



SENATE | SÉNAT
CANADA

Senate Expenditure

Comparison and Trending Analysis

Final

Amipal Manchanda, CPA, CA, Chief Audit Executive

Presentation to AOVS

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Main Findings

- Growth in Senate expenditures over the past 8 years is below the rate of inflation and less than growth of expenditures of the House of Commons for the same period.
- Senate spending remained below budget for each of the past 8 years.
- The level of resource growth, dollars and FTEs, in Senate Administration sectors will inform the internal audit planning process.

Background

Project Objective

Objective

- To provide insights into Senate expenditures to help inform the multi-year risk-based audit planning exercise

Assurance

- This is an advisory engagement and provides a limited level of assurance.

Findings

- Data selection and findings were approved by the Standing Committee on Audit and Oversight (AOVS) and shared with Senate Administration and will be shared with the Standing Committee on Internal Economy, Budgets, and Administration (CIBA).

Methodology

Trending

Trending of Senate of Canada actual and budgeted expenditures and FTEs over eight years (2017-18 to 2024-25), including:

- Actual vs. budgeted spending;
- Actual spending and percentage growth in spending over eight years;
- Nature of spending and sources of increases.

Comparison

Comparison of Senate of Canada actual expenditures over eight years to the House of Commons, as well as other Canadian Parliamentary Entities (2017-18 to 2024-25).

Comparison of Senate of Canada and House of Commons actual expenditures over 10 years to actual expenditures of the Parliament of the United Kingdom (2017-18 to 2024-25).

*Parliament of UK chosen as it is a similar Commonwealth parliamentary system. Data from Australia was analyzed but wasn't available in a comparative format.

Data Sources

Senate of Canada

Senate financial reporting systems and various financial and human resources reports (2017-18 to 2024-25).

Canadian Parliamentary Entities

Public Accounts of Canada and Statistics Canada (2017-18 to 2024-25).

United Kingdom Parliamentary Entities

United Kingdom Parliament, House of Lords and House of Commons, *Annual Reports and Accounts*; Independent Parliamentary Standards Authority, *Annual Reports and Accounts*; 2014-2015 and 2023-2024; and U.K. Office for National Statistics (2017-18 to 2024-25).

Data is presented in nominal currency with reference points to CPI inflation and nominal GDP.

Limitations and Mitigations

Limitations	Mitigations
Source of Expenditure Changes: External factors and non-financial elements (i.e. COVID-19 pandemic) impact expenditures of the Senate.	<ul style="list-style-type: none">• Identify and acknowledge the environmental factors.
Data Comparability: <ul style="list-style-type: none">• Accessibility of detailed comparable information on international benchmarks may be limited due to alternate groupings.• Costs related to support operations (i.e. parliamentary protection services) are reported differently across international benchmarks which impacts comparability.	<ul style="list-style-type: none">• Exercise caution in drawing conclusions.• Clearly communicate that a high-level analytical review is only the starting point to asking questions and exploring the reasons for trends or variances from the norm.

Context: External Factors

Key external factors that influenced Senate expenditures during the period under consideration:

Number of Senators sitting (Standings in the Senate).

Prorogation and dissolution periods of Parliament.

Establishment of recognized parliamentary groups.

Long Term Vision and Plan (LTVP) for the Parliamentary Precinct.

COVID-19 pandemic.

