



Monitoring Implementation of the Government's Expense Plan

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www.pbo-dpb.gc.ca

Key Points of this Note:

- Over the past three budgets, the Government has implemented three successive rounds of expenditure restraint. While disclosure of these reductions has historically been uneven, the Government has committed to address this through its ongoing reporting cycle, including departments' and agencies' quarterly reports.
- To help parliamentarians track Budget 2012 disclosures, the Parliamentary Budget Officer (PBO) updated the summary tables of quarterly report disclosures prepared last year, based on organizations' first quarter statements.
- The overall quality of quarterly reporting has improved compared to the previous year. At the same time, gaps persist in the disclosure of federal restraint measures as less than one-third of organizations affected by the 2012 Budget reduction initiative explain the operational impacts.
- The PBO's Expenditure Monitor for the first quarter of 2012-13 highlights key financial results across federal departments' and agencies' program activities. In addition, the complete data set has been uploaded to the Integrated Monitoring Database (IMD).

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1 Context

The Parliamentary Budget Officer's (PBO's) legislative mandate includes research and analysis of the Government's Estimates.¹ To fulfill this statutory obligation, the PBO provides ongoing monitoring of in-year federal expenditures as the Government's Expenditure Plan (*i.e.* the Estimates) is implemented.

Over the past three budgets, the Government has implemented three successive rounds of expenditure restraint. The purpose of these measures is to "return to balanced budgets over the medium-term".² As noted by parliamentarians, disclosure regarding the impact of these initiatives has been uneven: often the consequences of these reductions on federal organizations are not seen to be communicated in a timely manner, or with a sufficient level of detail. In response, the Government has committed to "continue to report to Parliament through all the usual channels, including the Estimates, the quarterly financial reports and the Public Accounts".³

As highlighted in previous PBO reports, the Government's quarterly reporting regime is a useful source of data and information regarding in-year federal operations. Federal departments and agencies are legally required to release quarterly financial reports 60 days after the end of each quarter, with the exception of the fourth quarter as the information is included in the annual Departmental Performance Reports.⁴

Building on work undertaken during the previous fiscal year, in 2012-13 the PBO will monitor disclosures contained in departments' and agencies' quarterly reports and highlight the pertinent data available to parliamentarians to support their decision-making.

2 Methodology

The PBO reviewed each report for the first quarter of 2012-13 in early September to determine whether there have been improvements in some of the key disclosures discussed in previous PBO reports.⁵ In addition, the PBO analyzed the disclosure regarding the Strategic and Operating Review from Budget 2012 (Table 1).⁶

Table 1

Disclosures Assessed by the PBO

Reconciliation	<i>Do the data fully explain the change in authorities from the previous year?</i>
Detail	<i>Does the report list the same statutory and voted authorities presented in the Estimates documents?</i>
Variances	<i>Is there an explanation of all material variances identified by the PBO in the Expenditure Monitor?</i>
Strategic and Operating Review	<i>Does the report indicate the financial and operational impacts of the third round of restraint measures in Budget 2012?</i>

¹ <http://laws-lois.justice.gc.ca/eng/acts/P-1/FullText.html?term=79.2>. Accessed September 2012.

² <http://www.budget.gc.ca/2012/plan/toc-tdm-eng.html>. See pp. 209. Accessed September 2012.

³ <http://www.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&Parl=41&Ses=1&DocId=5651270#Int-7630787>. Accessed September 2012.

⁴ <http://laws-lois.justice.gc.ca/eng/acts/f-11/page-32.html#docCont>. Accessed September 2012.

⁵ http://www.pbo-dpb.gc.ca/files/files/Publications/IFR_2011Q2_Update_EN.pdf. Accessed September 2012.

⁶ The scope of PBO's review did not encompass compliance with applicable Treasury Board Standards and other statutory requirements.

As in previous reports, the PBO assessed and placed each quarterly financial report into one of the three categories:

- The report *does disclose* the information;
- The report *does not disclose* the information; or,
- The disclosure is *not applicable* (e.g. the organization was not affected by the Budget 2012 Strategic and Operating Review).

3 Overview of Results

Annex A contains the updated review matrix for all quarterly reports for 2012-13 Q1.

Overall, the Government's quarterly reporting regime provides an increasing level of useful detail regarding ongoing operations. Among the 90 percent of organizations that published reports within the 60-day statutory deadline:

- With a few exceptions, all organizations explain the change in authorities from the previous year.
- Every organization provides statutory and voted authorities that are listed in the Estimates documents.
- The majority of material variances identified in the Expenditure Monitor are explained.

At the same time, disclosure regarding restraint initiatives remains uneven, as less than one-third of organizations presented details on Budget 2012 Strategic and Operating Review's impact.⁷

⁷ Treasury Board of Canada Secretariat and Financial Transactions and Reports Analysis Center of Canada are some of the departments that disclosed relevant details.

Most quarterly reports note that in 2012-13, frozen allotments will be established by Treasury Board authority in departmental votes to prohibit the spending of funds already identified as savings measures in Budget 2012. Reductions implemented in this manner will not be reported to Parliament through standard reporting processes in the current fiscal year. Instead, these disclosures would be released in the Public Accounts for 2012-13 in the autumn of 2014 (*i.e.* a delay of one-year). This could explain the high proportion of federal organizations that did not disclose this information in their current reports.

The PBO will continue to monitor the quarterly financial reports to assess the impact of Budget 2012 reductions on departments' and agencies' expenditures.

