1,000,514,854	4,331,816,428	848,926,631	848,926,631
2 Transportation and communications	4,640,271	280,593	280,593	1,789,085	189,779	189,779
3 Information	2,249,788	170,750	170,750	533,302	114,841	114,841

	Fiscal year 2023-24			Fiscal year 2022-23		
	Planned expenditures for the year ending March 31, 2024	Expended during the quarter ended June 30, 2023	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended June 30, 2022	Year date at quarter
4 Professional and special services	145,532,670	25,140,257	25,140,257	137,486,502	24,494,291	24,49
5 Rentals	19,761,425	28,259,726	28,259,726	34,693,631	28,227,058	28,22
6 Repair and maintenance	4,039,670	20,132	20,132	1,699,202	-(Not applicable)	appli
7 Utilities, materials and supplies	1,299,905	108,646	108,646	845,640	32,218	3
9 Acquisition of machinery and equipment	516,465	591,057	591,057	5,515,686	281,876	28
10 Transfer payments	981,690	325,000	325,000	981,690	513,000	5
12 Other subsidies and payments	7,240,199	513,054	513,054	9,546,609	1,830,821	1,83
Total gross budgetary expenditures	4,785,638,417	1,055,924,069	1,055,924,069	4,524,907,775	904,610,515	904,6
Less revenues netted against expenditures						
Vote-Netted Revenues (VNR): Centrally managed items	-930,552,283	-234,491,833	-234,491,833	-871,753,847	-222,860,750	-222,86
Vote-Netted Revenues (VNR): Program expenditures	-92,150,868	-23,645,489	-23,645,489	-101,486,868	-25,168,855	-25,16

	Fiscal year 2023–24			Fiscal year 2022–23		
	Planned expenditures for the year ending March 31, 2024	Expended during the quarter ended June 30, 2023	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended June 30, 2022	Year date at quarter
Total revenues netted against expenditures	-1,022,703,151	-258,137,322	-258,137,322	-973,240,715	-248,029,605	-248,029,605
Total net budgetary expenditures	3,762,935,266	797,786,747	797,786,747	3,551,667,060	656,580,910	656,580,910
Government-wide expenses included above *						
1 Personnel	4,340,468,475	925,173,253	925,173,253	4,098,335,998	778,263,480	778,263,480
2 Transportation and communications	-(Not applicable)	21,808	21,808	-(Not applicable)	-(Not applicable)	-(Not applicable)
4 Professional and special services	2,241,075	13,103,854	13,103,854	4,524,200	10,710,780	10,710,780
10 Transfer payments	500,000	325,000	325,000	500,000	300,000	300,000
12 Other subsidies and payments	-(Not applicable)	1,608,302	1,608,302	-(Not applicable)	1,041,116	1,041,116
Total	4,343,209,550	940,232,287	940,232,287	4,103,360,198	790,315,376	790,315,376

* Government-wide expenses include Vote 20 and statutory authorities (A145 - Unallocated employer contributions made under the *Public Service Superannuation Act* and other retirement acts and the *Employment Insurance Act* (EI); A681 - Payments under the *Public Service Pension Adjustment Act*; and A683 - Payments for the pay equity settlement pursuant to section 30 of the *Crown Liability and Proceedings Act*)

Date modified:

2022-08-26