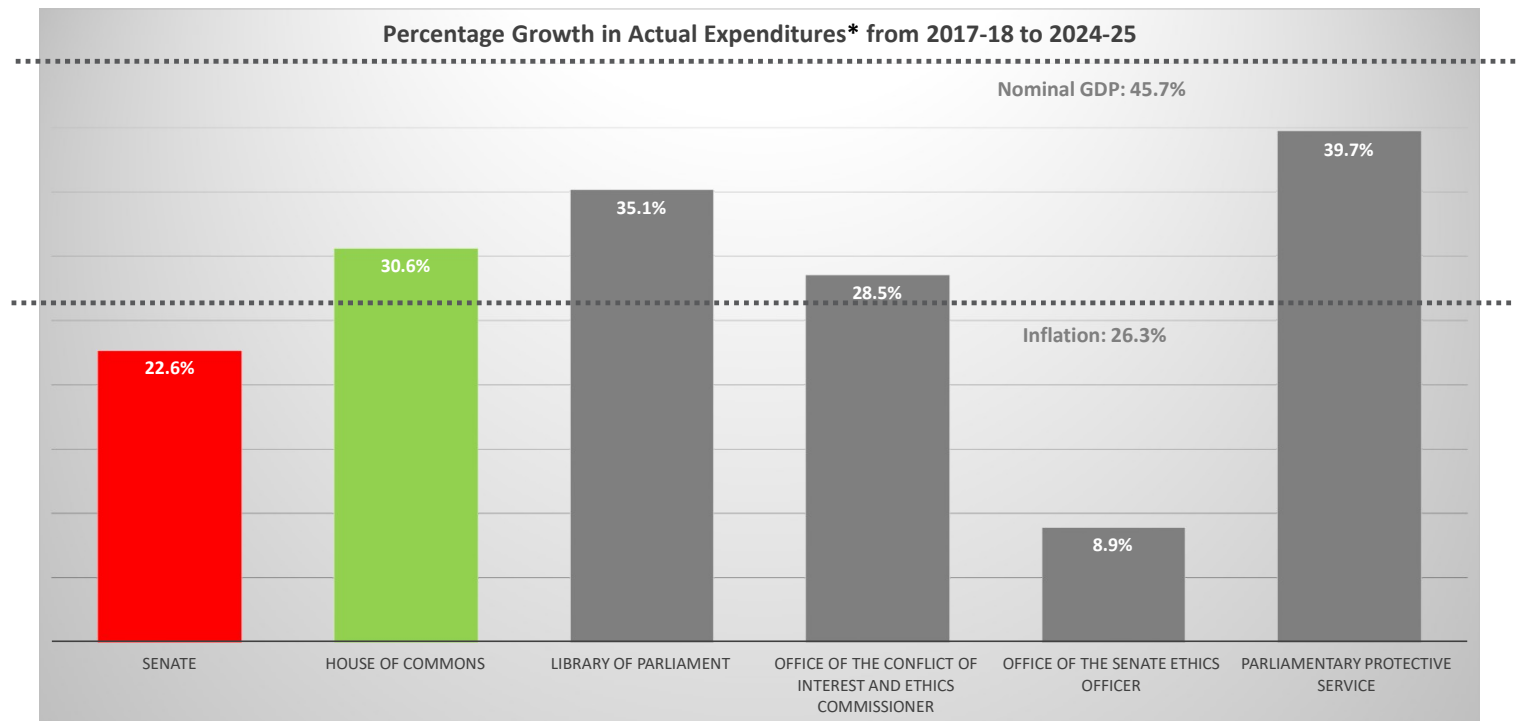
Variable nature of legislative requirements and other priorities.

Inflation and Cost of Living Increases.

Analysis

Parliament of Canada: Expenditure Growth

Finding: Senate expenditure growth is lower than inflation and nominal GDP. Growth in Senate expenditures has been below several other parliamentary entities.

