

OFFICE OF
THE PARLIAMENTARY BUDGET OFFICER



BUREAU DU
DIRECTEUR PARLEMENTAIRE DU BUDGET

Monitoring Implementation of the Government's Expense Plan: First Six Months of 2012

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www.pbo-dpb.gc.ca

Key Points of this Note:

- To help parliamentarians track the implementation of Budget 2012 spending reductions, the Parliamentary Budget Officer (PBO) reviewed each organization's quarterly financial reports (QFRs) and assessed the level of information provided on savings, personnel as well as service levels.
- The Government has committed that information regarding Budget 2012 reductions will be made available "through all the usual channels, including the Estimates, the quarterly financial reports and the Public Accounts".
 - Notwithstanding this commitment, most information pertaining to Budget 2012 savings is exclusively found in *ad hoc* reports on organizations' Web sites.
 - The PBO requested, but was refused, the spending plans for the Budget 2012 restraint measures. Specifically, cuts delineated by Program Activity, including employment reductions and service level impacts. Nevertheless, parliamentarians are still required to vote on aspects of the Government's expense plan. Public Accounts will be published roughly 200 days after the end of the fiscal year, and therefore cannot support up-front scrutiny.
- With respect to the disclosures on Budget 2012 reductions:
 - Over three quarters of Government organizations provide some details on Budget 2012 savings (most in *ad hoc* reports).
 - Fewer than a tenth of organizations provide information on personnel cuts; of which only 38 Full-Time Equivalent (FTEs) are identified. This is significantly less than the 10,980 positions the Government claims to have eliminated in the first half of the year.
 - Disclosure on the impact on service levels is uneven across organizations; fewer than half provide any details.
- Parliamentarians may want to request that restraint data currently only contained in *ad hoc* reports be incorporated as a permanent feature in the QFRs.

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1 Context

The Parliamentary Budget Officer's (PBO) legislative mandate includes providing "independent analysis to the Senate and to the House of Commons about the state of the nation's finances, the estimates of the government and trends in the national economy".¹ To fulfill this statutory obligation, the PBO provides ongoing monitoring of in-year federal expenditures as the Government's Expense Plan (*i.e.* the Estimates) is implemented.

With the past three budgetary restraint plans, the Government's main objective is to "return to balanced budgets over the medium-term".² Parliamentarians have stated that disclosure regarding the impact of these initiatives has been uneven, whether it is a result of federal organizations not providing this information in a timely manner, or that it lacks a sufficient amount 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 provides parliamentarians and Canadians with a useful source of data and information regarding in-year federal operations. Federal departments and agencies are legally required to release quarterly financial reports (QFRs) 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 the last report released in October regarding the first quarter of the fiscal year 2012-13, the PBO continues to monitor disclosures contained in departments' and agencies' quarterly reports and highlight the pertinent data available to parliamentarians to support their scrutiny and decision-making.

2 Methodology

The PBO reviewed each report for the second quarter of 2012-13 in early December to determine whether there have been improvements in some of the key disclosures discussed in previous PBO reports.⁵ In addition, the PBO further analyzed the disclosure regarding the Strategic and Operating Review from Budget 2012, looking at the information provided on savings, personnel and service levels (Table 1).⁶ Personnel reductions were of particular interest given the 10,980 FTE reductions that the Government has stated to have implemented in the first half of the year.

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).

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

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

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

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

⁵ http://www.pbo-dpb.gc.ca/files/files/Monitoring%20Implementation%20of%20the%20Government's%20Expense%20Plan%20QRD2012Q1_EN.pdf. Accessed December 2012.

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

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>
Financial Impact	<i>Does the report indicate the financial impact of the third round of restraint measures in Budget 2012?</i>
Personnel	<i>Does the report indicate the personnel impact of the third round of restraint measures in Budget 2012?</i>
Service Levels	<i>Does the report indicate the service level impact of the third round of restraint measures in Budget 2012?</i>

3 Overview of Results

Annex A contains the updated review matrix for all quarterly reports for the second quarter of 2012-13.

Overall, the Government's quarterly reporting regime continues to provide some useful detail regarding ongoing operations. With a few exceptions, all organizations published reports within the 60-day statutory deadline.⁷ The PBO analysis determined that:

- Virtually all organizations explain the change in authorities and expenditures from the previous year.
- Every organization provides statutory and voted authorities that are listed in the Estimates documents.

⁷ Notably, DND, which represents more than 20 per cent of the Budget 2012 savings, failed to publish its report within the 60-day statutory deadline.

At the same time, the amount of disclosure regarding impacts on savings, personnel and service levels as a result of Budget 2012 remains uneven between organizations.⁸

Savings

The majority of departments provide a breakdown of their planned savings (*i.e.* by Program Activity) on their Web sites. However, a large number of these organizations (82 per cent) do not present this information directly in their QFRs as per the Government's commitment. Rather, it is found in a separate document entitled "Supplementary Data on Budget 2012 Implementation".