4 Conclusions

The quality and consistency of organizations' quarterly reports continues to improve. In general, these documents are a useful source of data and information for parliamentarians to assess the in-year activities of departments and agencies.

Parliamentarians may wish to note the continuing unevenness in disclosures pertaining to austerity measures (*i.e.* amount of reductions, specific operating impacts), especially given that six months have passed since the most recent reductions announced in Budget 2012.

Given the strategy of the Government to implement many of the Budget 2012 reductions through "frozen allotments", parliamentarians may wish to ask for details on the amounts already frozen within each vote. This could provide Parliament with the capacity to scrutinize and debate actions by the Government in a timely manner, rather than waiting until next year.

The PBO has begun to integrate the quarterly reports into the Expenditure Monitor, which supports Parliament's analysis of the Government's Estimates.

Annex A: Assessment Matrix

Dark Blue = Present
Red = Missing
Light Blue = Not Applicable

	Reconciliation	Detail	Variances	Strategic and Operating Review
	Do the data fully explain the change in authorities from the previous year?	Does the report list the same statutory and voted authorities presented in the Estimates documents?	Is there an explanation of all material variances identified by the PBO in the Expenditure Monitor?	Does the report indicate the financial and operational impacts of the third round of restraint measures in Budget 2012?
Aboriginal Affairs and Northern Development Canada				
Agriculture and Agri-food Canada				
Assisted Human Reproduction Canada				
Atlantic Canada Opportunities Agency				
Canada Border Services Agency				
Canadian Industrial Relations Board				
Canada Revenue Agency				
Canada School of the Public Service				
Canadian Artists and Producers Professional Relations Tribunal				
Canadian Centre for Occupational Health and Safety				
Canadian Environmental Assessment Agency				
Canadian Food Inspection Agency				
Canadian Forces Grievance Board				
Canadian Grain Commission				
Canadian Heritage				
Canadian Human Rights Commission	No report located on Web site			
Canadian Human Rights Tribunal	No report located on Web site			
Canadian Institutes of Health Research				
Canadian Intergovernmental Conference Secretariat	No report located on Web site			
Canadian International Development Agency				

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Dark Blue = Present Red = Missing Light Blue = Not Applicable				
Canadian International Trade Tribunal				
Canadian Northern Economic Development Agency				
Canadian Nuclear Safety Commission				
Canadian Polar Commission	No report located on Web site			
Canadian Radio-Television and Telecommunications Commission				
Canadian Space Agency				
Canadian Transportation Agency				
Citizenship and Immigration Canada				
Commission for Public Complaints Against the RCMP				
Copyright Board of Canada				
Correctional Investigator of Canada				
Correctional Service of Canada				
Courts Administration Service				
Department of Finance Canada				
Foreign Affairs and International Trade				
Department of Justice Canada				
Economic Development Agency for the Regions of Quebec				
Environment Canada				
Federal Economic Development Agency for Southern Ontario				

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Dark Blue = Present Red = Missing Light Blue = Not Applicable				
Financial Consumer Agency of Canada				
Financial Transactions and Reports Analysis Centre of Canada				
Fisheries and Oceans Canada				
Hazardous Materials Information Review Commission Canada				
Health Canada				
Human Resources and Skills Development Canada				
Immigration and Refugee Board of Canada	No report located on Web site			
Industry Canada				
Infrastructure Canada				
Library and Archives Canada				
Military Police Complaints Commission				
National Battlefields Commission	No report located on Web site			
National Defence and the Canadian Forces				
National Energy Board				
National Film Board of Canada	No report located on Web site			
National Research Council of Canada				
National Round Table on the Environment and the Economy	No report located on Web site			
Natural Resources Canada				

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Natural Sciences and Engineering Research Council of Canada				
Northern Pipeline Agency				
Office of the Auditor General of Canada				
Office of the Chief Electoral Officer				
Office of the Commissioner for Federal Judicial Affairs	No report located on Web site			
Office of the Commissioner of Lobbying of Canada				
Office of the Commissioner of Official Languages				
Office of the Communications Security Establishment Commissioner	No report located on Web site			
Office of the Director of Public Prosecution				
Office of the Information Commissioner of Canada				
Office of the Privacy Commissioner of Canada				
Office of the Public Sector Integrity Commissioner of Canada				
Office of the Secretary of the Governor General				
Office of the Superintendent of Financial Institutions				
Parks Canada				
Parole Board of Canada				

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Dark Blue = Present Red = Missing Light Blue = Not Applicable				
Patented Medicine Prices Review Board Canada				
Privy Council Office				
Public Appointments Commission Secretariat				
Public Health Agency of Canada				
Public Safety Canada				
Public Servants Disclosure Protection Tribunal Canada				
Public Service Commission of Canada				
Public Service Labour Relations Board				
Public Service Staffing Tribunal				
Public Works and Government Services Canada				
RCMP External Review Committee				
Registry of the Competition Tribunal				
Registry of the Specific Claims Tribunal				
Royal Canadian Mounted Police				
Security Intelligence Review Committee				
Social Sciences and Humanities Research Council				
Statistics Canada				
Status of Women Canada				
Supreme Court of Canada				
Transport Canada				
Transportation Appeal Tribunal of Canada				
Transportation Safety Board				
Treasury Board of Canada Secretariat				

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<p><i>Dark Blue = Present</i></p> <p><i>Red = Missing</i></p> <p><i>Light Blue = Not Applicable</i></p>				
Truth and Reconciliation Commission	No report located on Web site			
Veterans Affairs Canada				
Veterans Review and Appeal Board				
Western Economic Diversification Canada				