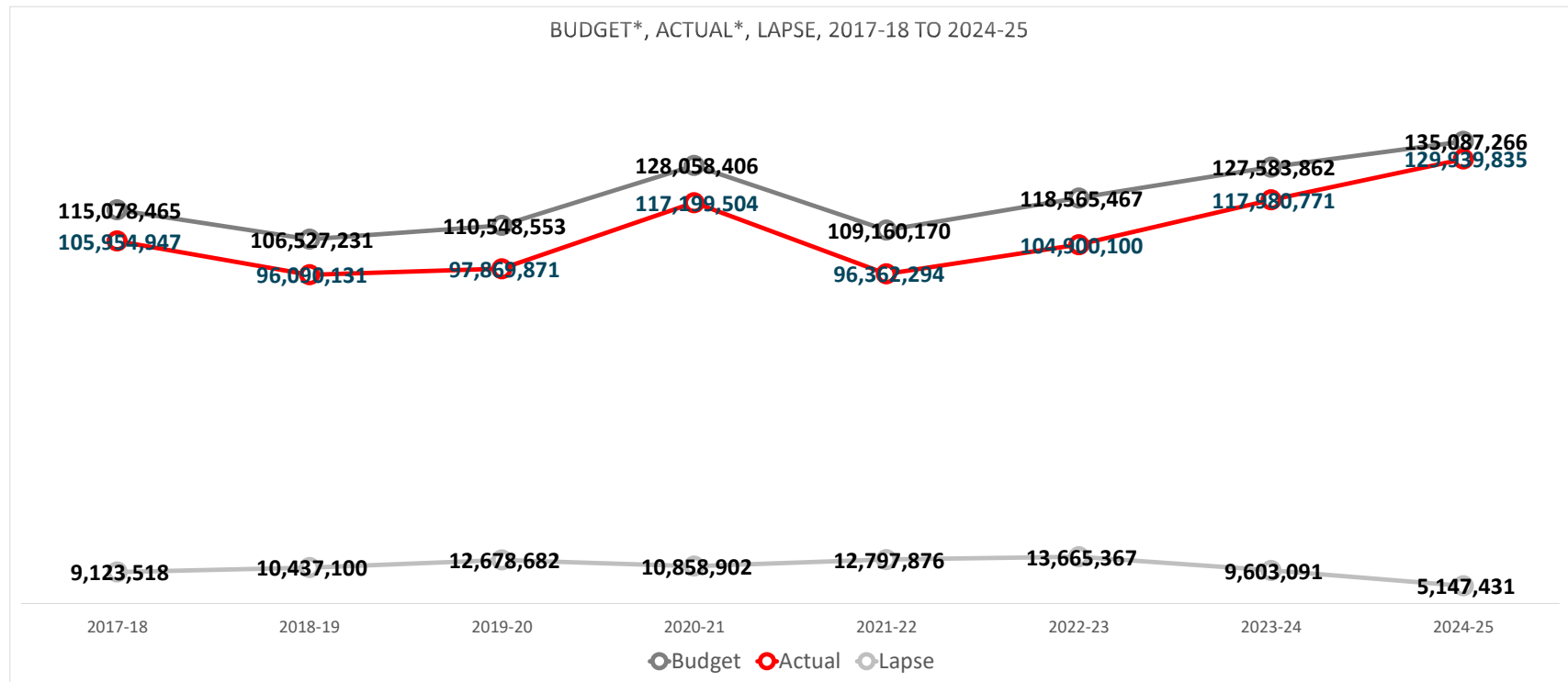


*NOTE: represents gross expenditures (i.e., NOT reduced by revenue)

Data Source: Public Accounts of Canada and Statistics Canada

Senate of Canada: Budget vs Actual Spending

Finding: Actual Senate spending has consistently been below budget. Funds have been lapsed every year.

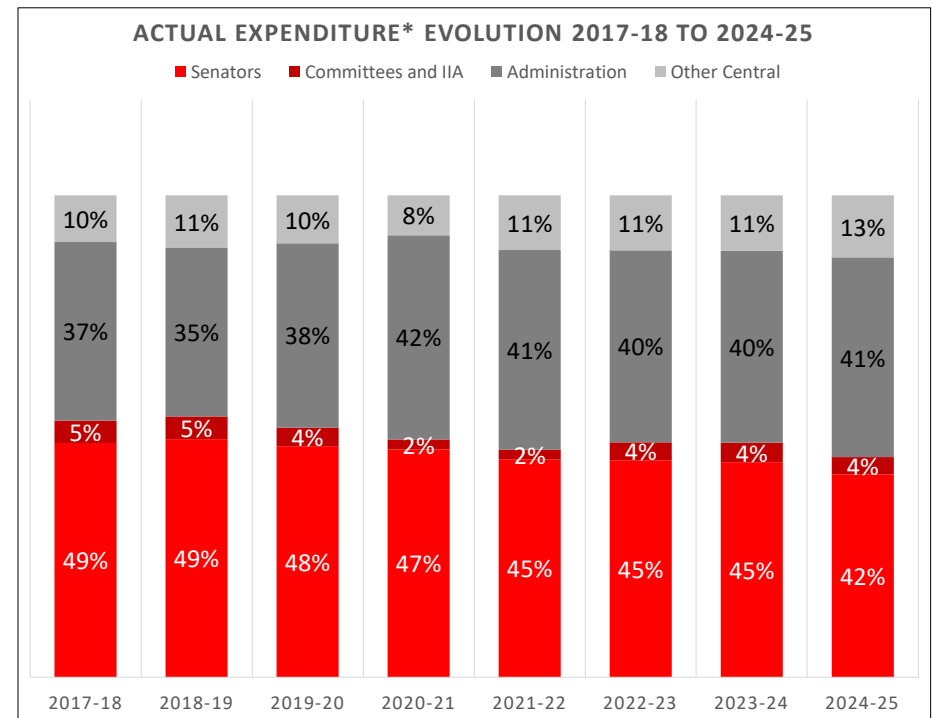
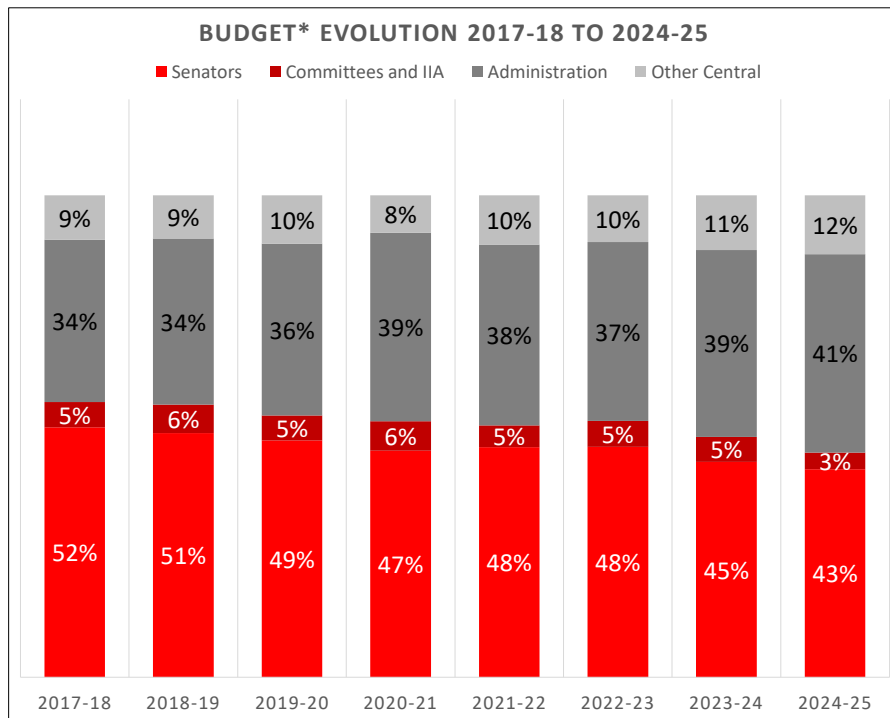