Personnel

Disclosure on personnel reductions is not published by most organizations. Fewer than 10 per cent provided relevant full-time equivalent (FTE) cuts in their QFRs. In total, these departments have stated a reduction of 38 positions. In contrast, during the first six months of the fiscal year, the Government has stated that it has eliminated 10,980 public sector positions.⁹ Hence, it is impossible to reconcile the Government's assertion with actual results reported by individual organizations.

Service Levels

Fewer than half of the organizations clearly state whether or not services will be impacted by Budget 2012. This is surprising given that the elimination of 10,980 positions could be anticipated to have a material impact on operations, especially given that virtually all of the spending reductions do not relate to the back office (*i.e.* Internal Services).¹⁰

⁸ Transportation Safety Board is an organization that disclosed relevant details in all categories.

⁹ <http://www.tbs-sct.gc.ca/media/nr-cp/2012/1116-eng.asp>. Accessed December 2012.

¹⁰ http://www.pbo-dpb.gc.ca/files/get/resources/77?path=%2Ffiles%2Ffiles%2FResearch+Resources%2FSavings_Breakdown_Program_Activities_Nov8Final.xlsx. Accessed December 2012.

4 Conclusions

The quarterly financial reports are a useful source of data and information for parliamentarians to assess the in-year activities of departments and agencies. While the overall quality of these reports has improved, there remains unevenness in the quality of disclosure, in particular the information regarding the impact of Budget 2012 cuts on organizations' operations.

The variation of details provided in the QFRs suggests that there remains "room for improvement" to standardize the information available in every organization's "Budget 2012 Implementation" section.

Having all departments provide quarterly updates on savings, personnel reductions as well as impacts on service levels would allow

parliamentarians to monitor the impacts of these measures on the public service and government operations as they are being implemented.

Notwithstanding this, the quarterly reports do not replace the need for the Government to table spending plans prior to Parliament considering requests for spending authorities. The *Constitution* and *Financial Administration Act* obligate the Government to substantiate all requests to expend public monies. Currently, parliamentarians do not have spending plans for departments and agencies consistent with Budget 2012.

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

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Annex A: Assessment Matrix

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

	Reconciliation	Detail	Financial Impact	Personnel	Service Levels
	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?	Does the report indicate the financial impact of the third round of restraint measures in Budget 2012?	Does the report indicate the personnel impact of the third round of restraint measures in Budget 2012?	Does the report indicate the service level impact of the third round of restraint measures in Budget 2012?
Aboriginal Affairs and Northern Development Canada	Dark Blue	Dark Blue	Dark Blue	Red	Red
Agriculture and Agri-food Canada	Dark Blue	Dark Blue	Dark Blue	Red	Dark Blue
Assisted Human Reproduction Canada	No report located on Web site				
Atlantic Canada Opportunities Agency	Dark Blue	Dark Blue	Dark Blue	Red	Red
Canada Border Services Agency	Dark Blue	Dark Blue	Dark Blue	Red	Dark Blue
Canadian Industrial Relations Board	Dark Blue	Light Blue	Light Blue	Light Blue	Light Blue
Canada Revenue Agency	Dark Blue	Dark Blue	Dark Blue	Red	Dark Blue
Canada School of the Public Service	Dark Blue	Dark Blue	Dark Blue	Red	Red
Canadian Artists and Producers Professional Relations Tribunal	Dark Blue	Light Blue	Light Blue	Light Blue	Light Blue
Canadian Centre for Occupational Health and Safety	Dark Blue	Light Blue	Light Blue	Light Blue	Light Blue
Canadian Environmental Assessment Agency	Dark Blue	Light Blue	Light Blue	Light Blue	Light Blue
Canadian Food Inspection Agency	Dark Blue	Dark Blue	Dark Blue	Red	Dark Blue
Canadian Forces Grievance Board	Dark Blue	Light Blue	Light Blue	Light Blue	Light Blue
Canadian Grain Commission	Dark Blue	Light Blue	Light Blue	Light Blue	Light Blue
Canadian Heritage	Dark Blue	Dark Blue	Dark Blue	Red	Red
Canadian Human Rights Commission	Dark Blue	Light Blue	Light Blue	Light Blue	Light Blue
Canadian Human Rights Tribunal	No report located on Web site				
Canadian Institutes of Health Research	Dark Blue	Dark Blue	Dark Blue	Red	Red
Canadian Intergovernmental Conference Secretariat	Dark Blue	Dark Blue	Dark Blue	Red	Red
Canadian International Development Agency	Dark Blue	Dark Blue	Dark Blue	Red	Dark Blue