Data Source: Public Accounts of Canada

*NOTE: Budget and Actual for 2017-18 and 2020-21 include 'one-time payments' required to fund actuarial adjustments to the Senators Pension Plan of \$15.5M and \$19.8M respectively.

Senate of Canada: Relative Budget and Actual by Funding Portfolio

Finding: The variances between budget and actual expenditures will inform the internal audit planning process.

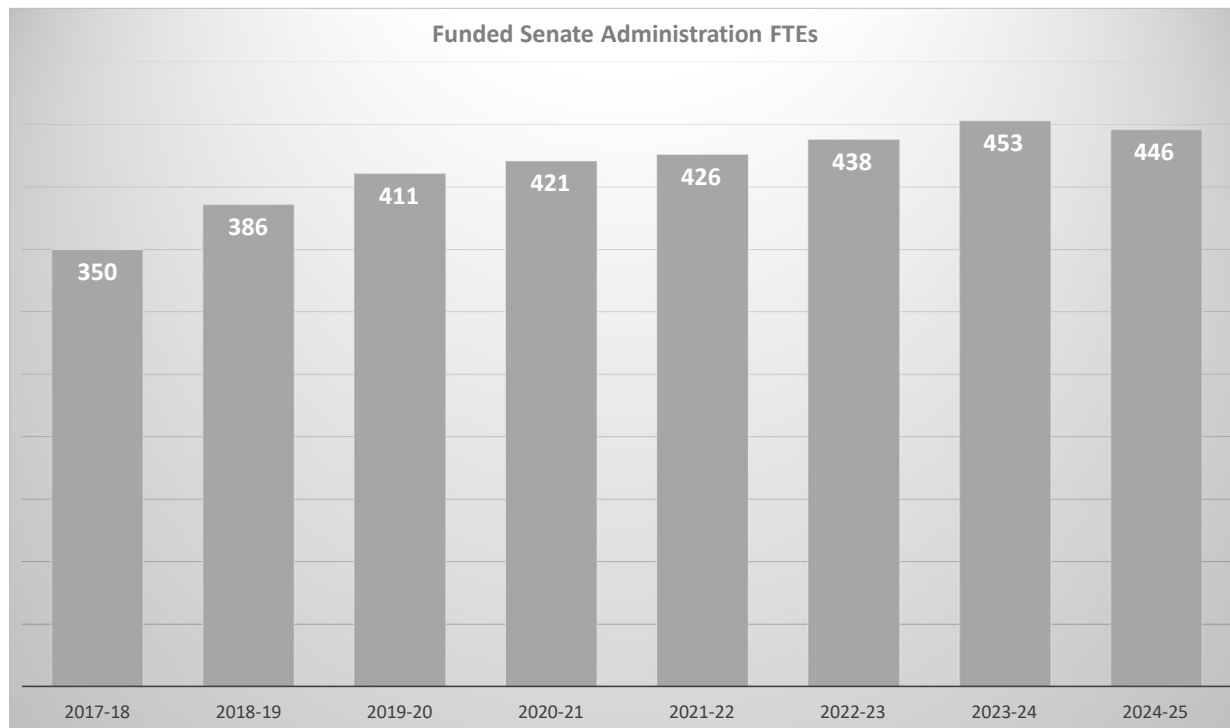


Data Source: FRMS

*NOTE: Budget and expenditures have been adjusted for one-time payments for pension and benefits resulting from actuarial adjustments.

Senate Administration FTEs.

Finding: FTEs in the Senate Administration has increased by 96 FTEs (27% growth) over 8 years.



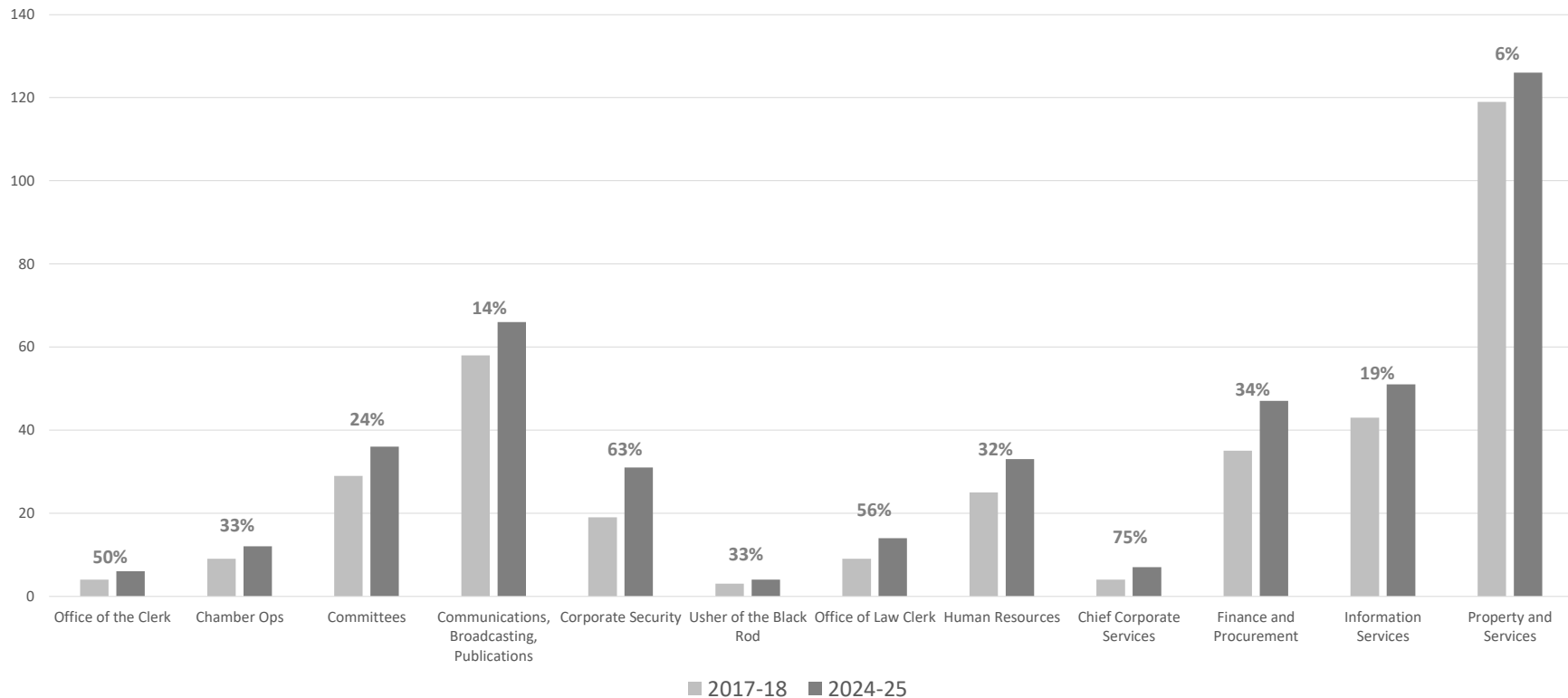
Management Response:
The increase in FTEs is to deliver additional services (cybersecurity, broadcasting, relocation, etc).

Data Source: Finance and Human Resources Tracking

Senate Administration: Growth in FTEs by Sector

Finding: All sectors have been allocated additional FTEs. The level of growth will inform the internal audit planning process.