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Canadian International Trade Tribunal	Dark Blue			Red	
Canadian Northern Economic Development Agency	Dark Blue			Red	Dark Blue
Canadian Nuclear Safety Commission	Red				
Canadian Polar Commission	Light Blue				
Canadian Radio-Television and Telecommunications Commission	Dark Blue			Red	Dark Blue
Canadian Space Agency	Red				
Canadian Transportation Agency	Light Blue				
Citizenship and Immigration Canada	Dark Blue			Red	Dark Blue
Commission for Public Complaints Against the RCMP	Light Blue				
Copyright Board of Canada	Light Blue				
Correctional Investigator of Canada	Red	Light Blue			
Correctional Service of Canada	Dark Blue			Red	Dark Blue
Courts Administration Service	Dark Blue			Red	Dark Blue
Department of Finance Canada	Red				
Foreign Affairs and International Trade	Dark Blue			Red	Dark Blue
Department of Justice Canada	Red				
Economic Development Agency for the Regions of Quebec	Dark Blue			Red	Dark Blue
Environment Canada	Red				
Federal Economic Development Agency for Southern Ontario	Dark Blue			Red	Dark Blue

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Financial Consumer Agency of Canada	Dark Blue			Light Blue	
Financial Transactions and Reports Analysis Centre of Canada	Dark Blue			Red	
Fisheries and Oceans Canada	Dark Blue			Red	
Hazardous Materials Information Review Commission Canada	Dark Blue			Light Blue	
Health Canada	Dark Blue			Red	Dark Blue
Human Resources and Skills Development Canada	Dark Blue			Red	
Immigration and Refugee Board of Canada	Dark Blue			Red	
Industry Canada	Dark Blue			Red	Dark Blue
Infrastructure Canada	Dark Blue			Light Blue	
Library and Archives Canada	Dark Blue			Red	Dark Blue
Military Police Complaints Commission	No report located on Web site				
National Battlefields Commission	Dark Blue				
National Defence and the Canadian Forces	No report located on Web site				
National Energy Board	Dark Blue			Light Blue	
National Film Board of Canada	Dark Blue			Red	
National Research Council of Canada	Dark Blue			Red	
National Round Table on the Environment and the Economy	Dark Blue			Light Blue	
Natural Resources Canada	Dark Blue			Red	

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Natural Sciences and Engineering Research Council of Canada	Dark Blue			Red	Dark Blue
Northern Pipeline Agency	Dark Blue			Red	
Office of the Auditor General of Canada	Dark Blue			Red	
Office of the Chief Electoral Officer	Dark Blue			Red	
Office of the Commissioner for Federal Judicial Affairs	Dark Blue			Light Blue	
Office of the Commissioner of Lobbying of Canada	Dark Blue			Light Blue	
Office of the Commissioner of Official Languages	Dark Blue			Red	Dark Blue
Office of the Communications Security Establishment Commissioner	Dark Blue			Light Blue	
Office of the Director of Public Prosecution	Dark Blue			Red	
Office of the Information Commissioner of Canada	Dark Blue			Red	Dark Blue
Office of the Privacy Commissioner of Canada	Dark Blue			Red	
Office of the Public Sector Integrity Commissioner of Canada	Dark Blue			Red	
Office of the Secretary of the Governor General	Dark Blue			Light Blue	
Office of the Superintendent of Financial Institutions	Dark Blue			Light Blue	
Parks Canada	Dark Blue			Red	
Parole Board of Canada	Dark Blue			Red	

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Patented Medicine Prices Review Board Canada	Dark Blue			Red		
Privy Council Office	Dark Blue			Red		
Public Appointments Commission Secretariat	Dark Blue			Light Blue		
Public Health Agency of Canada	Dark Blue			Red		
Public Safety Canada	Dark Blue			Red		
Public Servants Disclosure Protection Tribunal Canada	Dark Blue			Light Blue		
Public Service Commission of Canada	Dark Blue			Red		
Public Service Labour Relations Board	Dark Blue			Light Blue		
Public Service Staffing Tribunal	Dark Blue			Light Blue		
Public Works and Government Services Canada	Dark Blue			Red		
RCMP External Review Committee	Dark Blue			Light Blue		
Registry of the Competition Tribunal	Dark Blue			Light Blue		
Registry of the Specific Claims Tribunal	Dark Blue			Light Blue		
Royal Canadian Mounted Police	Dark Blue			Red		
Security Intelligence Review Committee	Dark Blue			Light Blue		
Shared Services Canada	Light Blue	Dark Blue			Red	
Social Sciences and Humanities Research Council	Dark Blue			Red		
Statistics Canada	Dark Blue			Red		
Status of Women Canada	Dark Blue			Light Blue		
Supreme Court of Canada	Dark Blue			Light Blue		
Transport Canada	Dark Blue			Red		
Transportation Appeal Tribunal of Canada	Dark Blue			Light Blue		
Transportation Safety Board	Dark Blue			Light Blue		
Treasury Board of Canada Secretariat	Dark Blue			Red		

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Veterans Affairs Canada	Dark Blue			Red	Dark Blue
Veterans Review and Appeal Board	Dark Blue		Light Blue		
Western Economic Diversification Canada	Dark Blue			Red	