Senate Administration Funded FTEs by Sector 2017-18 and 2024-25 and Percentage Growth over this period

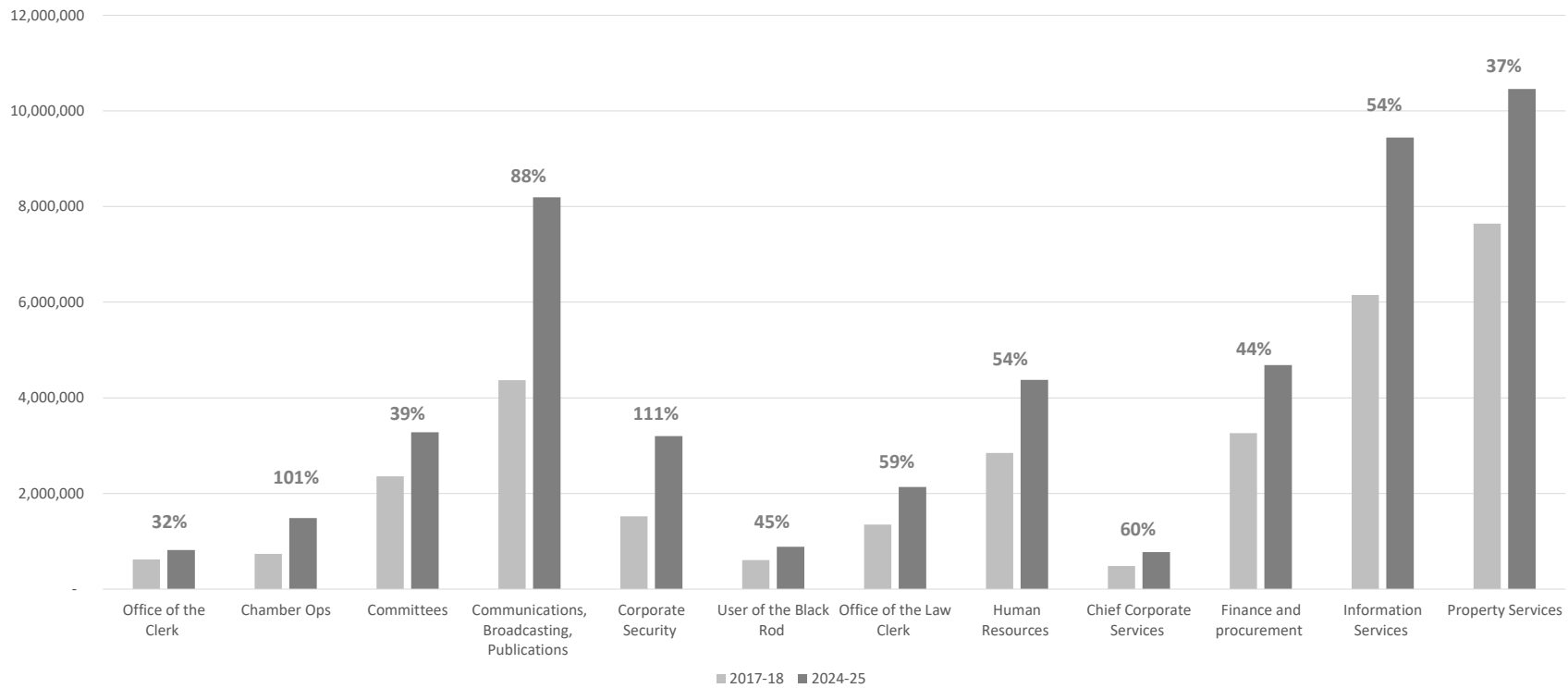


Data Source: Finance Branch

Senate Administration: Growth in Actual Expenditures by Sector

Finding: All sectors have experienced growth in actual expenditures. The level of growth will inform the internal audit planning process.

Administrative Spending by Sector, 2017-18 and 2024-25 and Percentage Growth over the period

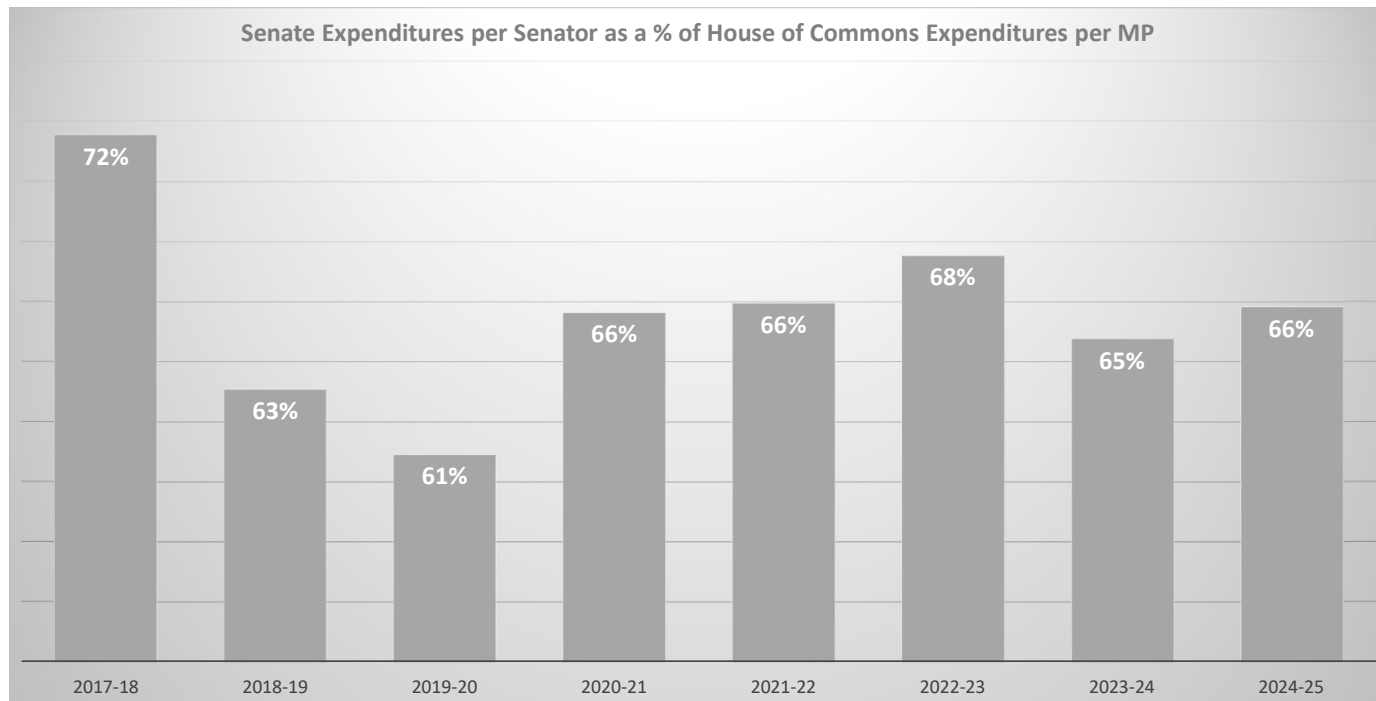


Data Source: FRMS

*NOTE: Actual expenditures for 2017-18 and 2024-25 have been adjusted for any one-time, non-recurring funding allocations.

Senate of Canada and House of Commons

Finding: Over the last 5 years, Senate expenditures per Senator have remained consistent in relation to House of Commons Expenditures per MP.

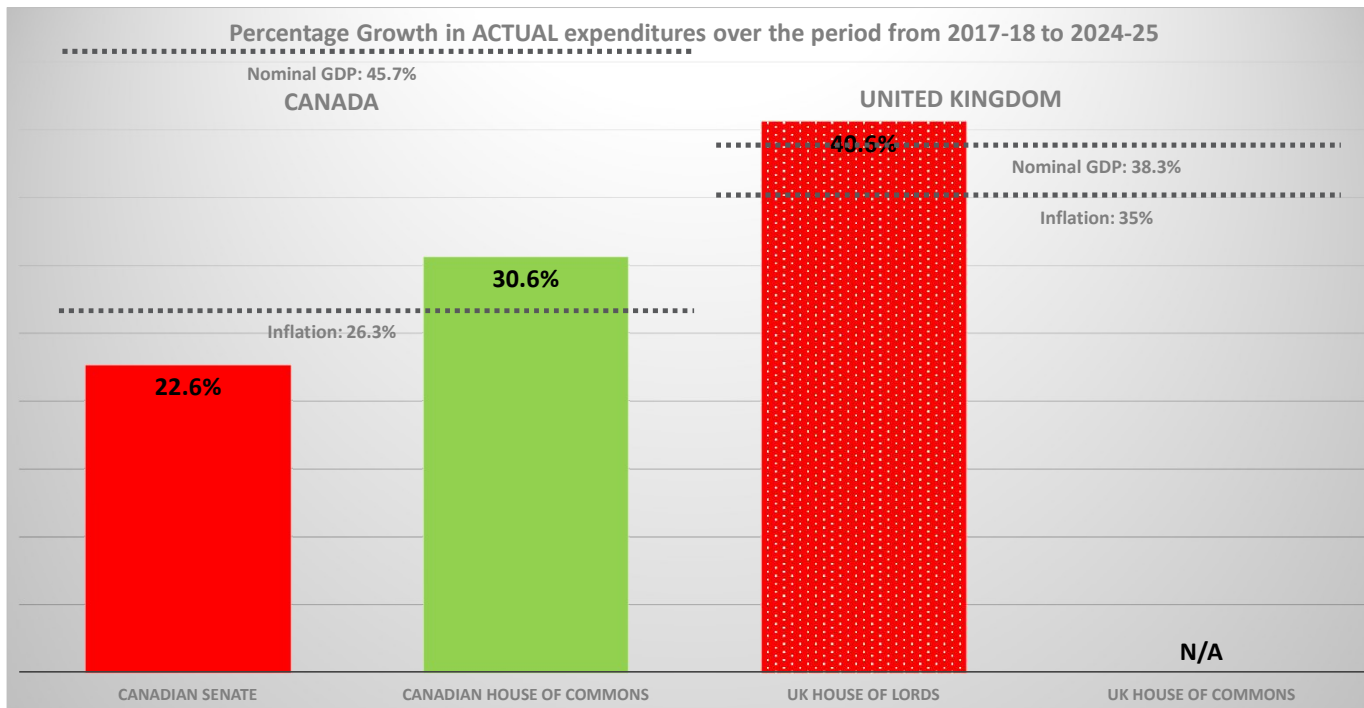


Data Source: Public Accounts of Canada

*NOTE: Senate and House of Commons expenditures represents gross expenditures (i.e., NOT reduced by revenue)

Canada and United Kingdom Parliaments

Finding: Growth in Senate of Canada actual expenditures is lower than growth in actual expenditures in the United Kingdom Parliament.



- Expenditures for the U.K. House of Lords include administrative costs and Lords members allowances and business costs.

Data Source: Public Accounts of Canada and Statistics Canada; United Kingdom Parliament, House of Lords and House of Commons, *Annual Reports and Accounts*; Independent Parliamentary Standards Authority, *Annual Reports and Accounts*; 2014-2015 and 2023-2024; and U.K. Office for National Statistics

Data Findings and Conclusions

Data Findings

Growth in Senate expenditures over 8 years of 22.6% is less than the inflation rate of 26.3% and the nominal GDP rate of 45.7% over the same time-period.

Actual Senate spending has consistently been below budget.

Growth in Senate of Canada actual expenditures is lower than growth in actual expenditures in the United Kingdom Parliament.

Advisory Engagement Conclusions



Analysis provides insight into Senate expenditures, and although it does not provide specific insight into performance or efficiency, it has identified insights that inform the internal audit planning process.



Findings support the risk assessment completed as part of the internal audit planning process and inform the proposed internal audit engagements for current and future years.

Management Response

Management Response

The following management response is with respect to management being invited to AOVS on a semi-annual basis to report on expenditure trends and explain variances from budget, including lapses.

- Management will make itself available to attend AOVS meetings on a semi-annual basis to report on expenditure trends and explain variances from budget, including lapses.

The following slide provides insight into the key cost drivers that have resulted in increased resource allocation.

Context: Key Cost Drivers

Senior Management has provided the following insight into key cost drivers for the Senate that have impacted expenditures during the period under analysis:

Enhanced Security Measures (\$2.4M): Implemented additional security measures to address new and evolving threats to Senators personal safety.

Growth of caucus and Senator Groups (\$2.7M): Caucus/Senator Groups have increased from 2 to 5.

New IT Infrastructure (\$2.5M): Required to support new disclosure requirements, modernization of IT, and address cybersecurity risks.

Move to Senate Building (\$0.9M): Moved from Parliament Hill to the Senate Building, which is a stand-alone parliamentary location.

Internal Restructuring (\$2.4M): Restructured the Communications Directorate and the Human Resources Directorate to better serve Senators.

Broadcasting of Chamber Proceedings (\$2.3M): Increased broadcasting infrastructure and resources to support a televised Chamber.

Next Steps

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Share results of Senate Expenditure Comparison and Trending Analysis to Standing Committee on Internal Economy, Budgets, and Administration (CIBA) and the Senate.



AOVS to explore areas of interest.



Invite Clerk of the Senate to AOVS on a semi-annual basis to report on expenditure trends and explain variances from budget, including lapses.